



Selecta Group B.V.

€350,000,000 6.50% Senior Secured Notes due 2020
CHF 245,000,000 6.50% Senior Secured Notes due 2020

Selecta Group B.V., incorporated as a private limited liability company under the laws of the Netherlands (the “**Issuer**”) is offering (the “**Offering**”) €350,000,000 aggregate principal amount of its 6.50% Senior Secured Notes due 2020 (the “**Euro Notes**”) and CHF 245,000,000 aggregate principal amount of its 6.50% Senior Secured Notes due 2020 (the “**CHF Notes**” and, together with the Euro Notes, the “**Notes**”). Interest on the Notes will be payable semi-annually in arrear on June 15 and December 15 of each year, commencing on December 15, 2014. The Notes will mature on June 15, 2020.

The Issuer may redeem all or part of the Notes on or after December 15, 2016, at the redemption prices set out in this offering memorandum. Prior to December 15, 2016, the Issuer may redeem, at its option, all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable “make whole” premium, as described in this offering memorandum. In addition, (i) prior to December 15, 2016, the Issuer may also redeem at its option up to 40% of the aggregate principal amount of each series of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this offering memorandum. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all of the Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. A change of control will not be deemed to have occurred on one occasion if a certain consolidated leverage ratio is not exceeded immediately prior to and after giving pro forma effect to such event, as described in this offering memorandum. Additionally, the Issuer may redeem all, but not less than all, of the Notes in the event of certain developments affecting taxation.

The Notes will be the Issuer’s senior obligations and will rank *pari passu* in right of payment with all of the Issuer’s existing and future senior indebtedness that is not subordinated in right of payment to the Notes, including indebtedness incurred under the Revolving Credit Facility (as defined herein). The Notes will be guaranteed (the “**Notes Guarantees**”) on a senior basis by certain direct and indirect subsidiaries of the Issuer (the “**Guarantors**”). The Notes Guarantees will be subject to contractual and legal limitations and may be released under certain circumstances.

The Notes and the Notes Guarantees will be secured by first-ranking security interests over all the issued share capital of the Guarantors, certain receivables and intercompany receivables of the Issuer and the Guarantors, including assignment of the Proceeds Loan (as defined herein) and certain bank accounts of the Issuer (the “**Collateral**”). See “*Description of the Notes—Collateral*.” The Collateral will be subject to contractual and legal limitations and may be released under certain circumstances. The Collateral securing the Notes and the Notes Guarantees also secures on a “super senior” basis our obligations under the Revolving Credit Facility and may also secure additional indebtedness in the future. See “*Description of Certain Financing Arrangements—Revolving Credit Facility*.” Under the terms of the Intercreditor Agreement (as defined herein), proceeds of any enforcement of the security interests in the security will be applied to pay the Revolving Credit Facility in priority to the Notes. See “*Description of Certain Financing Arrangements—Intercreditor Agreement*.”

This offering memorandum includes information on the terms of the Notes and the Notes Guarantees, including redemption and repurchase prices, guarantees, covenants, events of default and offering and transfer restrictions.

This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg act dated July 10, 2005 on prospectuses for securities, as amended, and includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF market of the Luxembourg Stock Exchange (the “**Euro MTF**”), which is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments. Each series of Notes will be issued in the form of one or more global notes in registered form, which will be delivered through Euroclear Bank SA/NV (“**Euroclear**”) or Clearstream Banking, société anonyme (“**Clearstream Banking**” or “**Clearstream**”) on or about June 20, 2014 (the “**Issue Date**”). See “*Book-Entry, Delivery and Form*.”

Investing in the Notes involves a high degree of risk. See “*Risk Factors*” beginning on page 21.

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

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

The Notes and the Notes Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”). The Notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act and to certain non-U.S. persons in offshore transactions in accordance with Regulation S under the U.S. Securities Act. See “*Plan of Distribution*” and “*Offering and Transfer Restrictions*” for additional information about eligible offerees and transfer restrictions.

Joint Bookrunners

Goldman Sachs International

BNP PARIBAS

Co-Manager

KKR

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NOTICE TO INVESTORS

We accept responsibility for the information contained in this offering memorandum and, to the best of our knowledge, the information is true and accurate in all material respects and contains no omission likely to affect the import of such information. As used in this offering memorandum, unless the context otherwise requires, references to the “Issuer” are to Selecta Group B.V. and references to “we”, “us”, “our” and the “Group” are to Selecta Group B.V. and its consolidated subsidiaries.

You should rely only on the information contained in this offering memorandum. We have not, and BNP Paribas, Goldman Sachs International and KKR Capital Markets Limited (the “**Initial Purchasers**”) have not, authorized anyone to provide you with information that is different from the information contained herein. We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted.

The Initial Purchasers are not responsible for, and are not making any representation or warranty to you concerning, our future performance or the accuracy or completeness of this offering memorandum. To the fullest extent permitted by law, neither the Initial Purchasers nor the trustee or any agent accepts any responsibility for the contents of this offering memorandum or for any other statement made or purported to be made by the Issuer in connection with the issuance and Offering. The Initial Purchasers, the trustee and any agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this offering memorandum or any such statement. The Initial Purchasers do not undertake to review the financial condition or affairs of the Issuer or any Guarantor during the life of the Notes or to advise any investor or potential investor in the Notes of any information coming to the attention of any Initial Purchaser. The Issuer, and not the Initial Purchasers, have ultimate authority over the statements contained in this offering memorandum, including the content of those statements and whether and how to communicate them.

This offering memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this offering memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws 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; neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. See “*Offering and Transfer Restrictions.*”

In making an investment decision regarding the Notes offered hereby, you must rely on your own examination of the Issuer and the Guarantors and the terms of this Offering, including the merits and risks involved. You should rely only on the information contained in this offering memorandum. We have not, and the Initial Purchasers have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This offering memorandum is based on information provided by us and other sources believed by us to be reliable. You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Our business, financial condition, results of operations and the information set forth in this offering memorandum may have changed since that date.

You should not consider any information in this offering memorandum to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Notes. We are not, and the Initial Purchasers are not, making any representation to any offeree or purchaser of the Notes regarding the legality of an investment in the Notes by such offeree or purchaser under appropriate investment or similar laws. This offering memorandum is to be used only for the purposes for which it has been published. Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price. See “*Tax Considerations.*”

We obtained the market data used in this offering memorandum from internal surveys, industry sources and currently available public information. Although we believe that our sources are reliable, you should keep in mind that we have not independently verified information we have obtained from industry and governmental sources and that information from our internal surveys has not been verified by any independent sources. See “*Industry Overview*.”

Information contained on any website named in this offering memorandum, including our own website, is not incorporated by reference in this offering memorandum and is not part of this offering memorandum.

We may withdraw this Offering at any time, and we and the Initial Purchasers reserve the right to reject any offer to purchase the Notes in whole or in part and to sell to any prospective investor less than the full amount of the Notes sought by such investor. One or more of the Initial Purchasers or affiliates thereof may acquire a portion of the Notes for their own accounts.

The Notes and the Notes Guarantees 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 may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act (“**Regulation S**”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes and the Notes Guarantees are being offered and sold outside the United States in reliance on Regulation S and within the United States to “qualified institutional buyers” (“**QIBs**”) in reliance on Rule 144A of the U.S. Securities Act (“**Rule 144A**”). Prospective purchasers are hereby notified that the sellers 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 Notes Guarantees are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration thereunder 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. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this offering memorandum, see “*Offering and Transfer Restrictions*.”

The Notes and the Notes Guarantees have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “**SEC**”), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering of the Notes or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

The information contained under the heading “*Exchange Rate Information*” includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information.

The information set out in any sections of this offering memorandum describing clearing and settlement arrangements, including “*Description of the Notes*” and “*Book-Entry, Delivery and Form*”, is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, we accept no further responsibility in respect of such information.

The distribution of this offering memorandum and the offer and sale of the Notes may be restricted by law in certain jurisdictions. You must inform yourself about, and observe, any such restrictions. See “*Notice to New Hampshire Residents*”, “*Notice to Certain European Investors*”, “*Plan of Distribution*” and “*Offering and Transfer Restrictions*” elsewhere in this offering memorandum. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We are not, and the Initial Purchasers are not, making an offer to sell the Notes or a solicitation of an offer to buy any of the Notes to any person in any jurisdiction except where such an offer or solicitation is permitted.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be six business days (as such term

is used for purposes of Rule 15c6-1 of the U.S. Exchange Act of 1934, as amended, (the “**U.S. Exchange Act**”) following the date of pricing of the Notes (this settlement cycle is being referred to as “T + 6”) (London business days). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the following business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the issuance of the Notes, Goldman Sachs International (the “Stabilizing Manager”) (or any person acting on behalf of the Stabilizing Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or any person acting on behalf of the Stabilizing Manager) will undertake stabilizing 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 it must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1995, AS AMENDED (“RSA”), 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 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 CERTAIN EUROPEAN INVESTORS

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

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, the offer is not being made and will not be made to the public of any Notes which are the subject of the offering contemplated by this offering memorandum to the public in that Relevant Member State, other than:

- (i) to any legal entity that is a “qualified investor” as defined in the Prospectus Directive;
- (ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by us for any such offer; or

- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by us or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU (the “**2010 PD Amending Directive**”), to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive other than in reliance on Article 3(2)(b).

Each subscriber for or purchaser of the Notes in the offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive. We, the Initial Purchasers and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a “qualified investor” and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the Offering.

France. This offering memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the French *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the French financial markets authority, or “**AMF**”) and therefore has not been submitted for clearance to the AMF. Consequently, the Notes have not been and will not be, directly or indirectly, offered or sold to the public in France, and neither this offering memorandum nor any other offering material relating to the Notes has been or will be distributed or caused to be distributed to the public in France. Such offers, sales and distribution of the Notes have been and will only be made in France to (a) 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*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code of Monétaire et Financier*.

The Netherlands. The Notes which are the subject of this offering memorandum have not been and shall not be offered, sold, transferred or delivered in the Netherlands other than to legal entities which are qualified investors (within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*)).

Grand Duchy of Luxembourg. This offering memorandum has not been approved by and will not be submitted for approval to the *Commission de Surveillance du Secteur Financier* (the Luxembourg Financial Services Supervisory Authority, or “**CSSF**”) or a competent authority of another EU Member State for notification to the CSSF, for purposes of a public offering or sale in the Grand Duchy of Luxembourg (“**Luxembourg**”). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this offering memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg, except for the sole purpose of the admission of the Notes to trading on the Euro MTF and listing on the Official List of the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the “**Luxembourg Prospectus Law**”) and implementing the Prospectus Directive. Consequently, this offering memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (a) Luxembourg qualified investors as defined in the Luxembourg Prospectus Law, (b) no more than 149 prospective investors, which are not qualified investors and/or (c) in any other circumstance contemplated by the Luxembourg Prospectus Law.

United Kingdom. Members of the public are not eligible to take part in this Offering. This offering memorandum is for distribution only to persons who (a) have professional experience in matters relating

to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (b) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order, (c) are outside the United Kingdom, or (d) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA, in connection with the issue or sale of the Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Recipients of this offering memorandum are not permitted to transmit it to any other person. Persons distributing this offering memorandum must satisfy themselves that it is lawful to do so. The Notes are not being offered to the public in the United Kingdom.

Sweden. 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 (*lagen (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 are deemed not to be an offer to the public under the Swedish Financial Instruments Trading Act.

Switzerland. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland. This offering memorandum, as well as any other offering or marketing material relating to the Notes do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd. 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 Ltd. or any other Swiss stock exchange or regulated trading facility and, therefore, the documents relating to the Notes, including, but not limited to, this offering memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd. and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd or the listing rules of any other Swiss stock exchange or regulated trading facility. The Notes are being offered in Switzerland by way of a private placement (*i.e.*, to a small 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 offering or marketing material relating to the Notes, does not constitute an offer to any other person. This offering memorandum, as well as any other offering or marketing 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 offering or marketing 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.

For a further description of certain restrictions on offers and sales of the Notes and the distribution of this offering memorandum, see “*Offering and Transfer Restrictions.*”

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

Certain statements in this offering memorandum are not historical facts and are “forward-looking” within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Exchange Act. This document contains certain forward-looking statements in various sections, including, without limitation, under the headings “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry Overview*” and “*Our Business*”, and in other sections where this offering memorandum includes statements about our intentions, beliefs or current expectations regarding our future financial results, plans, liquidity, prospects, growth, strategy and profitability, as well as the general economic conditions of the industry and countries in which we operate. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the economic, political and legal environment in which we operate and other information that is not historical information.

Words such as “believe”, “anticipate”, “estimate”, “expect”, “intend”, “predict”, “project”, “could”, “may”, “will”, “plan” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks, assumptions and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should not place undue reliance on these forward-looking statements or projections. These risks, assumptions, uncertainties and other factors include, among other things, those listed under “*Risk Factors*”, as well as those included elsewhere in this offering memorandum. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they were made, you should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- changes in general economic conditions, consumer confidence and consumer spending;
- credit and liquidity disruptions in the global financial system;
- risks related to changing consumer preferences and technological innovations;
- changes in governmental regulation and legislation;
- payment of increased vending rents;
- competition in our industry;
- failure of manufacturers for the production of vending machines;
- disruptions in supply and logistics chain;
- fluctuations in costs related to fuel, coffee and commodity prices;
- the seasonality of our business;
- impact of seasonal variation and abnormal weather;
- loss of major clients and/or inability to establish new client relationships;
- failure of key information technology and maintenance systems or processes;
- tax audits and investigations;
- adequacy of insurance coverage;
- exposure to credit risk of clients;
- inability to retain key employees;
- labor disruptions and increases in labor and employment costs;
- claims of anti-competitive practices;
- risks related to litigation and other legal proceedings;
- risks related to our capital structure;

- risks related to our indebtedness;
- risks related to the Notes, the Notes Guarantees and the Collateral; and
- other factors discussed in this offering memorandum.

This list of important factors is not exhaustive. You should carefully consider the foregoing factors and other uncertainties and events, especially in light of the regulatory, political, economic, social and legal environments in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

INDUSTRY AND MARKET DATA

We operate in a segment of the vending machine industry for which there is limited industry and market information. Market data and certain economic and industry data and forecasts used, and statements regarding our position in the industry made, in this offering memorandum were derived based upon market research, government and other publicly available information, reports prepared by consultants and independent industry publications. These include information published by the European Vending Association. The information in this offering memorandum that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. While we believe the statements included in such third-party publications to be reliable, they have not been independently verified, and neither we nor the Initial Purchasers make any representation or warranties as to the accuracy or completeness of such information set forth in this offering memorandum. Additionally, industry publications and such reports generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and in some instances state that they do not assume liability for such information. Neither we nor the Initial Purchasers can therefore assure you of the accuracy and completeness of such information as we have not independently verified such information.

In addition, certain information in this offering memorandum regarding our segment of the vending machine industry and our market position is not based on published statistical data or information obtained from independent third parties. Such information and statements reflect our estimates based upon information obtained from trade and business organizations and associations and other contacts within the industry in which we compete, internal surveys and assumptions we deem reasonable, as well as information published by our competitors. To the extent that information in this offering memorandum is identified as being our belief, that information is based on the following: (i) in respect of industry trends, our senior management's general business experience, as well as their experience in our industry and the markets in which we operate; and (ii) in respect of the performance of our operations, our internal analysis of our audited and unaudited financial and other information. As some of the foregoing information was compiled or provided by our management or advisors and is not publicly available, such information accordingly may not be considered to be as independent as that provided by other third party sources.

CERTAIN DEFINITIONS

As used in this offering memorandum:

- “**ACP**” refers to ACP Vermögensverwaltung GmbH & Co. KG Nr. 4 d, the indirect parent company of Selecta Group B.V.;
- “**Collateral**” refers to all of the issued share capital of the Guarantors, certain receivables and intercompany receivables of the Issuer and the Guarantors, including the assignment of the Proceeds Loan, certain intellectual property and insurance policies of certain Guarantors and security interests over certain bank accounts of the Issuer;
- “**EU**” refers to the European Union;
- “**Existing Credit Facilities**” refers to the Existing Senior Credit Facility and the Existing Mezzanine Facility which will be repaid with a portion of the proceeds of the Notes;
- “**Existing Mezzanine Facility**” refers to the GBP 75 million mezzanine facility agreement of Selecta Holding B.V., dated June 28, 2007, as amended on July 31, 2007 and August 8, 2007, which will be repaid with a portion of the proceeds of the Notes;
- “**Existing Senior Credit Facility**” refers to the GBP 615 million senior facilities agreement of Selecta Holding B.V., dated June 28, 2007, as amended on July 31, 2007 and August 8, 2007, which will be repaid with a portion of the proceeds of the Notes;
- “**Group**,” “**us**,” “**we**,” “**our**,” “**Selecta**” refers to Selecta Group B.V. and its Subsidiaries, unless as indicated or the context requires otherwise;
- “**Guarantors**” refers to Selecta AG, Selecta Purchasing AG, Selecta Nordic Holding AB, Selecta Holding AB, Selecta AB, Selecta Holding Limited, Selecta UK Limited, Selecta Holding GmbH, Selecta Deutschland GmbH, Selecta Holding S.A.S. and Selecta S.A.;
- “**IFRS**” refers to International Financial Reporting Standards as adopted by the International Accounting Standards Board;
- “**Indenture**” refers to the indenture dated the Issue Date between, among others, the Issuer, the Guarantors, the Trustee and the Security Agent;
- “**Initial Purchasers**” refers to BNP Paribas, Goldman Sachs International and KKR Capital Markets Limited;
- “**Intercreditor Agreement**” refers to the intercreditor agreement dated on or about the Issue Date between, among others, the Issuer, the Guarantors, the Trustee, the Security Agent, the lenders and agent under the Revolving Credit Facility and certain counterparties under hedging obligations, if any;
- “**Issuer**” refers to Selecta Group B.V.;
- “**Non-Guarantor Subsidiaries**” refers to Subsidiaries of the Issuer that are not Guarantors;
- “**Notes Guarantees**” refers to the guarantees of the Notes offered hereby to be extended by the Guarantors;
- “**OCS**” refers to office coffee services;
- “**Offering**” refers to the offering of the Notes pursuant to this offering memorandum;
- “**PIK Loan**” refers to a €220.0 million payment in kind term loan and facility agreement dated May 30, 2014, among Selecta Group S.à r.l., as borrower, and certain investors, as lenders, and the other parties thereto, as described in more detail under “*Description of Certain Financing Arrangements—PIK Loan*”;
- “**PIK Proceeds Loan**” has the meaning under “*Description of Certain Financing Arrangements—PIK Proceeds Loan*”;
- “**Proceeds Loan**” has the meaning under “*Description of Certain Financing Arrangements—Proceeds Loan*”;
- “**Revolving Credit Facility**” refers to the revolving credit facility in an aggregate principal amount of €50.0 million, as described more fully under “*Description of Certain Financing Arrangements—Revolving Credit Facility*”;

- “**Revolving Credit Facility Agreement**” has the meaning under “*Description of Certain Financing Arrangements—Revolving Credit Facility*”;
- “**Security Agent**” refers to Deutsche Bank AG, London Branch;
- “**Security Documents**” means the security agreements defining the terms of the Collateral that secures the Notes and the Notes Guarantees, as described in more detail under “*Description of the Notes—Collateral*”;
- “**Subsidiaries**” refers to all consolidated subsidiaries of the Issuer;
- “**Trustee**” refers to Deutsche Trustee Company Limited;
- “**United States**” or “**U.S.**” refers to the United States of America; and
- “**U.S. GAAP**” refers to generally accepted accounting principles in the United States.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

Financial Information

The consolidated financial statements included in this offering memorandum have been prepared in accordance with the International Financial Reporting Standards, as adopted by the International Accounting Standards Board (“**IFRS**”) and the interim consolidated financial statements included in this offering memorandum have been prepared in accordance with International Accounting Standard (“**IAS**”) 34, *Interim Financial Reporting*.

In this offering memorandum, financial information has been derived from:

- the unaudited interim consolidated financial statements as at and for the six-month period ended March 31, 2014 with comparable information for the six-month period ended March 31, 2013, and the notes thereto (the “**Interim Consolidated Financial Statements**”);
- the audited consolidated financial statements of Selecta Group B.V. as at and for the fiscal years ended September 30, 2013, 2012 and 2011, and the notes thereto (the “**Consolidated Financial Statements**”); and
- Selecta Group B.V.’s internal accounting system.

In our Consolidated Financial Statements, we have restated the financial information relating to the year 2011 to reflect the provision for long-term service awards in accordance with IAS 19, *Employee Benefits*.

In our Interim Consolidated Financial Statements, we have adopted IAS 19 Revised (IAS 19R) for our fiscal year beginning October 1, 2013, which changed how we account for post-retirement employee benefits. The impact has been applied retrospectively to our interim financial statements for the six months ended March 31, 2013. The impact has not been applied retrospectively to our Consolidated Financial Statements as at and for the years ended September 30, 2013, 2012 and 2011. Please refer to notes 2.3 and 2.6 in our Interim Consolidated Financial Statements for additional description and the quantitative impact of the adoption of IAS 19R.

The Consolidated Financial Statements and the auditor’s report of KPMG AG thereon as well as the Interim Consolidated Financial Statements are included in this offering memorandum beginning on page F-1.

Prior to the Offering, we managed our operations under one reporting segment under IFRS as disclosed in our Consolidated Financial Statements. We have elected to present in this offering memorandum our revenue and certain non-IFRS financial measures by region for our historical financial periods, and the presentation of such additional financial information in this offering memorandum is based on our internal financial reporting. These regions consist of the following:

- *Central* includes our operating entities in Austria, Czech Republic, Germany, Hungary, Spain, Switzerland and Slovakia;
- *North* includes our operating entities in Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway and Sweden;
- *France* includes our operating entities in France;
- *United Kingdom* includes our operating entities in the United Kingdom and Ireland; and
- *Headquarters* includes all corporate center functions in Switzerland.

The unaudited consolidated financial information presented for the twelve months ended March 31, 2014 have been derived by subtracting from the financial information from the Consolidated Financial Statements of Selecta Group B.V. for the year ended September 30, 2013, the comparative financial information from the Interim Consolidated Financial Statements for the six months ended March 31, 2013, and adding the financial information from the Interim Consolidated Financial Statements for the six months ended March 31, 2014. The unaudited consolidated financial information presented for the twelve months ended March 31, 2014 have been prepared for illustrative purposes only and are not necessarily representative of our results of operations for any future period or our financial condition at any future date.

Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and U.S. GAAP and other systems of generally accepted accounting

principles and how those differences might affect the financial information included in this offering memorandum; and (ii) the impact that future additions to, or amendments of, IFRS may have on our results of operations or financial condition, as well as on the comparability of the prior periods.

In addition, we have included certain non-IFRS financial measures and ratios in this offering memorandum. See “—*Non-IFRS Financial Measures*.” The non-IFRS measures we present may also be defined differently than the corresponding terms under the Indenture (as defined herein).

The unaudited *pro forma* financial information contained in this offering memorandum has not been prepared on the basis of IFRS or any other generally accepted accounting principles and has been derived by applying *pro forma* adjustments to our historical consolidated financial statements included elsewhere in this offering memorandum and gives effect to the Offering and the use of proceeds therefrom and from existing cash as described in “*Use of Proceeds*”, as if they had occurred on April 1, 2013 for the *pro forma* cash interest expense information and on March 31, 2014 for the *pro forma* net debt information. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial information set forth in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ from actual amounts. The unaudited *pro forma* financial information is for informational purposes only and does not purport to present what our results would actually have been had these transactions occurred on the dates presented or to project our results of operations or financial position for any future period or our financial condition at any future date.

The financial information marked as “unaudited” in tables in this offering memorandum is not extracted from the Consolidated Financial Statements and was either extracted from the Interim Consolidated Financial Statements or Selecta Group B.V.’s internal accounting system or is based on calculations of figures from these sources.

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

The financial information included in this offering memorandum is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations of the SEC which would apply if the Notes and Notes Guarantees were being registered with the SEC.

Non-IFRS Financial Measures

This offering memorandum contains references to certain non-IFRS measures and related ratios, including EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, third party debt, net debt, capital expenditures, free cash flow, *pro forma* net debt and *pro forma* interest expense.

We define “**EBITDA**” as profit before interest, income tax, depreciation, amortization and impairment expense. We define “**Adjusted EBITDA**” as profit before interest, income tax, depreciation, amortization and impairment expense and one-off items.

We define “**EBITDA margin**” as EBITDA divided by revenue. We define “**Adjusted EBITDA margin**” as Adjusted EBITDA divided by revenue.

We define “**net capital expenditure**” as the sum of additions to vending equipment, vehicles, freehold land and buildings, other equipment and intangible assets less total disposals and profits on disposals of property, plant and equipment.

We define “**free cash flow**” as net cash generated from operating activities less net cash used in investing activities.

We define “**net debt**” as financial debt comprising our Existing Senior Credit Facility (as defined herein) and Existing Mezzanine Facility (as defined herein) and finance leases less cash and cash equivalents at end of period.

We define “**overhead costs**” as the sum of total employee benefits expense, total depreciation, amortization and impairment expense and certain other operating expenses (maintenance, administration expenses, travel and representation, vending rent and other rent).

We define “**pro forma net debt**” as net debt adjusted to give effect to the Offering and the entering into the Revolving Credit Facility and use of proceeds therefrom and from existing cash as set forth in “*Use of Proceeds*” as if they had occurred on March 31, 2014.

We define “**pro forma cash interest expense**” as cash interest expense for the period, as adjusted to give effect to the Offering and the entering into the Revolving Credit Facility and the PIK Proceeds Loan and the use of proceeds therefrom and from existing cash as set forth in “*Use of Proceeds*” as if they had occurred on April 1, 2013, using the interest rate for the Notes.

The non-IFRS measures and related ratios contained in this offering memorandum should not be considered in isolation and are not measures of our financial performance or liquidity under IFRS and should not be considered as an alternative to revenue, profit or loss for the period or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating, investing or financing activities or any other measure of our liquidity derived in accordance with IFRS. Non-IFRS measures do not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of our results of operations. In addition, certain non-IFRS measures, as we define them, may not be comparable to other similarly titled measures used by other companies. We believe that EBITDA and the other non-IFRS measures presented in this offering memorandum are commonly used, useful indicators of our financial performance when read in addition to IFRS measures indicating our financial performance. You should exercise caution in comparing the non-IFRS measures as reported by us to such measures, similar measures or adjusted variations thereof reported by other companies.

Other Data

Certain numerical figures set out in this offering memorandum, including financial information and certain operating data, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

EXCHANGE RATE INFORMATION

In this offering memorandum:

- \$, “**dollar**” or “**U.S. dollar**” refers to the lawful currency of the United States;
- € or “**euros**” refers to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
- CHF or “**Swiss francs**” refers to the lawful currency of Switzerland.

The following tables set forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rates expressed in U.S. dollars per €1.00. The Bloomberg Composite Rate is a “best market” calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The Bloomberg Composite Rate of the euro on June 11, 2014 was \$1.3536 per €1.00.

| | | U.S. dollar per €1.00 | | | |
|--------------------------------|-------|-----------------------|------------------------|--------|--------|
| | | Period end | Average ⁽¹⁾ | High | Low |
| Year ended December 31, | | | | | |
| 2009 | ..... | 1.4326 | 1.3953 | 1.5134 | 1.2531 |
| 2010 | ..... | 1.3387 | 1.3266 | 1.4513 | 1.1923 |
| 2011 | ..... | 1.2959 | 1.3926 | 1.4830 | 1.2907 |
| 2012 | ..... | 1.3192 | 1.2860 | 1.3458 | 1.2061 |
| 2013 | ..... | 1.3789 | 1.3283 | 1.3804 | 1.2772 |

| | | U.S. dollar per €1.00 | | | |
|-----------------------------------|-------|-----------------------|------------------------|--------|--------|
| | | Period end | Average ⁽²⁾ | High | Low |
| Month | | | | | |
| November 2013 | ..... | 1.3586 | 1.3492 | 1.3596 | 1.3367 |
| December 2013 | ..... | 1.3789 | 1.3708 | 1.3803 | 1.3551 |
| January 2014 | ..... | 1.3488 | 1.3623 | 1.3763 | 1.3488 |
| February 2014 | ..... | 1.3808 | 1.3668 | 1.3808 | 1.3517 |
| March 2014 | ..... | 1.3772 | 1.3830 | 1.3925 | 1.3733 |
| April 2014 | ..... | 1.3859 | 1.3810 | 1.3897 | 1.3705 |
| May 2014 | ..... | 1.3641 | 1.3731 | 1.3925 | 1.3592 |
| June 2014 (through June 11, 2014) | ..... | 1.3536 | 1.3598 | 1.3639 | 1.3536 |

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year.

(2) The average rate for each month presented is based on the average Bloomberg Composite Rate for each business day of such month.

The above rates may differ from the actual rates used in the preparation of our Consolidated Financial Statements and other financial information appearing in this offering memorandum. Our inclusion of the exchange rates is not meant to suggest that the euro amounts actually represent U.S. dollar amounts or that these amounts could have been converted into U.S. dollars at any particular rate, if at all.

The following table sets forth, for the periods indicated, the period end, period average, high and low exchange rates as published by Bloomberg for cable transfers of euro expressed as CHF per €1.00. The exchange rate for CHF against euro on June 11, 2014 was CHF 1.2175 per €1.00.

| | | CHF per €1.00 | | | |
|--------------------------------|-------|---------------|------------------------|--------|--------|
| | | Period end | Average ⁽¹⁾ | High | Low |
| Year ended December 31, | | | | | |
| 2009 | ..... | 1.4831 | 1.5095 | 1.5408 | 1.4614 |
| 2010 | ..... | 1.2482 | 1.3809 | 1.4857 | 1.2427 |
| 2011 | ..... | 1.2166 | 1.2328 | 1.3194 | 1.0363 |
| 2012 | ..... | 1.2072 | 1.2052 | 1.2186 | 1.2007 |
| 2013 | ..... | 1.2253 | 1.2306 | 1.2616 | 1.2079 |

| Month | CHF per €1.00 | | | |
|---|---------------|------------------------|--------|--------|
| | Period end | Average ⁽²⁾ | High | Low |
| November 2013 | 1.2316 | 1.2318 | 1.2340 | 1.2292 |
| December 2013 | 1.2253 | 1.2244 | 1.2302 | 1.2197 |
| January 2014 | 1.2221 | 1.2306 | 1.2372 | 1.2217 |
| February 2014 | 1.2154 | 1.2213 | 1.2248 | 1.2154 |
| March 2014 | 1.2177 | 1.2173 | 1.2205 | 1.2121 |
| April 2014 | 1.2207 | 1.2193 | 1.2230 | 1.2152 |
| May 2014 | 1.2199 | 1.2204 | 1.2229 | 1.2173 |
| June 2014 (through June 11, 2014) | 1.2175 | 1.2195 | 1.2223 | 1.2174 |

(1) The average rate for a year means the average of the rate on the last day of each month during a year.

(2) The average rate for each month presented is based on the average rate for each business day of such month.

The following table sets forth, for the periods indicated, the period end, period average, high and low exchange rates as published by Bloomberg of U.S. dollars expressed as CHF per \$1.00. The exchange rate for CHF against U.S. dollars on June 11, 2014 was CHF 0.8995 per \$1.00.

| Year ended December 31, | CHF per \$1.00 | | | |
|-------------------------|----------------|------------------------|--------|--------|
| | Period end | Average ⁽¹⁾ | High | Low |
| 2009 | 1.0347 | 1.0852 | 1.1878 | 0.9989 |
| 2010 | 0.9339 | 1.0423 | 1.1621 | 0.9339 |
| 2011 | 0.9387 | 0.8866 | 0.9757 | 0.7300 |
| 2012 | 0.9146 | 0.9378 | 0.9964 | 0.8944 |
| 2013 | 0.8886 | 0.9268 | 0.9805 | 0.8851 |

| Month | CHF per \$1.00 | | | |
|---|----------------|------------------------|--------|--------|
| | Period end | Average ⁽²⁾ | High | Low |
| November 2013 | 0.9066 | 0.9130 | 0.9215 | 0.9062 |
| December 2013 | 0.8886 | 0.8932 | 0.9078 | 0.8851 |
| January 2014 | 0.9049 | 0.9035 | 0.9113 | 0.8909 |
| February 2014 | 0.8802 | 0.8936 | 0.9045 | 0.8802 |
| March 2014 | 0.8842 | 0.8802 | 0.8874 | 0.8725 |
| April 2014 | 0.8804 | 0.8829 | 0.8916 | 0.8747 |
| May 2014 | 0.8943 | 0.8888 | 0.8985 | 0.8742 |
| June 2014 (through June 11, 2014) | 0.8995 | 0.8968 | 0.8995 | 0.8927 |

(1) The average rate for a year means the average of the rate on the last day of each month during a year.

(2) The average rate for each month presented is based on the average rate for each business day of such month.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum and does not contain all the information that may be important to prospective investors and it is qualified in its entirety by the remainder of this offering memorandum. Prospective investors should carefully read this offering memorandum in its entirety, including the Consolidated Financial Statements and Interim Consolidated Financial Statements, included elsewhere in this offering memorandum, as well as the “Description of the Notes” and the other considerations that are important to their decision to invest in the Notes outlined under “Risk Factors” and “Forward-Looking Statements.”

Overview

We are the leading independent operator of vending machines in Europe by revenue, with operations in 21 countries across Europe and leading market shares in our key markets of Switzerland, Sweden and France. We operate a network of approximately 135,000 active snack and beverage vending machines on behalf of a broad and diverse client base. We offer a wide range of products in our vending machines, including hot and cold beverages and various snacks and confectionary items. Our clients include a large number of both private and public organizations. Our private vending services, which also include our office coffee services (“**OCS**”), are directed primarily at office environments but also include clients such as hospitals and universities. Our public vending machines are located in high-traffic public locations, such as airports, train and subway stations and gas stations, where our longer-term client contracts provide us with a steady stream of revenue. In addition to our public and private vending operations, we also generate revenue from trade sales of machines and products.

For the year ended September 30, 2013, revenue from our privately placed points of sale, which includes OCS, accounted for 63.0% of our total revenue. Revenue from OCS alone corresponded to 9.6% of our total revenue for the same period. For the same period, revenue from our public vending clients, or our publicly accessible points of sale, accounted for 24.7% of our total revenue. Other revenue and revenue from trade sales of machines and products accounted for 12.3% of our total revenue for the year ended September 30, 2013. By product mix, vends of hot drinks accounted for 51.7% of our total revenue for the year ended September 30, 2013, while vends of snacks and cold drinks accounted for 35.4% of our total revenue.

Our business model covers the full value chain of the vending services market. Our sales teams originate new contracts for the placement of vending machines on clients’ premises, and we also bid for concessions pursuant to public tenders to place vending machines with public entities, such as airports and train and subway stations. We purchase vending machines for our clients, install them at their premises and manage the sourcing and stocking of the food and beverage vending products on behalf of our clients. We also provide cleaning, maintenance and technical support services, which can be customized based on individual client preferences. In addition to our vending and vending services operations, we also sell vending machines, vending machine parts and products separately and independent of vending service arrangements. We therefore generate revenue at each step of the vending services value chain, through a combination of fees from clients for providing, stocking and maintaining vending machines, through the products sold from our vending machines and from the sale of machines, ingredients and spare parts.

We operate our vending machine network primarily under the “Selecta” brand, which we believe stands for quality and innovation in the industry and enjoys strong brand recognition in many of the markets in which we operate. We are active across much of Western Europe. For the twelve months ended March 31, 2014, our vending machine operations in our Central and North regions accounted for 40.8% and 21.4% of our total revenue, respectively, with France and the United Kingdom contributing 27.8% and 10.0% of our total revenue, respectively. In terms of market share by revenue, we believe that we have market shares of approximately 49%, 40% and 11% in Switzerland, Sweden and France, respectively, based on market size data from the European Vending Association for 2012 and our own estimates. We are also the overall market leader by revenue in the total European vending market, with an estimated market share of approximately 7% based on the same market data and estimates.

The European vending machine market is fragmented and characterized by a large number of small scale vending machine operators. We believe that our business model and our scale provide us with competitive advantages compared to smaller vending machine operators and present us with opportunities to benefit from market consolidation in the future. Moreover, as one of the only vending machine operators with a pan-European platform, we are better positioned than many of our

competitors to provide vending services to large multinational clients present in multiple European countries.

For the twelve months ended March 31, 2014, we generated revenue of €715.0 million and Adjusted EBITDA of €135.6 million. For the same period, our Adjusted EBITDA margin was 19.0%.

Our Strengths

We believe our competitive strengths include:

Diversified and loyal client base with high level of revenue visibility.

We consider our diverse mix of loyal clients to be one of our key competitive strengths. Our client base includes a wide range of private and public clients, including companies and office environments, hospitals and universities as well as airports, train and subway stations and gas stations. We operate a network of approximately 135,000 active vending machines in 21 countries which further contributes to our diversified revenue. For the year ended September 30, 2013, our top ten clients accounted for approximately 18% of our total revenue and no single client accounted for more than 3.8% of our total revenue. Our client loyalty is reflected in our high level of client retention. From 2011 to 2013, we estimate our overall average client retention rate was approximately 93% based on total revenue. In addition to our loyal client base, our high revenue visibility is also due to the length of our client contracts and the economic terms agreed in advance. In our private vending and OCS service segments, for example, typical contract terms range from three to five years, while our contracts for public vending services typically range from five to ten years.

Resilient EBITDA and stable cash flow generation.

Our Adjusted EBITDA has remained resilient through the economic cycle and increased from €120.1 million for the year ended September 30, 2011 to €132.5 million for the year ended September 30, 2013, despite a challenging economic environment in many of our markets. Furthermore, through reductions in overhead costs, our Adjusted EBITDA margin has increased from 15.0% for the year ended September 30, 2011 to 17.9% for the year ended September 30, 2013. The vending machine operator business is characterized by favorable working capital dynamics, driven in part by immediate cash collection at points of sale and high inventory rotation. We also benefit from a steady stream of cash flows from our vending clients, particularly in public vending, with whom we typically enter into longer-term service agreements. Our weighted average contract life of our top ten clients is approximately five years. We generated €72.0 million, €80.9 million and €75.5 million of free cash flow in the years ended September 30, 2011, 2012 and 2013, respectively. Our capital expenditure primarily relates to investments in new vending machines and refurbishment of our existing vending machine base. We reduced our total net capital expenditure from €67.8 million for the year ended September 30, 2011 to €37.9 million for the year ended September 30, 2013. This was due, in part, to the combination of our relocation of unprofitable vending machines and the introduction of stricter investment thresholds. It was also attributable to an increase in the volume of refurbishment, which allows us to extend the life cycle of our vending machines by re-introducing them in locations where we face less competition or where our clients or consumers do not require the latest technological features.

Leading positions in key markets.

We are the leading European vending machine operator by revenue, with an estimated 7% market share of the European vending market based on market size data from the European Vending Association for 2012 and our own estimates. We are also the leading vending machine operator by revenue in Switzerland, Sweden and France, with estimated market shares of approximately 49%, 40% and 11%, respectively, based on the same market data and estimates. We believe our vending machine density in these markets and certain other regions allow us to realize economies of scale and, together with our strong brand awareness, high client loyalty and product quality, further enhance our strong market positions. In particular, we consider vending machine density to be a competitive advantage, because it offers us the ability to scale costs, including sales force efficiencies and transportation expenses, across a large number of machines. In addition, we believe that our scale in this fragmented European vending market positions us to increase our vending machine density in countries where we currently operate while also positioning us to benefit from market consolidation should it occur.

Consistently high margins in our key markets and regions and opportunity for enhancement.

For the year ended September 30, 2013, our operations in our Central and North regions generated Adjusted EBITDA margins of approximately 26.1% and 22.9%, respectively. We have been the leader by market share in Switzerland for many years and have continuously grown our market share in Sweden over the past ten years. Our strong market positions in these markets, together with our ongoing efforts to optimize vending machine density, help to drive our consistently high margins in these regions. We are continuing to apply the same concept in our other regions and markets by leveraging management's knowhow and experience to drive profitability in other countries. For example, our Adjusted EBITDA margin in France increased from approximately 8.9% for the year ended September 30, 2011 to 14.4% for the year ended September 30, 2013. As we enhance our vending machine density in the countries in which we operate, we believe we will be able to further increase our overall margins.

Strategic opportunities and operational initiatives.

We have capitalized on strategic opportunities in recent years and continue to implement certain operational initiatives to further drive organic growth. For example, in March 2013, we entered into an agreement with Starbucks for the exclusive right to operate Starbucks Corner Cafés in eleven European countries. Our Starbucks Corner Cafés are primarily targeted at office environments, and we aim to further expand the concept in order to establish a leading position in Europe for vends of premium coffee in the workplace. We have also undertaken certain reorganization measures to reduce our overhead costs, particularly related to our workforce and costs related to headquarter functions. From September 30, 2011 to September 30, 2013, we reduced our overhead costs by €27.6 million. When adjusted for the one-off items included in Adjusted EBITDA from September 30, 2011 to September 30, 2013 of €14.4 million and excluding €6.2 million of overhead costs related to Selecta Italia S.p.A., which was disposed of in 2012, we reduced our overhead costs from September 30, 2011 to September 30, 2013 by €35.8 million. Furthermore, we have recently implemented certain procurement initiatives, such as bundling volumes of supplies, focusing on selected suppliers and streamlining our supply chain. We have also identified and are continuing to develop new solutions for lead generation processes, target setting and reporting as well as new incentives and tools to promote our sales force effectiveness.

Qualified and experienced management team.

The members of our senior management team have extensive experience in the vending and retail markets at leading national and multinational companies. Our senior management team has been strengthened by the recent addition of our Chief Executive Officer in 2013, who has a proven track record in operational and financial transformations, and our Chief Financial Officer, who previously served as our Head of Controlling and has extensive experience in business planning and financial reporting. They joined our two regional directors responsible for the North and Central regions, who have 13 and 28 years of experience, respectively, at Selecta. We believe that the collective industry knowledge and leadership of our senior management team will enable them to continue to grow our business and execute our strategies.

Our Strategy

Our primary strategy is the profitable organic growth of our business, which we intend to achieve by focusing on the following strategic objectives:

Achieve a leading position in each of the markets in which we operate.

We aim to be one of the top three players in each of the markets in which we operate while also maintaining the leading positions we have established in our key markets of Switzerland, Sweden and France. We intend to leverage these leading positions, together with our pan-European footprint, to further penetrate the other markets in which we operate and increase our brand awareness. Due to our established presence and current leading market positions, we believe we are well-positioned to expand our client base and increase our market share beyond our key markets.

Continue to provide a comprehensive concept offering.

We believe we have a strong reputation and loyal client base due to our innovative and comprehensive vending solution offerings. We seek to provide a one-stop shop for our clients by also providing them with as many of their vending service needs as possible. We aim to further penetrate our existing private

and public vending client base while increasing our focus on clients such as gas stations, universities and hospitals and strengthening our ties with caterers and facility management companies. We also intend to drive growth by exploiting opportunities to cross-sell our product offerings and further roll out our Starbucks Corner Cafés concept to drive premium coffee services. In addition, to increase our vends, we strive to improve our consumer focus through tailored offerings to consumers' preferences at our clients' locations.

Maintain focus on operational excellence.

We continue to focus on operational excellence to deliver products which offer the best combination of quality, innovation and technology while optimizing internal processes to increase profitability. For example, we recently implemented certain measures to improve our procurement organization through the establishment of a professional, more centralized corporate procurement organization. We aim to further increase bundling of volumes with selected preferred suppliers to achieve better pricing. We also intend to further increase standardization of our vending machines to reduce overall inventory levels and streamline our supply chain as well as reduce its complexity. To further drive productivity and improve technical support for clients through faster reaction times, we intend to equip our merchandisers and technicians with the latest handheld devices and introduce dynamic route planning. Handheld devices will allow our technicians and merchandizers to access information remotely while dynamic route planning will permit us to plan and optimize routes on a real-time basis.

Continue to be a leader in innovation and development.

We aim to provide our clients with high-quality vending machines with advanced technology and functionality. We continue to develop new machines together with our suppliers to supplement and replace our current machine portfolio over time. We believe that our focus on technology development in the areas of cashless payment systems, telemetry and user interfaces will further increase the appeal and convenience of our vending machines to our clients as well as our vending products to consumers. Telemetry will allow us to better track vends of our products, adjust our product offerings to drive vends and monitor more efficiently when vending machines require re-stocking and maintenance. We further intend to focus on continued development of new offerings for our products and services, such as our recent Starbucks Corner Cafés initiative.

The Sponsor

Allianz Capital Partners was established in 1998 and is the Allianz Group's in-house investment platform for alternative investments, with an investment volume of approximately €9.2 billion as of December 31, 2013. Allianz Capital Partners has offices in Munich, London, New York and Singapore.

The Issuer

The Issuer is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) established under the laws of the Netherlands. The Issuer is registered with the trade register of the chambers of commerce under the number 34256233. The Issuer's registered business address is Keizersgracht 484, 1017EH Amsterdam, the Netherlands.

The Transactions

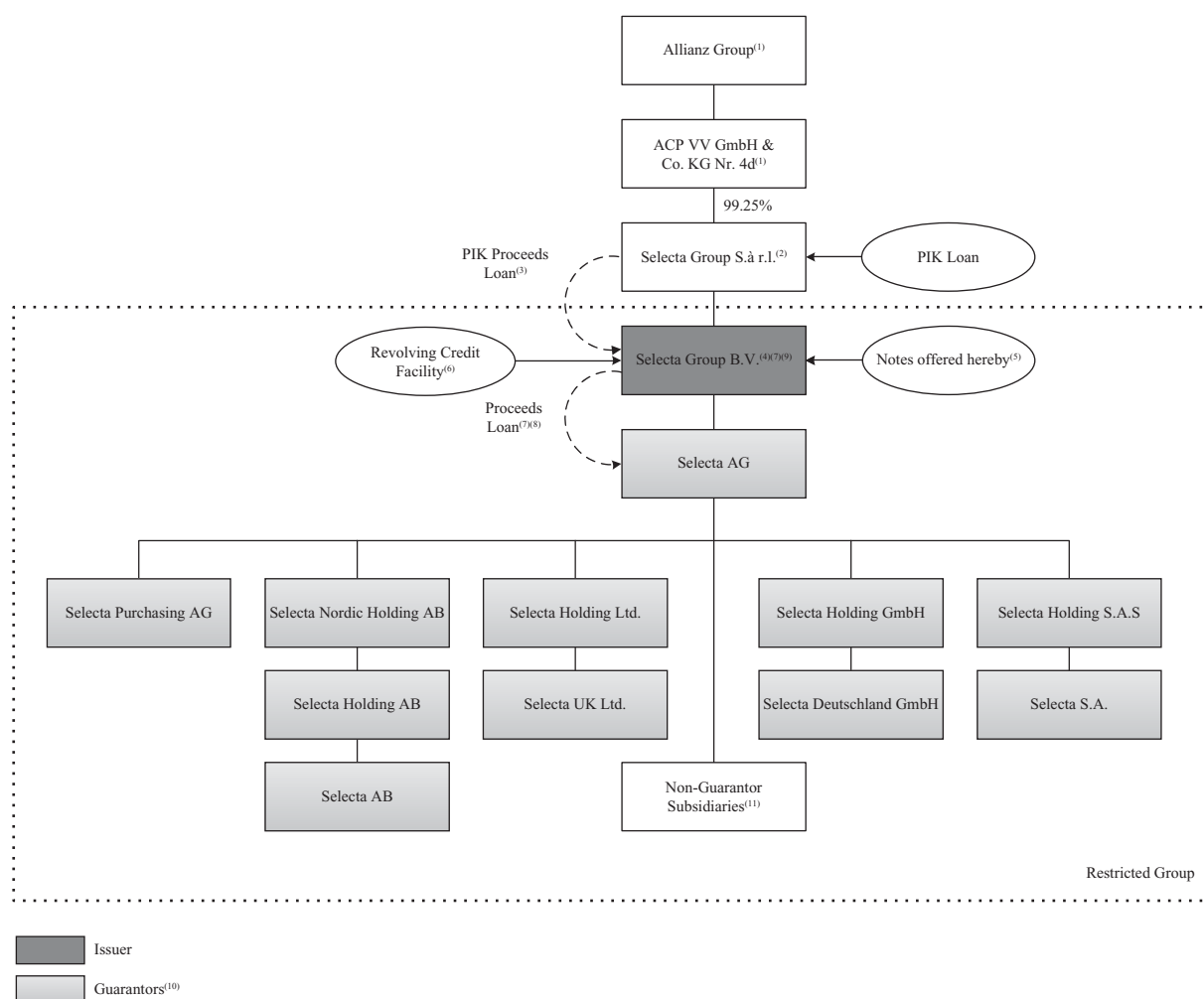
In connection with the Offering, on or about the Issue Date, the Issuer and the Guarantors entered into a revolving credit facility agreement with BNP Paribas Fortis SA/NV and Goldman Sachs International, as lenders, providing for a revolving credit facility in an aggregate principal amount of €50.0 million (the "**Revolving Credit Facility**"). See "*Description of Certain Financing Arrangements—Revolving Credit Facility*." In addition, prior to the Issue Date, Selecta Group S.à r.l., the direct parent company of the Issuer, entered into a €220.0 million PIK loan (the "**PIK Loan**").

The proceeds from the Offering of the Notes, together with cash on hand, the proceeds from the PIK Proceeds Loan and drawings under the Revolving Credit Facility, will be used to repay the outstanding amounts under the GBP 615 million senior facilities agreement of Selecta Holding B.V., dated June 28, 2007, as amended (the "**Existing Senior Credit Facility**") and the GBP 75 million mezzanine facility agreement of Selecta Holding B.V., dated June 28, 2007, as amended (the "**Existing Mezzanine Facility**") and, together with the Existing Senior Credit Facility, the "**Existing Credit Facilities**") and pay the costs, fees and expenses related to the Offering and the entering into the Revolving Credit Facility.

The Offering, the entering into the Revolving Credit Facility and the PIK Proceeds Loan and the application of the use of the proceeds therefrom, as set out in the section "*Use of Proceeds*", are collectively herein referred to as the "**Transactions**."

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following diagram depicts, in simplified form, our corporate and financing structure on the Issue Date after giving effect to the issuance of the Notes and the use of proceeds therefrom as set forth under “Use of Proceeds.” All company ownership is 100% unless otherwise indicated. For a summary of the material financing arrangements identified in this diagram, see “Description of Certain Financing Arrangements” and “Description of the Notes.”



- (1) Allianz Group, through its managed funds and intermediate holding company, ACP Vermögensverwaltung GmbH & Co. KG Nr. 4 d, beneficially owns 99.25% of the issued share capital of Selecta Group S.à r.l. The remaining 0.75% interest in Selecta Group S.à r.l. is held by ACP Beteiligungs GmbH. The Issuer is a wholly-owned subsidiary of Selecta Group S.à r.l. See “Principal Shareholders and Related Party Transactions.”
- (2) Selecta Group S.à r.l. is a holding company that has no independent business operations and, upon completion of the Transactions, will have limited assets. Selecta Group S.à r.l. owns all of the issued share capital of the Issuer. Selecta Group S.à r.l. will be dependent on distributions and other payments made by its subsidiaries to service its payment obligations under the PIK Loan.
- (3) Prior to the Issue Date, Selecta Group S.à r.l. will have entered into the PIK Loan in an amount equal to €220.0 million. Selecta Group S.à r.l. will on-lend the proceeds received from the PIK Loan to the Issuer on the Issue Date (the “**PIK Proceeds Loan**”).
- (4) The Issuer is a private limited liability company incorporated under the laws of the Netherlands that has no independent business operations and will be dependent on distributions and other payments made by its subsidiaries, including Selecta AG under the Proceeds Loan, and the ability of such subsidiaries to make payments and other distributions to service its payment obligations under the Notes. See “Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral—The Issuer is a holding company dependent upon cash flows from its subsidiaries to meet its obligations on the Notes.”
- (5) The Issuer is offering approximately €550.0 million (equivalent) aggregate principal amount of Notes. The Notes will be senior obligations of the Issuer and will, as of the Issue Date, be guaranteed on a senior secured basis by certain of its subsidiaries. The Notes Guarantees will be subject to certain limitations under applicable law, as described under “Risk Factors—Risks Related to the Notes and Our Structure—Each Notes Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.”
- (6) As part of the Transactions, the Issuer and certain of its subsidiaries, as borrowers or guarantors, entered into the Revolving Credit Facility Agreement, which provides for the Revolving Credit Facility in the amount of €50.0 million. On the Issue Date, we expect that the Revolving Credit Facility will be drawn in an amount of €20.0 million. The same subsidiaries that initially

guarantee the Notes will guarantee the Revolving Credit Facility, and the same assets that will initially secure the Notes will also secure the Revolving Credit Facility on an equal and ratable first-priority basis. The Notes Guarantees will also guarantee the Revolving Credit Facility. See “*Description of Certain Financing Arrangements—Revolving Credit Facility.*”

- (7) The Issuer will use the net proceeds received from the offering of the Notes, together with drawings under the Revolving Credit Facility and the amount extended under the PIK Proceeds Loan, to fully repay outstanding amounts under the Existing Credit Facilities as well as to pay related accrued interest and break costs, if any, in connection with the repayment and cancellation of such facilities. See “*Use of Proceeds.*”
- (8) Upon receipt of the proceeds from the offering of the Notes on the Issue Date, the Issuer intends to extend the Proceeds Loan to Selecta AG in an amount equal to the net proceeds of the Notes.
- (9) The obligations of the Issuer and the Guarantors under the Notes, the Indenture, the Revolving Credit Facility and certain priority hedging obligations, if any, will be secured by first-ranking security interests over (i) all of the issued share capital of the Guarantors, (ii) certain receivables and intercompany receivables of the Issuer and the Guarantors, including the assignment of the Proceeds Loan, (iii) certain intellectual property and insurance policies of certain Guarantors, and (iv) security interests over certain bank accounts of the Issuer. See “*Description of the Notes—Collateral.*” The security granted is subject to certain contractual and legal limitations under applicable local laws and may be released under certain circumstances. See “*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral.*” Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of the obligations under the Revolving Credit Facility and certain hedging obligations, if any, will receive priority in relation to any proceeds received upon any enforcement action over any Collateral. Any remaining proceeds received upon any enforcement action over any Collateral will be applied *pro rata* to the repayment of all obligations under the Indenture and the Notes and any other senior secured indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*”
- (10) Our subsidiaries include the following Guarantors: Selecta AG, Selecta Purchasing AG, Selecta Nordic Holding AB, Selecta Holding AB, Selecta AB, Selecta Holding Ltd., Selecta UK Ltd., Selecta Holding GmbH, Selecta Deutschland GmbH, Selecta Holding S.A.S and Selecta S.A. For the twelve months ended March 31, 2014, the Guarantors accounted for 85.4% of our consolidated total revenue and 97.9% of our Adjusted EBITDA.
- (11) As at March 31, 2014, after giving effect to the issue and sale of the Notes and the application of the proceeds thereof as described under the “*Use of Proceeds*”, on a consolidated basis, our subsidiaries that will not guarantee the Notes (the “**Non-Guarantors**”) will have €2.0 million of finance leases outstanding.

THE OFFERING

The summary below describes the principal terms of the Notes. It may not contain all the information that is important to you. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of the Notes” section of this offering memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

| | |
|-------------------------|---|
| Issuer | Selecta Group B.V. (the “ Issuer ”) |
| Notes Offered | <p>€350 million aggregate principal amount of 6.50% Senior Secured Notes due 2020 (the “Euro Notes”).</p> <p>CHF 245 million aggregate principal amount of 6.50% Senior Secured Notes due 2020 (the “CHF Notes” and, together with the Euro Notes, the “Notes”).</p> |
| Issue Date | June 20, 2014. |
| Maturity Date | June 15, 2020. |
| Issue Price | <p>Euro Notes: 100.000% plus accrued interest, if any, from the Issue Date.</p> <p>CHF Notes: 100.000% plus accrued interest, if any, from the Issue Date.</p> |
| Interest | <p>Interest on the Notes will be payable semi-annually in arrear on June 15 and December 15 of each year, commencing on December 15, 2014.</p> <p>Interest will accrue from the Issue Date of the Notes.</p> |
| Guarantees | <p>The Notes will be guaranteed on a senior basis (the “Notes Guarantees”) by Selecta AG, Selecta Purchasing AG, Selecta Nordic Holding AB, Selecta Holding AB, Selecta AB, Selecta Holding Limited, Selecta UK Limited, Selecta Holding GmbH, Selecta Deutschland GmbH, Selecta Holding S.A.S. and Selecta S.A. (together, the “Guarantors”).</p> <p>The Notes Guarantees will be subject to certain contractual and legal limitations, and may be released under certain circumstances. See “<i>Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral,</i>” “<i>Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations</i>” and “<i>Description of Certain Financing Arrangements—Intercreditor Agreement.</i>”</p> |
| Collateral | <p>The obligations of the Issuer and the Guarantors under the Notes, the Notes Guarantees and the Indenture governing the Notes will be secured as of the Issue Date by first-ranking liens over the Collateral, which includes:</p> <ul style="list-style-type: none"> • all of the issued share capital of the Guarantors; • certain receivables and intercompany receivables of the Issuer and the Guarantors, including the assignment of the Proceeds Loan; • certain intellectual property and insurance policies of certain Guarantors; and • security interests over certain bank accounts of the Issuer. |

The security securing the Notes also secures on a “super senior” basis the obligations under the Revolving Credit Facility and may also secure additional indebtedness in the future. Under the terms of the Intercreditor Agreement, proceeds of any enforcement of the security interest in the security will be applied to pay the Revolving Credit Facility and certain hedge counterparties, if any, in priority to the Notes. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*” For more information on the security, see “*Description of the Notes—Collateral.*”

Ranking

The Notes will be:

- general obligations of the Issuer;
- guaranteed by the Guarantors;
- secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of the Liens over the Collateral only after any obligations under the Revolving Credit Facility and certain priority hedging obligations have been paid in full, as described under “*Description of the Notes—Collateral*”;
- *pari passu* in right of payment with all existing and future obligations of the Issuer that are not subordinated in right of payment to the Notes, including its obligations under the Revolving Credit Facility;
- senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- effectively subordinated to any existing and future obligations of the Issuer that are secured by property or assets that do not secure the Notes or that secure the Revolving Credit Facility and certain hedging obligations on a priority basis, to the extent of the value of the property and assets securing such obligations; and
- structurally subordinated to any existing and future obligations of the Issuer’s subsidiaries that are not Guarantors.

Each Notes Guarantee will be:

- a general obligation of the relevant Guarantor;
- secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of the Liens over the Collateral only after any obligations under the Revolving Credit Facility and certain priority hedging obligations have been paid in full, as described under “*Description of the Notes—Collateral*”;
- *pari passu* in right of payment to any existing and future obligations of that Guarantor that are not subordinated in right of payment to such Notes Guarantee, including its obligations under the Revolving Credit Facility;

- effectively subordinated to any existing and future obligations of such Guarantor that are secured by property or assets that do not secure such Notes Guarantee or that secure any obligations under the Revolving Credit Facility and certain priority hedging obligations to the extent of the value of the property and assets securing such obligations;
- senior in right of payment to all existing and future Indebtedness of such Guarantor that is subordinated in right of payment to such Notes Guarantee; and
- subject to certain restrictions on enforcement of Collateral and release of the Notes Guarantee of any Guarantor to the extent such Subsidiary is sold by the Security Agent pursuant to an enforcement action. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*”

Additional Amounts Any payments made by the Issuer or any Guarantor with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If any of the Issuer or Guarantors is required by law to withhold or deduct for such taxes with respect to a payment to the holders of Notes, the Issuer or Guarantor will pay the additional amounts necessary so that the net amount received by the holders after the withholding is not less than the amount they would have received in the absence of the withholding, subject to certain exceptions. See “*Description of the Notes—Additional Amounts.*”

Use of Proceeds We will use the gross proceeds of the Notes as set forth in “*Use of Proceeds.*”

Optional Redemption The Issuer may redeem:

- all or part of the Notes at any time prior to December 15, 2016 at a redemption price equal to 100% of the principal and the applicable “make-whole” premium, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption;
- all or part of the Notes at any time on or after December 15, 2016 at the redemption prices described in this offering memorandum under the caption “*Description of the Notes—Optional Redemption,*” plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption; and
- at any time and from time to time prior to December 15, 2016 in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Notes originally issued, with the proceeds of one or more qualifying equity offerings, at the redemption price described in this offering memorandum under the caption “*Description of the Notes—Optional Redemption,*” plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption.

| | |
|---------------------------------------|--|
| Redemption for Taxation Reasons . . . | <p>If certain changes in the law of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Notes or with respect to a Notes Guarantee, 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 the date of redemption. See “<i>Description of the Notes—Redemption for Changes in Taxes.</i>”</p> |
| Change of Control | <p>Upon the occurrence of certain events constituting a change of control, the Issuer may be required to offer to repurchase the Notes at a purchase price of 101% of the principal amount of such Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase. A change of control will not be deemed to have occurred on one occasion if a certain consolidated leverage ratio is not exceeded immediately prior to and after giving pro forma effect to such event. See “<i>Description of the Notes—Repurchase at the Option of Holders—Change of Control.</i>”</p> |
| Certain Covenants | <p>The Indenture governing the Notes and the Notes Guarantees will contain covenants that, among other things, restrict the ability of the Issuer and its restricted subsidiaries to:</p> <ul style="list-style-type: none"> • incur or guarantee additional indebtedness and issue certain preferred stock; • make restricted payments, including dividends or other distributions; • make certain investments; • engage in certain transactions with affiliates; • create or permit to exist certain liens; • sell, lease or transfer certain assets; • guarantee additional indebtedness without also guaranteeing the Notes; • create certain restrictions on the ability of restricted subsidiaries to pay dividends or make other payments to the Issuer or a restricted subsidiary; • merge or consolidate with other entities or transfer all or substantially all of the Issuer’s or a Guarantor’s assets; and • impair the security interests for the benefit of the holders of the Notes. <p>Each of these covenants is subject to a number of important limitations and exceptions as described under “<i>Description of the Notes—Certain Covenants.</i>” In addition, the Issuer will provide to the Trustee and to holders of the Notes annual and quarterly reports of the Issuer.</p> |
| Denominations | <p>The Euro Notes will be issued in global form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The CHF Notes will be issued in global form in denominations of CHF150,000 and integral multiples of CHF1,000 in excess thereof.</p> |

| | |
|--|---|
| Transfer Restrictions | The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act, or under any other national, federal, state or local securities laws. The Notes and the Notes Guarantees are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See “ <i>Offering and Transfer Restrictions</i> .” |
| No Established Public Market for the Notes | The Notes will be new securities for which there is currently no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes. |
| Listing | Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Euro MTF. |
| Governing Law | The Notes, the Notes Guarantees and the Indenture will be governed by and construed in accordance with the laws of the State of New York. The Revolving Credit Facility and the Intercreditor Agreement will be governed by the laws of England and Wales. The Security Documents will be governed by the laws of Switzerland, Sweden, the Netherlands, Germany, France and England and Wales. |
| Trustee | Deutsche Trustee Company Limited. |
| Paying Agent and Security Agent . . . | Deutsche Bank AG, London Branch. |
| Registrar, Transfer Agent and Luxembourg Listing Agent | Deutsche Bank Luxembourg S.A. |
| Risk Factors | Investing in the Notes involves substantial risks. See “ <i>Risk Factors</i> ” for a description of certain of the risks you should carefully consider before investing in the Notes. |

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The following tables present summary historical consolidated information of Selecta Group B.V. as of and for the years ended September 30, 2011, 2012 and 2013 and as of and for the six months ended March 31, 2013 and 2014. Additionally, the tables below present other financial information for the twelve months ended March 31, 2014. For a detailed discussion of the presentation of financial information and other data, see “*Presentation of Financial Information and Other Data.*”

In our Consolidated Financial Statements, we have restated the financial information relating to the year 2011 to reflect the provision for long service awards in accordance with IAS 19, *Employee Benefits*.

In our Interim Consolidated Financial Statements, we have adopted IAS 19R for our fiscal year beginning October 1, 2013, which changed how we account for post-retirement employee benefits. The impact has been applied retrospectively to our interim financial statements for the six months ended March 31, 2013. The impact has not been applied retrospectively to our Consolidated Financial Statements as at and for the years ended September 30, 2013, 2012 and 2011. Please refer to notes 2.3 and 2.6 in our Interim Consolidated Financial Statements for additional description and the quantitative impact of the adoption of IAS 19R.

The following tables also set forth certain unaudited *pro forma* financial information, after giving effect to the issuance of the Notes, the entering into the Revolving Credit Facility and the application of the proceeds as set forth under “*Use of Proceeds.*”

The following tables also set forth certain historical operating data of the Group as of and for the years ended September 30, 2011, 2012 and 2013 and as of and for the six months ended March 31, 2014. The other financial information and non-financial information is unaudited and is not derived from Selecta Group B.V.’s financial statements or accounting systems.

The unaudited consolidated financial information presented for the twelve months ended March 31, 2014 has been derived by subtracting from the financial information from the Consolidated Financial Statements of Selecta Group B.V. for the year ended September 30, 2013, the comparative financial information from the Interim Consolidated Financial Statements for the six months ended March 31, 2013, and adding the financial information from the Interim Consolidated Financial Statements for the six months ended March 31, 2014. The unaudited consolidated financial information presented for the twelve months ended March 31, 2014 has been prepared for illustrative purposes only and are not necessarily representative of our results of operations for any future period or our financial condition at any future date.

You should read the information set forth below in conjunction with the sections “*Presentation of Financial and Other Data*”, “*Use of Proceeds*”, “*Capitalization*”, “*Selected Historical Consolidated Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum.

Summary Consolidated Statement of Profit or Loss Information

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, |
|--|--------------------------|----------------|----------------|----------------------------|----------------|-------------------------------|
| | 2011* | 2012 | 2013 | 2013 | 2014 | 2014 |
| | (€ in thousands) | | | | | |
| | | | | (unaudited) | (unaudited) | (unaudited) |
| Revenue | 800,378 | 792,324 | 740,189 | 374,220 | 349,006 | 714,975 |
| Materials and consumables used . . . | (254,728) | (251,192) | (225,278) | (115,983) | (109,663) | (218,958) |
| Employee benefits expense | (239,509) | (236,502) | (225,139) | (119,608) | (110,350) | (215,881) |
| Depreciation, amortization and impairment expense . . | (102,455) | (97,803) | (95,205) | (46,688) | (42,647) | (91,164) |
| Gain on disposal of subsidiary | — | 695 | 202 | — | — | 202 |
| Other operating expenses | (189,258) | (176,152) | (175,107) | (87,607) | (74,734) | (162,234) |
| Profit before interest and income tax | 14,428 | 31,370 | 19,662 | 4,334 | 11,612 | 26,940 |
| Finance costs | (32,642) | (38,901) | (28,219) | (13,049) | (15,711) | (30,881) |
| Finance income | 226 | 179 | 288 | — | 72 | 360 |
| Loss before income tax . | (17,988) | (7,352) | (8,269) | (8,715) | (4,027) | (3,581) |
| Income taxes | 3,155 | 707 | 8,666 | (370) | (685) | 8,351 |
| Net profit (loss) for the period | (14,833) | (6,645) | 397 | (9,085) | (4,712) | 4,770 |

* As restated

Summary Consolidated Balance Sheet Information

| | As of September 30, | | | As of March 31, |
|--|---------------------|------------------|------------------|------------------|
| | 2011* | 2012 | 2013 | 2014 |
| | (€ in thousands) | | | (unaudited) |
| Property, plant and equipment | 225,681 | 197,500 | 166,780 | 163,139 |
| Goodwill | 485,075 | 483,128 | 483,128 | 483,128 |
| Other intangible assets | 549,071 | 526,123 | 498,411 | 486,868 |
| Deferred income tax assets | 9,493 | 8,035 | 12,639 | 9,816 |
| Non-current financial assets | 1,602 | 2,478 | 2,305 | 2,372 |
| Total non-current assets | 1,270,922 | 1,217,264 | 1,163,263 | 1,145,323 |
| Inventories | 42,286 | 36,191 | 36,435 | 39,837 |
| Trade receivables | 46,350 | 43,151 | 38,226 | 39,843 |
| Other current assets | 37,223 | 31,511 | 31,184 | 31,995 |
| Cash and cash equivalents | 49,661 | 61,622 | 95,498 | 90,990 |
| Total current assets | 175,520 | 172,475 | 201,343 | 202,665 |
| Total assets | 1,446,442 | 1,389,739 | 1,364,606 | 1,347,988 |
| Issued capital | 278,644 | 278,644 | 278,644 | 278,644 |
| Additional paid-in capital | 220,529 | 220,529 | 220,529 | 220,529 |
| Currency translation reserve | (81,176) | (95,091) | (86,659) | (85,760) |
| Retained earnings | (189,550) | (199,552) | (196,562) | (199,677) |
| Total equity | 228,447 | 204,530 | 215,952 | 213,736 |
| Borrowings and other financial liabilities | 811,633 | 822,490 | 800,289 | 803,990 |
| Deferred income tax liabilities | 153,852 | 146,719 | 138,878 | 135,650 |
| Non-current finance lease liabilities | 3,777 | 4,090 | 5,687 | 7,768 |
| Retirement benefit obligations | 17,706 | 22,161 | 15,669 | 14,314 |
| Provisions | 15,507 | 8,446 | 6,605 | 6,686 |
| Total non-current liabilities | 1,002,475 | 1,003,906 | 967,128 | 968,408 |
| Trade payables | 86,805 | 86,412 | 76,752 | 80,173 |
| Current finance lease liabilities | 2,203 | 1,444 | 2,308 | 3,596 |
| Current financial liabilities | 35,377 | 20,720 | 18,413 | 9,257 |
| Other liabilities | 89,023 | 68,361 | 78,044 | 69,487 |
| Provisions | — | — | 1,611 | 1,048 |
| Current income tax liabilities | 2,112 | 4,366 | 4,397 | 2,283 |
| Total current liabilities | 215,520 | 181,303 | 181,525 | 165,844 |
| Total liabilities | 1,217,995 | 1,185,209 | 1,148,653 | 1,134,252 |
| Total equity and liabilities | 1,446,442 | 1,389,739 | 1,364,606 | 1,347,988 |

* As restated

Summary Consolidated Cash Flow Statement Information

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, |
|--|-----------------------------|----------|----------|-------------------------------|-------------|--|
| | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 |
| | (€ in thousands) | | | | | |
| | | | | (unaudited) | (unaudited) | (unaudited) |
| Net cash generated from operating activities | 140,336 | 118,027 | 110,948 | 34,286 | 39,076 | 115,738 |
| Net cash used in investing activities . . . | (68,346) | (37,109) | (35,446) | (17,382) | (21,728) | (39,792) |
| Net cash used in financing activities . . . | (49,935) | (70,263) | (40,512) | (20,536) | (21,908) | (41,884) |
| Net (decrease)/increase in cash and cash equivalents | 22,055 | 10,655 | 34,990 | (3,632) | (4,560) | 34,062 |
| Cash and cash equivalents at beginning of period | 26,601 | 49,661 | 61,622 | 61,622 | 95,498 | 57,108 |
| Exchange gains/(losses) on cash and cash equivalents | 1,005 | 1,306 | (1,114) | (882) | 52 | (180) |
| Cash and cash equivalents at end of period | 49,661 | 61,622 | 95,498 | 57,108 | 90,990 | 90,990 |

Other Financial Information

The following table shows certain financial and operating performance information for the periods indicated.

| | As of or for the year ended September 30, | | | As of or for the six months ended March 31, | | As of or for the twelve months ended March 31, |
|--|--|-------------|-------------|---|-------------|--|
| | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 |
| | (€ in millions, unless otherwise indicated) | | | | | |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| EBITDA ⁽¹⁾ | 116.9 | 129.2 | 114.9 | 51.0 | 54.3 | 118.1 |
| EBITDA margin (in %) ⁽²⁾ | 14.6 | 16.3 | 15.5 | 13.6 | 15.5 | 16.5 |
| Adjusted EBITDA ⁽¹⁾ | 120.1 | 135.8 | 132.5 | 57.4 | 60.5 | 135.6 |
| Adjusted EBITDA margin (in %) ⁽²⁾ | 15.0 | 17.1 | 17.9 | 15.3 | 17.3 | 19.0 |
| Net capital expenditure ⁽³⁾ | 67.8 | 43.8 | 37.9 | 17.5 | 25.3 | 45.7 |
| Free cash flow ⁽⁴⁾ | 72.0 | 80.9 | 75.5 | 16.9 | 17.3 | 75.9 |
| <i>Pro forma</i> net debt ⁽⁵⁾ | | | | | | 551.2 |
| <i>Pro forma</i> cash interest expense ⁽⁶⁾ | | | | | | 37.2 |
| Ratio of <i>pro forma</i> net debt ⁽⁵⁾ to Adjusted EBITDA ⁽¹⁾ | | | | | | 4.1x |
| Ratio of Adjusted EBITDA ⁽¹⁾ to <i>pro</i> <i>forma</i> cash interest expense ⁽⁶⁾ | | | | | | 3.65x |

- (1) We define EBITDA as profit before interest and income tax and depreciation, amortization and impairment expense. We define Adjusted EBITDA as profit before interest, income tax, depreciation, amortization and impairment and one-off items. EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Adjusted EBITDA, as presented in this offering memorandum, may differ from, and may not be comparable to, similarly titled measures used by other companies. We present Adjusted EBITDA because we believe it is helpful to investors as measures of our operating performance and ability to service our debt. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our operating

results as reported under IFRS. Adjusted EBITDA as presented herein differs from Adjusted EBITDA as defined in the Indenture governing the Notes. See "Presentation of Financial Information and Other Data."

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, |
|--|-----------------------------|----------------|----------------|-------------------------------|---------------|-------------------------------------|
| | 2011* | 2012 | 2013 | 2013 | 2014 | 2014 |
| | (€ in thousands) | | | | | |
| | | | | (unaudited) | (unaudited) | (unaudited) |
| Profit before interest and income tax . . . | 14,428 | 31,370 | 19,662 | 4,334 | 11,612 | 26,940 |
| Depreciation, amortization and impairment expense | 102,455 | 97,803 | 95,205 | 46,688 | 42,647 | 91,164 |
| EBITDA^(a) | 116,883 | 129,173 | 114,867 | 51,022 | 54,259 | 118,104 |
| Adjustments: | | | | | | |
| Restructuring/redundancy costs ^{(a)(b)} . . . | 3,236 | 4,581 | 14,590 | 4,797 | 2,219 | 12,012 |
| Profit/loss on sale of assets ^{(a)(c)} | — | (2,094) | — | — | — | — |
| Other ^{(a)(d)} | — | 4,092 | 3,060 | 1,587 | 3,987 | 5,460 |
| Adjusted EBITDA^(a) | 120,119 | 135,752 | 132,517 | 57,406 | 60,465 | 135,576 |

* As restated

(a) Unaudited.

(b) These items represent restructuring and redundancy costs relating to headcount reductions and senior management changes. For the year ended September 30, 2013, this item includes restructuring and redundancy costs relating to headcount reductions in the United Kingdom, France, Germany, the Benelux countries, Switzerland and our headquarters.

(c) This item relates to a profit on the sale of non-trading assets in France (€1.4 million) and a profit related to the sale of a subsidiary booked at our headquarters (€0.7 million).

(d) For the year ended September 30, 2012, this item includes adjustment related to one-off project expenses (€3.7 million) and other non-recurring items (€0.4 million). For the year ended September 30, 2013, this item includes adjustments related primarily to one-off project expenses (€2.3 million) and other non-recurring items (€0.7 million). For the six months ended March 31, 2013, this item includes one-off project expenses (€1.3 million). For the six months ended March 31, 2014, this item includes one-off project expenses (€2.2 million), most of which were recorded at our headquarters in Switzerland, and other project expenses (€1.0 million) which were mostly recorded in our North region.

(2) EBITDA margin for a given period is EBITDA for that period divided by revenue for that period. Adjusted EBITDA margin for a given period is Adjusted EBITDA for that period divided by revenue for that period.

(3) Net capital expenditures consist of capital expenditures less total disposals and profit on disposal of property, plant and equipment.

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, |
|--|-----------------------------|---------------|---------------|-------------------------------|---------------|--|
| | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 |
| | (€ in thousands) | | | | | |
| | | | | (unaudited) | (unaudited) | (unaudited) |
| Additions to Vending Equipment | 57,400 | 44,273 | 38,003 | 16,887 | 26,286 | 47,402 |
| Additions to Vehicles | 4,845 | 1,292 | 2,340 | 1,014 | 738 | 2,064 |
| Additions to Freehold land and buildings | 165 | 49 | 51 | — | 73 | 124 |
| Additions to Other equipment | 4,344 | 2,446 | 2,116 | 1,458 | 1,655 | 2,313 |
| Total Additions to Other intangible assets | 5,508 | 5,749 | 2,390 | 1,118 | 1,123 | 2,395 |
| Capital expenditures^(a) | 72,262 | 53,809 | 44,900 | 20,477 | 29,875 | 54,298 |
| Less | | | | | | |
| Total Disposals | 3,232 | 7,150 | 4,942 | 2,252 | 1,992 | 4,682 |
| (Profit) on disposal of property, plant and equipment | 1,226 | 2,874 | 2,081 | 749 | 2,594 | 3,926 |
| Net capital expenditures^(a) | 67,804 | 43,785 | 37,877 | 17,476 | 25,289 | 45,690 |

(a) Unaudited.

- (4) We define free cash flow as net cash generated from operating activities less net cash used in investing activities.

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, |
|--|-----------------------------|---------------|---------------|-------------------------------|---------------|--|
| | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 |
| | (€ in thousands) | | | | | |
| | | | | (unaudited) | (unaudited) | (unaudited) |
| Net cash generated from operating activities | 140,336 | 118,027 | 110,948 | 34,286 | 39,076 | 115,738 |
| Net cash used in investing activities | (68,346) | (37,109) | (35,446) | (17,382) | (21,728) | (39,792) |
| Free cash flow | 71,990 | 80,918 | 75,502 | 16,904 | 17,348 | 75,946 |

- (5) *Pro forma* net debt represents net debt as of March 31, 2014, adjusted to give effect to the Offering and the entering into the Revolving Credit Facility and use of proceeds therefrom and from existing cash as set forth in "Use of Proceeds" as if they had occurred on March 31, 2014.
- (6) We define *pro forma* cash interest expense as cash interest expense for the period, as adjusted to give effect to the Offering and the entering into the PIK Proceeds Loan and the use of proceeds therefrom and from existing cash as set forth in "Use of Proceeds" as if they had occurred on April 1, 2013, using the interest rate for the Notes. *Pro forma* cash interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

The following table shows revenue, EBITDA, Adjusted EBITDA and Adjusted EBITDA margin per region for the periods indicated.

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, |
|--|--|-------------|-------------|-------------------------------|-------------|--|
| | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 |
| | (€ in thousands, unless otherwise indicated) | | | | | |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| <i>Central</i> ⁽¹⁾ | | | | | | |
| Revenue | 316,097 | 313,929 | 301,551 | 152,552 | 142,801 | 291,800 |
| EBITDA ⁽⁶⁾ | 74,872 | 78,351 | 75,434 | 35,593 | 36,298 | 76,139 |
| Adjusted EBITDA ⁽⁶⁾ | 76,059 | 79,455 | 78,592 | 36,332 | 37,017 | 79,277 |
| Adjusted EBITDA margin (in %) ⁽⁷⁾ | 24.1 | 25.3 | 26.1 | 23.8 | 25.9 | 27.2 |
| <i>North</i> ⁽²⁾ | | | | | | |
| Revenue | 159,999 | 170,498 | 158,320 | 84,192 | 78,583 | 152,711 |
| EBITDA ⁽⁶⁾ | 34,393 | 39,884 | 34,177 | 18,768 | 14,955 | 30,364 |
| Adjusted EBITDA ⁽⁶⁾ | 35,229 | 40,883 | 36,189 | 19,053 | 16,306 | 33,442 |
| Adjusted EBITDA margin (in %) ⁽⁷⁾ | 22.0 | 24.0 | 22.9 | 22.6 | 20.8 | 21.9 |
| <i>France</i> ⁽³⁾ | | | | | | |
| Revenue | 228,505 | 213,630 | 203,480 | 97,425 | 92,551 | 198,606 |
| EBITDA ⁽⁶⁾ | 19,821 | 26,599 | 25,966 | 10,481 | 9,446 | 24,931 |
| Adjusted EBITDA ⁽⁶⁾ | 20,294 | 26,710 | 29,207 | 12,311 | 11,070 | 27,966 |
| Adjusted EBITDA margin (in %) ⁽⁷⁾ | 8.9 | 12.5 | 14.4 | 12.6 | 12.0 | 14.1 |
| <i>United Kingdom</i> ⁽⁴⁾ | | | | | | |
| Revenue | 95,664 | 94,158 | 76,744 | 40,050 | 35,033 | 71,727 |
| EBITDA ⁽⁶⁾ | 7,440 | 5,802 | (2,026) | (2,407) | 2,606 | 2,987 |
| Adjusted EBITDA ⁽⁶⁾ | 8,180 | 6,519 | 2,793 | (604) | 2,881 | 6,278 |
| Adjusted EBITDA margin (in %) ⁽⁷⁾ | 8.6 | 6.9 | 3.6 | (1.5) | 8.2 | 8.8 |
| <i>Headquarters</i> ⁽⁵⁾ | | | | | | |
| Revenue | 113 | 109 | 94 | — | 38 | 132 |
| EBITDA ⁽⁶⁾ | (19,643) | (21,462) | (18,683) | (11,413) | (9,046) | (16,316) |
| Adjusted EBITDA ⁽⁶⁾ | (19,643) | (17,814) | (14,263) | (9,687) | (6,809) | (11,385) |
| Adjusted EBITDA margin (in %) ⁽⁷⁾ | N/M | N/M | N/M | N/M | N/M | N/M |

- (1) *Central* includes our operating entities in Austria, Czech Republic, Germany, Hungary, Spain, Switzerland and Slovakia.
- (2) *North* includes our operating entities in Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway and Sweden.
- (3) *France* includes our operating entities in France.
- (4) *United Kingdom* includes our operating entities in the United Kingdom and Ireland.
- (5) *Headquarters* includes all corporate center functions in Switzerland.
- (6) We define EBITDA as profit before interest and income tax and depreciation, amortization and impairment expense. We define Adjusted EBITDA as profit before interest, income tax, depreciation, amortization and impairment and one-off items. EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Adjusted EBITDA, as presented in this offering memorandum, may differ from, and may not be comparable to, similarly titled measures used by other companies. We present Adjusted EBITDA because we believe it is helpful to investors as measures of our operating performance and ability to service our debt. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our operating

results as reported under IFRS. Adjusted EBITDA as presented herein differs from Adjusted EBITDA as defined in the Indenture governing the Notes. See "Presentation of Financial Information and Other Data."

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, 2014 |
|--------------------------------|--------------------------|---------------|---------------|----------------------------|---------------|------------------------------------|
| | 2011 | 2012 | 2013 | 2013 | 2014 | |
| | (€ in thousands) | | | | | |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| <i>Central</i> | | | | | | |
| EBITDA | 74,872 | 78,351 | 75,434 | 35,593 | 36,298 | 76,139 |
| Adjustments: | | | | | | |
| Restructuring/redundancy costs | 1,187 | 397 | 2,597 | 368 | 686 | 2,915 |
| Profit/loss on sale of assets | — | — | — | — | — | — |
| Other | — | 707 | 561 | 371 | 33 | 223 |
| Adjusted EBITDA | 76,059 | 79,455 | 78,592 | 36,332 | 37,017 | 79,277 |

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, 2014 |
|--------------------------------|--------------------------|---------------|---------------|----------------------------|---------------|------------------------------------|
| | 2011 | 2012 | 2013 | 2013 | 2014 | |
| | (€ in thousands) | | | | | |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| <i>North</i> | | | | | | |
| EBITDA | 34,393 | 39,884 | 34,177 | 18,768 | 14,955 | 30,364 |
| Adjustments: | | | | | | |
| Restructuring/redundancy costs | 836 | 420 | 1,454 | 138 | 449 | 1,765 |
| Profit/loss on sale of assets | — | — | — | — | — | — |
| Other | — | 579 | 558 | 147 | 902 | 1,313 |
| Adjusted EBITDA | 35,229 | 40,883 | 36,189 | 19,053 | 16,306 | 33,442 |

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, 2014 |
|--------------------------------|--------------------------|---------------|---------------|----------------------------|---------------|------------------------------------|
| | 2011 | 2012 | 2013 | 2013 | 2014 | |
| | (€ in thousands) | | | | | |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| <i>France</i> | | | | | | |
| EBITDA | 19,821 | 26,599 | 25,966 | 10,481 | 9,446 | 24,931 |
| Adjustments: | | | | | | |
| Restructuring/redundancy costs | 473 | 1,173 | 1,751 | 960 | 809 | 1,600 |
| Profit/loss on sale of assets | — | (1,400) | — | — | — | — |
| Other | — | 338 | 1,490 | 870 | 815 | 1,435 |
| Adjusted EBITDA | 20,294 | 26,710 | 29,207 | 12,311 | 11,070 | 27,966 |

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, 2014 |
|--------------------------------|--------------------------|--------------|----------------|----------------------------|--------------|------------------------------------|
| | 2011 | 2012 | 2013 | 2013 | 2014 | |
| | (€ in thousands) | | | | | |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| <i>United Kingdom</i> | | | | | | |
| EBITDA | 7,440 | 5,802 | (2,026) | (2,407) | 2,606 | 2,987 |
| Adjustments: | | | | | | |
| Restructuring/redundancy costs | 740 | 328 | 4,369 | 1,605 | 275 | 3,039 |
| Profit/loss on sale of assets | — | — | — | — | — | — |
| Other | — | 389 | 450 | 198 | — | 252 |
| Adjusted EBITDA | 8,180 | 6,519 | 2,793 | (604) | 2,881 | 6,278 |

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, |
|--|--------------------------|-------------|-------------|----------------------------|-------------|-------------------------------|
| | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 |
| | (€ in thousands) | | | | | |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| <i>Headquarters</i> | | | | | | |
| EBITDA | (19,643) | (21,462) | (18,683) | (11,413) | (9,046) | (16,316) |
| Adjustments: | | | | | | |
| <i>Restructuring/redundancy costs</i> | — | 2,263 | 4,420 | 1,726 | — | 2,694 |
| <i>Profit/loss on sale of assets</i> . . . | — | (694) | — | — | — | — |
| <i>Other</i> | — | 2,079 | — | — | 2,237 | 2,237 |
| Adjusted EBITDA | (19,643) | (17,814) | (14,263) | (9,687) | (6,809) | (11,385) |

(7) Adjusted EBITDA margin for a given period is Adjusted EBITDA for that period divided by revenue for that period.

Non-Financial Data

| | As of September 30, | | | As of March 31, |
|--|---------------------|----------------|----------------|-----------------|
| | 2011 | 2012 | 2013 | 2014 |
| Number of vending machines by region | | | | |
| Central | 47,271 | 47,577 | 46,846 | 47,606 |
| North | 45,352 | 46,198 | 44,741 | 45,341 |
| France | 27,294 | 25,691 | 25,992 | 25,484 |
| United Kingdom | 24,846 | 22,939 | 18,228 | 16,690 |
| Total | 144,763 | 142,405 | 135,807 | 135,121 |
| | As of September 30, | | | As of March 31, |
| | 2011 | 2012 | 2013 | 2014 |
| Employees (full-time equivalents) by region | | | | |
| Central | | | | |
| Full-time equivalents | 1,852 | 1,784 | 1,692 | 1,654 |
| <i>thereof merchandizers</i> | 962 | 918 | 938 | 904 |
| <i>thereof technicians</i> | 278 | 244 | 335 | 334 |
| North | | | | |
| Full-time equivalents | 894 | 870 | 796 | 800 |
| <i>thereof merchandizers</i> | 418 | 408 | 380 | 379 |
| <i>thereof technicians</i> | 143 | 149 | 170 | 168 |
| France | | | | |
| Full-time equivalents | 1,334 | 1,298 | 1,253 | 1,254 |
| <i>thereof merchandizers</i> | 708 | 752 | 785 | 787 |
| <i>thereof technicians</i> | 251 | 247 | 274 | 268 |
| United Kingdom | | | | |
| Full-time equivalents | 1,023 | 976 | 701 | 681 |
| <i>thereof merchandizers</i> | 545 | 597 | 481 | 456 |
| <i>thereof technicians</i> | 143 | 127 | 118 | 112 |
| Group | | | | |
| Full-time equivalents | 5,165 | 5,004 | 4,483 | 4,427 |
| <i>thereof merchandizers</i> | 2,633 | 2,674 | 2,584 | 2,525 |
| <i>thereof technicians</i> | 815 | 767 | 897 | 882 |

RISK FACTORS

An investment in the Notes involves a high degree of risk. In addition to the other information contained in this offering memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties that we describe below are not the only ones we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial could also have a material adverse effect on our business, results of operations or financial condition. If any of the possible events described below occurs, our business, financial condition or results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

This offering memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this offering memorandum. See "Forward-Looking Statements."

Risks Related to Our Business

Changes in general economic conditions, consumer confidence and consumer spending could have an adverse effect on our business.

Our results of operations and financial performance are subject to changes in the general economic conditions of the markets in which we sell our products, including, in particular, our Central and North regions, which together accounted for approximately 62.1%, of our total consolidated revenue for the year ended September 30, 2013, and France and the United Kingdom, which accounted for approximately 27.5% and 10.4%, respectively, of our total revenue for the same period. Changes in general economic conditions directly impact consumer confidence and consumer spending as well as the general business climate and levels of business investment, all of which affect the demand for our products. Moreover, consumer confidence, consumer spending and/or general economic conditions may deteriorate significantly and remain depressed for extended periods of time. A negative development in general economic conditions or consumer confidence and consumer spending could have a negative effect on our results of operations, revenue and cash flows.

Downturns in general economic conditions and uncertainties regarding future economic prospects which affect consumers' disposable income pose a risk to our business, because consumers and businesses may postpone spending in response to tighter credit markets, unemployment, negative financial news or declines in income or asset values, which could have a material adverse effect on demand for our products. Discretionary spending is affected by many factors, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates and availability of consumer credit. These and other such macroeconomic factors are outside our control.

Recessionary conditions and uncertainty in the macroeconomic environment may also adversely impact our clients' decision to contract for a vending machine on their premises as well as consumers' discretionary consumption patterns. A majority of our vending machines are located in office environments or other private vending locations. Consequently, the majority of our sales from such vending machines occur during the working week. There is therefore a correlation between the total number of items sold through vending machines and work force levels which tend to suffer during recessionary periods as does consumer purchasing power. Employee retrenchment and uncertain economic prospects may lead consumers to make fewer beverage, snack and impulse purchases from our vending machines, which could have a material adverse effect on our business, financial condition and results of operations.

Credit and liquidity disruptions in the global financial system could have an adverse effect on financing costs and our financial condition.

As the global financial system has experienced significant credit and liquidity disruptions in recent years, leading to a reduction in liquidity, greater volatility, general widening of credit spreads and, in some cases, lack of transparency in money and capital markets, many lenders have reduced or ceased to provide funding to borrowers. If these conditions continued or worsened, it could negatively affect our ability to raise funding in the debt capital markets and access bank lending markets on financial terms acceptable to us or at all. As a result, our financial condition may be adversely impacted and costs of financing may significantly increase, which could have a material adverse effect on our business,

financial condition and results of operations and consequently on the ability to meet our financial obligations, including under the Notes.

The success of our vending business depends on consumer preferences, technological innovations and the consumer's experience of the vending machines we operate.

We are a vending services provider operating in the highly competitive segments of the food and beverage market serving in-between meals, snacks, confectionary products and hot and cold beverages. Changes in consumer preferences affect both the demand for new vending machines and the volume of products we sell from our vending machines. Any significant changes in consumer preferences or any inability on our part to anticipate or react to such changes could result in reduced demand for our products and erosion of our competitive and financial position. Our success depends on the ability to respond to consumer trends, including concerns of consumers regarding health and wellness, obesity, product attributes and ingredients. In addition, changes in product category consumption or consumer demographics could result in reduced demand for our products. Consumer preferences may shift due to a variety of factors, including the aging of the general population, changes in social trends, changes in travel, vacation or leisure activity patterns, weather, or negative publicity resulting from regulatory action or litigation against companies in the snack food and beverage industries. Any of these or other changes may reduce consumers' willingness to purchase the products we sell and may require us to incur unplanned costs to respond to these changes, which would negatively impact our business, financial condition and results of operations.

In addition, existing technologies may be further developed in fields in which we operate which could impact our business and require significant investments. For example, wireless technology has developed as a practical medium through which cashless vending payments can be made. Furthermore, the ability to transmit sales and stock data remotely (telemetry) has led to significant developments in the vending industry. Other technological advances are also likely to become more widespread, including payments via mobile phone, vending machines equipped with internet browsers, vending machines that speak to the visually impaired as well as environmentally-friendly vending machines which use less energy. If we are unable to adopt such advances in technology, this may adversely affect our growth prospects, financial condition and results of operations. Moreover, our continued success is also dependent on product innovation, both in terms of offering ever more advanced vending machines as well as our ability to source new food and beverage products from our suppliers. Responding to technological changes almost always entails capital expenditures, which could be above our management's expectations or strain our cash flow position and may not be fully recoverable from revenue streams created by such expenditures. There can furthermore be no assurance that we can acquire or successfully implement new models or variants of existing vending machine models and/or that we will be successful in stocking such vending machines with the products that will be most appealing to consumers.

Furthermore, our success is dependent on the consumer's experience of the vending machines we operate. To generate revenue and profits, we must stock food and beverage products that appeal to consumer preferences in vending machines that consistently and reliably dispense the products we offer. If consumers encounter vending machines that contain undesirable products or that have been impacted by vandalism or malfunctions, our reputation may suffer and consumers may be deterred from patronizing our vending machines, leading to lower revenue, which in turn could have an adverse effect on our business, financial condition and results of operations.

We could be adversely affected by changes in governmental regulation and legislation.

The food and beverage industry is regulated by various European and national legislation and regulations related to food safety and hygiene, packaging, nutritional information, public tenders for placement of vending machines on public premises and broader public health and diet concerns. For example, EU Regulation 852/2004 sets out general rules for food business operators on the hygiene of foodstuffs and EU Regulation 853/2004 regulates, among other things, the temperature settings of vending machines that stock products made from or containing animal products, such as meats and cheeses. In addition, we could be affected in the future by stricter requirements regarding energy consumption of our vending machines and the use of recyclable or biodegradable containers in connection with our coffee vending machines. Compliance with such laws and regulations could require us to make additional investments in new vending machines and equipment, and failure to comply could result in the imposition of fines and other remedial measures. Any such changes in regulations or costs

incurred to comply with stricter regulations could adversely affect our business, financial condition and results of operations.

An increase in vending rent rates could negatively affect our business.

We are generally required to pay vending fees, or vending rent, to place vending machines in public locations, such as airports and train and subway stations and, in certain cases, corporate locations. We may face pressure from our clients to increase the vending rent we pay to place our vending machines on their premises in the future. If such vending rent increases or we are unable to respond effectively to such pricing-related pressures, our profitability could suffer and we may fail to retain or win new clients. Our vending rent arrangements include fixed and variable rent agreements, or combinations thereof, and are based on certain factors, including, among others, public tender specifications, expected revenue, contract length, competitors' offers and the demographics of the relevant location or locations. Together with other factors, an increase in vending rent payable to our clients could significantly increase our operating expenses in future periods and, as a result, have a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive market segment, and if we do not compete effectively, we may lose market share or be unable to maintain or increase prices for our services.

The market segment of the food and beverage sector in which we operate is highly competitive. Depending on location, our vending machines compete with a combination of cafés, kiosks, fast-food restaurants, delicatessens, sandwich shops, gas stations, convenience stores and supermarkets, among others. In office environments, in particular, we also compete with coffee machine manufacturers who offer office coffee services and may seek to expand in that market segment. As a result of this competitive environment, our suppliers may have significant bargaining advantages because of the multiple channels through which they can sell and/or distribute their products. Furthermore, an increase in the number of other locations in close proximity to our vending machines which sell the same or similar products we sell through our vending machines, or the extension of the opening hours of such locations, would increase the competitive environment and could result in consumers purchasing vending products or similar food and beverage product through other channels.

In general, we believe the vending machine operator sector is characterized by extensive logistics, distribution and maintenance service requirements. The European vending market is currently fragmented, and future consolidation in the industry among existing operators could adversely affect us.

Certain competitors may also have greater capital and other resources and superior brand recognition relative to us and may be able to provide more sophisticated vending machines or adopt more aggressive pricing policies. These competitors may be able to undertake more extensive marketing campaigns, secure the most advantageous locations for their vending machines or otherwise make more attractive offers to clients and consumers. In addition, new market entrants in a particular market segment, such as Nespresso in the capsule-based coffee segment, could increase competition in office coffee services. New market entrants in a particular country or region could also lead to oversaturation in the market, limiting our growth potential in that area. There can be no assurance that we will be able to compete successfully in our market segment, and a loss in market share or other factors described above may have a material adverse effect on our business, financial condition and results of operations.

Our ability to maintain or increase prices in response to competitive pressures may also be limited. Additionally, increasing operating costs, including vending rents with certain clients, may offset improvements on margins that rising prices might otherwise produce. As a result, we cannot assure you that competitive dynamics will not require us to make investments into our vending machine stock, or that we will be able to increase prices with sufficient flexibility and speed to preserve or increase our margins, any of which could have a material adverse effect on our business, financial position and results of operations.

We face various political, economic, legal, regulatory and other risks and uncertainties associated with conducting business in multiple countries.

Our business and results of operations are subject to various risks inherent in international operations over which we have little or no control. These risks include, among others:

- transportation delays and difficulties of managing international distribution channels and suppliers;

- longer payment cycles for and greater difficulty collecting client accounts receivable;
- the ability to finance our foreign operations;
- fluctuations in currency exchange and currency controls;
- economic downturns in foreign countries or geographic regions in which our manufacturers are located, such as Russia, which among other things, may expose the operations of our manufacturers to risk and increase our manufacturing costs or result in delivery delays;
- trade restrictions, higher tariffs and changes to existing, or the imposition of additional regulations relating to import or export of our products;
- unfavorable changes in tax or other laws, including the imposition of new laws or regulations that restrict our operations or increase our cost of operations;
- work stoppages and sudden or unexpected increases in wages;
- political and economic instability, including wars, terrorism, political unrest, boycotts, curtailment of trade and other business restrictions; and
- difficulties in obtaining the protections of the intellectual property laws of other countries.

The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable; however, the effects of any of these occurrences, or any combination thereof, could have a material adverse impact on our business, results of operations and financial condition.

We depend on a limited number of manufacturers for the manufacture of the vending machines we require to operate our business.

We do not manufacture our vending machines, although we do have limited in-house machine refurbishment and customization capabilities. We currently source our vending machines from a limited numbers of manufacturers, and we intend to further concentrate our sourcing of vending machines to four suppliers for the majority of vending machine purchases in the future. We currently, and will increasingly, rely on such manufacturers to produce high-quality vending machines in adequate quantities to meet clients' demands. If one or more of our vending machine manufacturers were to experience severe financial difficulties or cease operations, our ability to source new vending machines or component parts could be disrupted and a prolonged interruption could have a significant adverse effect on our business. Any decline in quality, disruption in production or inability of the manufacturers to produce the machines we require in sufficient quantities or in a timely manner, whether as a result of a natural disaster, labor strikes, financial difficulties or other causes, could have a material adverse effect on our business, financial condition and results of operations.

Disruptions in our supply and logistics chain could adversely affect us.

A disruption in our supply and logistics chain caused by transportation disruptions, delays or increased expenses, labor strikes, product recalls or other unforeseen events could adversely affect our ability to restock our vending machines or repair, maintain and retrofit our vending machines. If we cannot secure alternative sources of supply or effectively manage a disruption if it occurs, daily vends and thereby revenue could be reduced until we are able to address the situation and we are unlikely to recoup the loss of such vends. See “—A failure of our key information technology and inventory management systems or processes could have a material adverse effect on our ability to conduct our business.” These events could cause our revenue to decline, require additional resources to restore our supply and logistics chain or otherwise adversely affect our business, financial condition and results of operations.

Our business is exposed to fluctuations in costs related to fuel, coffee and other commodity prices.

Our business operations rely on frequent restocking and maintenance of vending machines at a multitude of locations. As a result, we are exposed to fluctuations in costs related to fuel and other transportation inputs. In addition, we source significant amounts of coffee for the operation of our coffee vending machines, including our own *miofino* brand of coffee blends. Supply and price of coffee beans can be affected by multiple factors, such as weather, pest damage, politics, competitive pressures and economics in the producing countries. The price of green bean coffee has fluctuated significantly in recent years. For example, the price of Arabica coffee increased by more than 100% from March 2010 to May 2011 and prices ranged from US\$3.10 per pound in April 2011 to US\$1.10 per pound in November

2013 (based on the ICE 'C' New York index). We also procure food and beverage products from suppliers, the costs of which are indirectly linked to fluctuations in the prices of certain commodities such as cocoa and sugar. There can be no assurance that we will be successful in passing on cost increases to clients or consumers without losses in vends, revenue or gross margin. As a consequence, sudden and significant changes in the prices of coffee and other commodities could have a material adverse effect on our results of operations, liquidity and financial condition.

Our business requires capital expenditures which may divert significant cash flow from other investments or uses, including debt servicing.

As of March 31, 2014, we owned and operated a network of approximately 135,000 active vending machines. As part of our business model, we acquire new vending machines for new client sites, refurbish our existing vending machines and replace those that reach obsolescence from our existing installed vending machine base. In the year ended September 30, 2011, 2012 and 2013, our total capital expenditures amounted to €72.3 million, €53.8 million and €44.9 million, respectively, of which our total capital expenditures for vending machines and related equipment were €57.4 million, €44.3 million and €38.0 million, respectively. Despite the overall reduction in total capital expenditure, we expect that our capital expenditures related to the purchase of new vending machines will increase in the future to support the investment required to deliver new business growth and maintain the existing vending machine park. Based on a vending machine park asset value (at cost) of approximately €543.2 million as of September 30, 2013 and an estimated average asset life of ten years for our active vending machines, we estimate that we will require capital expenditures of approximately €54 million per year on vending machines to support our current level of revenue in addition to capital expenditure for vehicles, IT and other equipment. We further estimate we will require approximately €3 million of capital expenditure per year to support each additional per cent of revenue growth. Our estimates with respect to such future capital expenditure requirements may vary based on changes in our product, concept and segment mix. However, as our capital expenditure requirements vary from year to year based on different capital intensity in different business segments, specific reinvestment requirements in relation to new business, levels of capital expenditure funded through new machines versus refurbished machines and specific initiatives to develop telemetry and cashless payment technologies, among other factors, we can provide no assurance that our capital expenditure will not increase more than we anticipate. Such increases may divert significant cash flows from other investments or uses, including debt servicing, which could have a material adverse effect on our business, financial condition and results of operations.

Certain products we sell are susceptible to seasonal variation and sustained periods of abnormal weather can have a material adverse effect on our business.

Our vends of certain products have historically been affected by seasonal variation during the year. Many of our vending machines include cold drinks, which have historically generated increased vends during the summer months. Coffee vends generally exhibit less variation, but can also be affected by seasonal factors, especially for our vending machines inside offices or in other private locations, where vends are lower during holiday times. In addition, severe weather can influence consumer traffic patterns in high-traffic areas such as gas stations, train and subway stations and airports. If, for example, transportation services are closed due to heavy snow or rain, our vending machines in those locations may be accessible by significantly fewer consumers and vends lost on a particular business day typically cannot be recouped in the future. There can be no assurance that we will continue to be able to manage effectively the stocking of our products influenced by seasonal variation or that severe weather events will not reduce our vends at certain locations, the occurrence of which could have a material adverse effect on our business, financial condition and results of operations.

The loss of major clients and/or the inability to establish new client relationships could adversely affect our business, financial condition and results of operations.

We compete to maintain existing clients and to establish new client relationships in our markets; however, we can give no assurance of our ability to maintain or renew existing contracts or enter into new contracts. For example, in 2012, we did not succeed in the re-tender process to provide vending services to Pareto, a large client in the Netherlands. Similarly, in 2013, we were unsuccessful in our re-tender to provide vending services to Total in Germany and de-installed those vending machines in the third quarter of 2013. In addition to our private vending client contracts, we also maintain contracts with public clients which generally have longer contract terms that are awarded pursuant to public tenders

according to EU and national public tenders laws. We can give no assurance that we can successfully compete in future auction processes for public service contracts or that current public vending clients will continue to welcome vending machines on their premises. We are also subject to the risk that such contracts with public clients could face legal challenge because public tender rules were not followed. We can provide no assurance that the loss of any single client or group of clients would not adversely affect our business, financial condition and results of operations.

A failure of our key information technology and inventory management systems or processes could have a material adverse effect on our ability to conduct our business.

We rely extensively on information technology, inventory management systems and processes for our day-to-day operations. These systems and processes include, but are not limited to, ordering and managing stock from suppliers, coordinating the logistics of restocking of our vending machines, distributing products to various locations, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and other processes necessary to manage the business. If such systems are damaged or cease to function properly, we may suffer interruptions in our ability to manage operations, which could negatively affect our revenue and results of operations by impeding our ability to distribute products and restock our vending machines. These interruptions could be caused by any number of events, ranging from catastrophic events to power outages to security breaches, and our business continuity plans do not effectively compensate on a timely basis, or if our employees knowledgeable about such systems are unavailable or cease to work for us. Moreover, because consumer decisions to purchase snack food and beverages are contextually specific and can change on a day-to-day basis (or even during the course of a day), a lost vend due to a vending machine malfunction or a lack of stock cannot typically be recouped once the malfunction has been addressed and/or the vending machine has been restocked (*i.e.* a consumer who cannot purchase a product one day because of a malfunction would not likely, as a result, purchase two such products the following day once the malfunction has been addressed). Failures in our systems could therefore reduce our revenue, adversely affect our reputation among our clients and consumers generally, compromise our competitive position or otherwise have a material adverse effect on our business, financial condition and results of operations.

Our success is dependent, in part, upon the integrity of our management and employees, and our risk management and internal controls may not prevent or detect violations of law.

Our business operations involve risks associated with fraud, bribery and corruption, or allegations thereof, including with respect to our own employees as well as our clients and the award of public tenders by public authorities to offer vending services. In particular, our business operations involve the transfer of large volumes of cash money between locations, which exposes us to the risk of loss or theft. Our existing compliance processes and controls may not be sufficient in order to prevent or detect inadequate practices, fraud and violations of law by our management, employees or agents. Therefore, we may be unable to detect or prevent every instance of theft, fraud, bribery and corruption involving our employees, management, directors, agents or other third parties in the future. To the extent we are not successful in protecting ourselves from such activities, we may be subject to civil and criminal penalties and to reputational damage as a result of such occurrences. Allegations, proceedings and convictions with regard to certain crimes including, *inter alia*, fraud, bribery and corruption may make it more difficult for us to obtain or acquire new clients or render us ineligible to participate in public tenders. The involvement or association of our employees, management, directors or agents with theft, fraud, bribery or corruption and other crimes committed in relation to our activities, or allegations or rumors relating thereto, could have a material adverse effect on our business, results of operations and financial condition.

We are involved from time to time in various tax audits and investigations and may face tax liabilities in the future.

We are from time to time subject to tax audits and investigations by the tax authorities in the countries where we operate, which include investigations with respect to the direct tax and indirect tax regime of any of our transactions and/or value-added tax classification of products sold through our vending machines. Adverse developments in tax laws or regulations, or any change in position by the relevant taxing authority regarding the application, administration or interpretation of such laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on

our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, the relevant tax authorities may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions. We could also fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of our transactions or financing arrangements, which could result in unfavorable tax treatment for such transactions or arrangements, and possibly lead to significant fines or penalties. It may be necessary to defend our tax filings in court if a reasonable settlement cannot be reached with the relevant tax authorities and such ensuing litigation could be costly and distract management from the other affairs of our business. Tax audits and investigations by the competent tax authorities may generate negative publicity which could harm our reputation with clients, suppliers and counterparties. We can provide no assurance that the financial impact of any adverse tax adjustment in connection with our business would not have a material adverse effect on our business, financial condition and results of operations.

Our insurance is limited and subject to exclusions, and depends on the ongoing viability of our insurers; we may also incur liabilities or losses that are not covered by insurance.

We currently have in place various insurance policies which cover general liability, property damage and losses due to the interruption of our business in accordance with market practice in the industry and subject to customary conditions. Our vending machines are generally insured against damage and vandalism by our clients pursuant to provisions of our client contracts which require such insurance to be procured by the client or included as part of its general insurance policy coverage. Our other fixed assets, such as our office buildings, technical equipment used in distribution, restocking and vending machine refurbishment, information technology and office equipment, are protected by a group insurance policy (damages from fire, catastrophes, theft, flood and severe weather) that includes a business interruption insurance when business interruption is caused by an insured property damage.

Our insurance policies are subject to limits and exclusions. Furthermore, we do not have insurance coverage for all interruptions as a result of operational risks because such risks cannot be insured or can only be insured on inadequate or onerous terms. There can be no assurance that our insurance program would be sufficient to cover all potential losses, that we will be able to obtain sufficient levels of property insurance coverage in the future or that such coverage will be available on terms acceptable to us.

Moreover, certain types of losses, such as those resulting from earthquakes, floods, hurricanes, environmental hazards or terrorist acts, may be uninsurable or not economically insurable. We use our discretion in determining amounts, coverage limits, deductibility provisions and the appropriateness of self-insuring with a view to maintaining appropriate insurance coverage at a reasonable cost and on suitable terms. If we suffer an uninsured or underinsured loss, we could lose all or a portion of the capital we have invested in a business or property as well as the anticipated future revenue from such business or property. Such uninsured or underinsured losses could harm our business, results of operations and financial condition.

We are exposed to credit risk related to our clients which may cause us to make larger allowances for doubtful trade receivables or incur write-offs related to impaired debts.

We engage in numerous sales transactions with our clients and suppliers, and we are subject to the risk that one or more of these counterparties becomes insolvent and therefore becomes unable to discharge their obligations to us. Such risk may be exacerbated by events or circumstances that are inherently difficult to anticipate or control. If one of our counterparties were to default on its obligations or otherwise be unable to discharge its contractual obligations, this could have an adverse effect on our financial condition and results of operation.

Our operations could be adversely affected if we are unable to retain key employees.

We depend on certain key executives and personnel for our success. Our performance and our ability to implement our strategies depend on the efforts and abilities of our executive officers and key employees. Our operations could be adversely affected if, for any reason, a number of these officers or key employees do not remain with us. In the event that such key personnel choose not to remain with us, there is a risk that they may join a competing business. Furthermore, there may be a limited number of persons with the requisite skills to serve in these positions, and we may be unable to replace key employees with qualified personnel on acceptable terms. Our ability to recruit, motivate and retain personnel is important to our success, and there can be no assurance that we will be able to do so.

We may face labor disruptions that could interfere with our operations and have a material adverse effect on our business, financial condition and results of operations.

As of March 31, 2014, we employed 4,427 full-time equivalents under a variety of arrangements consistent with local laws and employment practices. The countries in which we operate provide various protections and bargaining or other rights to employees. These employment rights may require us to expend greater time and costs in altering or amending employees' terms of employment or discontinuing employment relationships.

In certain instances, we consult and seek the input of our employee works councils with respect to a broad range of matters. Consultations with works councils, strikes, similar industrial actions or other disturbances by our workforce could disrupt our operations, result in a loss of reputation, increased wages and benefits or otherwise have a material adverse effect on our business, results of operations and financial condition.

There can be no assurance that there will not be labor disputes and/or adverse employee relations in the future. Disruptions of business operations due to strikes or similar measures by our employees or the employees of any of our significant suppliers could have a material adverse effect on our business, results of operations and financial condition.

Any negative impact on the reputation of the brand names of certain of the key products we sell may adversely affect our competitive position.

We stock and sell in our vending machines a broad range of brand name products whose brands are owned by our suppliers or other third parties. We have limited control over such brands, and any failure on the part of the owners of such brands to defend their intellectual property rights or preserve and build their brands' reputations could compromise such reputations or the public's perception of such brands, thereby diminishing the value of such brands and potentially adversely impacting our revenue, our reputation and our competitive position.

We are susceptible to claims of anti-competitive practices.

Part of our overall strategy is to be a market leader in each of the markets in which we operate. For this reason, and taking into particular consideration our leading market positions in Switzerland, Sweden and France, we may be accused of the abuse of our position or the use of anti-competitive practices. This risk may increase in the event we acquire companies that have market leading positions in the countries in which we operate. Any such claims could adversely affect our reputation, potentially result in legal proceedings that could have an impact on our business, financial condition and results of operations and require us to divest assets in markets where we have a dominant or leading position. Such claims could also impair our ability to conduct acquisitions accretive to our business. Before certain future acquisitions can be consummated, we may be required to seek approvals and consents from regulatory agencies or there may be applicable waiting periods that will need to expire. We may be unable to obtain such regulatory approvals or consents, or, in order to obtain them, we may be required to dispose of assets or take other actions that could have the effect of reducing our revenue. Even if regulatory authorities do not require disposals or other actions, the regulatory approval process triggered by our market position or claims of anti-competitive practices may have the effect of delaying acquisitions.

We are subject to risks related to litigation and other legal proceedings in the normal course of our business and otherwise.

We are subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of our business and otherwise. From time to time, we have been party as defendant or plaintiff to various claims and lawsuits incidental to the ordinary course of our business, such as those related to employment matters and VAT payments and refunds. The results of pending or future legal proceedings are inherently difficult to predict, and we can provide no assurance that we will not incur losses in connection with current or future legal or regulatory proceedings (including tax audits) or actions that exceed any provision we may set aside in respect of such proceedings or actions or that exceed any insurance coverage available, which may have a material adverse effect on our business, financial position and results of operations.

Increases in labor and employment costs may have a material adverse effect on our business, financial condition and results of operations.

Our labor and employment costs may rise in the future, or rise faster than expected, as a result of minimum wage increases, increased workforce activism, government decrees and changes in social and pension contribution rules meant to reduce government budget deficits or to increase welfare benefits to employees. We may not be able to offset increases in labor and employment costs through productivity gains. If labor and employment costs increase in the future, our operating costs will increase, which could, if we cannot recover these costs from our clients or consumers through increased selling prices or offset them through productivity gains or other measures, have a material adverse effect on our business, financial condition and results of operations.

We have a history of net losses, and we may experience net losses in the future.

Although we had a net profit of €0.4 million in the year ended September 30, 2013, we reported net losses for the years ended September 30, 2011 and 2012 as well as for the six months ended March 31, 2014. We may continue to report net losses until such time as we are able to achieve sufficient levels of revenue and earnings before interest and income tax to offset finance costs. There is no guarantee that we will be able to do so, and we may report net losses in future periods. We cannot predict what impact future net losses might have on our ability to finance our operations or pay interest or principal on the Notes when due.

We have recorded a significant amount of goodwill and we may not realize the full value thereof.

We have recorded a significant amount of goodwill. As of March 31, 2014, the Group's total goodwill, which represents the excess of the cost of acquisitions over our interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized, amounted to €483.1 million, representing 35.8% of the Group's total assets. Goodwill is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to our income statement. Any future impairment of goodwill may result in material reductions of our income and equity under IFRS.

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

The interests of our principal shareholder, ACP, in certain circumstances, may conflict with your interests as holders of the Notes (the "**Holders**"). Our principal shareholder has, and will continue to have, directly or indirectly, the ability, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. For example, our principal shareholder could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends distributions, in each case, so long as the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement so permit. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect the Holders.

Risks Related to Our Indebtedness

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

After the issuance of the Notes, we will be highly leveraged. As of March 31, 2014, after adjusting for the *pro forma* effects of the Transactions, we would have total net debt of approximately €551.2 million (equivalent). See "*Capitalization*."

The degree to which we will be leveraged following the issuance of the Notes could have important consequences to the Holders in the Offering, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;

- requiring us to dedicate a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures, product research and development or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and industry in which we operate;
- placing us at a competitive disadvantage as compared to our competitors that are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such additional borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Our ability to make payments on and refinance our indebtedness and to fund working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations nor obtain enough capital to service our debt or fund our planned capital expenditures.

We are subject to restrictive debt covenants that may limit our ability to finance future operations and capital needs and to pursue business opportunities and activities.

The Indenture and the Revolving Credit Facility will restrict, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make restricted payments, including dividends or other distributions;
- make certain investments;
- engage in certain transactions with affiliates;
- create or permit to exist certain liens;
- sell, lease or transfer certain assets;
- guarantee additional indebtedness without also guaranteeing the Notes;
- create certain restrictions on the ability of restricted subsidiaries to pay dividends or make other payments to the Issuer or a restricted subsidiary;
- merge or consolidate with other entities or transfer all or substantially all of the Issuer's or a Guarantor's assets; and
- impair the security interests for the benefit of the holders of the Notes.

All of these limitations will be subject to significant exceptions and qualifications. See “*Description of the Notes—Certain Covenants.*” Despite these exceptions and qualifications, 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, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the terms of the Revolving Credit Facility Agreement, and the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral securing that debt. This could also result in an event of default under the Indenture. If the debt under the Revolving Credit Facility Agreement, the Notes or the Notes Guarantees or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other debt. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand. In these circumstances, our assets may not be sufficient to repay in full that indebtedness and our other indebtedness then outstanding, including the Notes. See “*Description of Certain Financing Arrangements.*”

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

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

At the maturity of the Revolving Credit Facility, the Notes or any other debt which we may incur, if we do not have sufficient cash flows from operating activities and other capital resources to pay our debt obligations, or to fund our other liquidity needs or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to refinance or restructure our indebtedness. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing or restructuring on terms acceptable to us, we may be forced to reduce or delay our business activities, planned acquisitions or capital expenditures, sell assets, or raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of the Revolving Credit Facility Agreement, the Indenture and the Intercreditor Agreement may limit our ability to pursue any of these measures. Furthermore, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could impact our ability to incur additional indebtedness.

We may incur additional indebtedness, including at the level of our subsidiaries, which could increase our risk exposure from debt and could decrease your share in any proceeds.

Subject to restrictions in the Indenture, we may incur additional indebtedness (including under revolving credit facilities that we may enter into after the Issue Date), which could increase the risks associated with our already substantial indebtedness. We have the ability to borrow up to €50.0 million under our Revolving Credit Facility, together with the amount of any permitted additional revolving credit facilities, and any borrowings under our Revolving Credit Facility will be senior secured indebtedness, and will receive proceeds from an enforcement action on the Collateral in priority to the Notes.

The terms of the Indenture will permit us to incur substantial indebtedness in the future, further increasing the risks associated with our significant leverage. Any indebtedness that we incur at a non-Guarantor subsidiary level would be structurally senior to the Notes. Accordingly, we could raise additional debt that could be secured or could mature prior to the Notes. Although the Indenture and the Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of the indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the Revolving Credit Facility Agreement will not prevent us from incurring other obligations that do not constitute indebtedness under those agreements.

Our Revolving Credit Facility bears interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

Our Revolving Credit Facility bears interest at floating rates of interest per annum equal to EURIBOR, LIBOR and STIBOR, as applicable, as adjusted periodically, plus a spread. These interest rates could rise significantly in the future. Although we may enter into certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

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

We may enter into interest hedging agreements to hedge our exposure to fluctuations in interest rates, primarily under the Revolving Credit Facility. We may also enter currency hedging arrangements in respect of a series of Notes denominated in euros or CHF and the Revolving Credit Facilities. Under any

such agreements, we would be exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements or other hedging arrangements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate such hedging agreements, we may be required to make termination payments, which would result in a loss.

Risks Related to the Notes, the Notes Guarantees and the Collateral

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

The Issuer is a holding company that conducts no business operations of its own, and has not engaged in, and will not be permitted to engage in, any activities other than those relating to its finance activities. The Issuer has no significant assets other than the shares it holds in its subsidiaries and the Proceeds Loans pursuant to which it on-lends proceeds of the Offering to Selecta AG. Payment of interest and repayment of our indebtedness, including under the Notes, will be wholly dependent on the ability of our subsidiaries to make such cash available to us, by either dividend distributions or intercompany loans, or both. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness or by law, in their ability to make such dividend distributions or advance upstream loans to enable us to make payments in respect of our indebtedness, including the Notes. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

While the Indenture and the Revolving Credit Facility Agreement limit the ability of our subsidiaries to incur contractual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain significant qualifications and exceptions. We cannot assure you that arrangements with our subsidiaries, the funding permitted by the agreements governing existing and future indebtedness of our subsidiaries and our results of operations and cash flow generally will provide us with sufficient dividends, distributions or loans to fund payments on the Notes.

In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on the Notes. We do not expect to have any other sources of funds that would allow us to make payments to the Holders.

The Notes will be structurally subordinated to the liabilities and preference shares, if any, of our non-Guarantor subsidiaries.

Some, but not all, of our subsidiaries will 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 any of the Guarantors. Generally, claims of creditors of a non-Guarantor subsidiary, including trade creditors, and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Notes Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our non-Guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes and each Notes Guarantee will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-Guarantor subsidiaries.

Creditors under the Revolving Credit Facility, certain hedging arrangements and certain debt that we may incur in the future will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes.

The Notes will, to the extent permitted under law, be secured by the same Collateral that will secure our obligations on a first-ranking basis under the Revolving Credit Facility and certain hedging obligations, if any. The Indenture will also permit the same Collateral to be pledged on a *pari passu* basis with the Notes, to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreement. The Indenture and the Intercreditor Agreement may limit the amount of hedging that can be “super-priority” hedging.

In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, the liabilities under the Revolving Credit Facility Agreement and certain hedging obligations, as well as certain future indebtedness permitted to be incurred in accordance with the Indenture will have priority over any amounts received from the sale of the Collateral pursuant to an enforcement action taken with respect to such Collateral. Additionally, certain liabilities or obligations may have priority over or rank *pari passu* in respect of any amounts received from the sale of the Collateral due to the rules of the applicable laws (including, without limitation, costs of enforcement actions, tax liabilities, liabilities to employees of a bankrupt entity). In the event of a foreclosure of the Collateral, you may not be able to recover on such Collateral if the then outstanding claims under the Revolving Credit Facility Agreement and such amounts in respect of such hedging obligations and any other “super-priority” indebtedness are greater than the proceeds realized. In addition, any proceeds from an enforcement sale of the Collateral by any creditor will, after all obligations under the Revolving Credit Facility Agreement and such amounts in respect of such hedging obligations and other “super-priority” indebtedness have been discharged from such recoveries, be applied pro rata in repayment of any other obligations secured by such Collateral. Such additional indebtedness secured by the Collateral may be significant. As a result, the Holders may receive less, ratably, than holders of other secured indebtedness.

The Holders may not control certain decisions regarding the Collateral.

Pursuant to the voting provisions set forth in the Intercreditor Agreement, the lenders under the Revolving Credit Facility Agreement and counterparties to certain hedging agreements, if any (the “**Super Senior Creditors**”) will have effective control with respect to the Collateral upon enforcement. The Intercreditor Agreement provides that a common security agent will serve as Security Agent for the secured parties under the Revolving Credit Facility and the Notes with respect to the shared Collateral. In the event that the shared Collateral has become enforceable, the Security Agent shall subject to the terms of the Intercreditor Agreement enforce or refrain from enforcing such Collateral on the instructions of (a) the majority (more than 66⅔% by value) of the Super Senior Creditors and (b) the majority (more than 50% by value) of the holder of the Notes and other *pari passu* creditors (if any).

However, disputes may occur between the holders of the Notes and lenders under the Revolving Credit Facility as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the shared Collateral. If the Security Agent receives conflicting instructions from the majority Super Senior Creditors and from the majority of the holders of the Notes and the *pari passu* creditors, then, to the extent instructions from the holders of the Notes and the *pari passu* creditors are given in accordance with the Intercreditor Agreement, the Security Agent will comply with such instructions, provided that, if the liabilities owed to the Super Senior Creditors have not been fully and finally discharged in cash within six months of the relevant proposed enforcement instruction date or if no enforcement has occurred within three months of the relevant proposed enforcement instruction date, the instructions of the majority Super Senior Creditors will prevail.

The creditors under our Revolving Credit Facility may have interests that are different from the interests of holders of the Notes, and they may elect to pursue their remedies in respect of the shared Collateral at a time and in a manner which 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 the Issuer or the shares of any of our subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Notes Guarantees and the liens over any other assets securing the Notes and the Notes Guarantees may be released. See “*Description of Certain Financing Arrangements—Intercreditor Agreement*” and “*Description of the Notes—Collateral—Release of the Collateral*.”

The Holders may be limited in their ability to take enforcement action in respect of the Collateral.

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Notes Guarantees will not be granted directly to the holders of the Notes, but will be granted only in favor of the Security Agent. The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent has the right to enforce the Security Documents relating to the Collateral on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not have direct security interests in the Collateral and be barred from taking enforcement action in respect of the Collateral securing the Notes, except through the Trustee who will (subject to the provisions of such Indenture) provide instructions to the Security Agent.

In addition, the ability of the Security Agent to enforce the security interests is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken. For example, the laws of certain jurisdictions may not allow for the appropriation of certain pledged assets, but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in a security document will be validly secured.

In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement will provide for the creation of “parallel debt” obligations in favor of the Security Agent (“**Parallel Debt**”) mirroring the obligations of the Issuer and the Guarantors towards holders of the Notes under or in connection with the Indenture (“**Principal Obligations**”). The pledges in such jurisdictions will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. The Parallel Debt will be at all times 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. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct has not been tested under law in certain of these jurisdictions and to the extent that the security interests in the Collateral created under the Parallel Debt construct are not validly granted or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Collateral.

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

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

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in collateral. For example, the Security Agent may need to obtain the consent of a third party (including, without limitation, relevant governmental agencies, e.g., relevant competition authorities) to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

In relation to Dutch bank account pledges, most Dutch financial institutions apply general banking conditions to relationships with their clients, on the basis of which a financial institution, among other things, may have a first ranking pledge and a right of set-off with respect to the bank accounts maintained with it. In addition, pursuant to such general banking conditions a pledge on claims arising from the bank accounts maintained with that financial institution may be prohibited without its permission. It is also possible that the claims arising from the bank accounts are contractually, on the basis of the general banking conditions, made incapable of transfer. In principle, this will render the claims incapable of being pledged under Dutch law, unless such restriction is waived by the financial institution. We cannot assure you that we will be able to obtain any such permission and/or waiver.

Furthermore, under Swedish law, a pledgee of a security interest in any asset is, when exercising its rights as a secured party or liquidating a secured asset, under a fiduciary duty to protect the interest of the pledgor. This duty includes an obligation to notify the pledgor of any liquidation or sale of the Collateral, to account for the proceeds of such liquidation or sale, and to pay to the pledgor that portion of the proceeds of such liquidation or sale which exceeds the debt secured by such asset. There are provisions in the Swedish Contracts Act which prohibit an enforcing party from foreclosing a secured

asset by assuming ownership of the secured asset without accounting for the value thereof. In case of realization of any Swedish law security interest created over trademarks, all known parties concerned must, pursuant to the Swedish Trademarks Act, be notified prior to such realization.

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

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

The security interests in the Collateral will be granted to the Security Agent rather than directly to the Holders. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law.

The security interests in the Collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Notes Guarantees will not be granted directly to the Holders but will be granted only in favor of the Security Agent. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents. As a consequence, Holders will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, which will (subject to the applicable provisions of the Indenture) provide instructions to the Security Agent in respect of 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.

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

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

Under various circumstances, the Collateral will be released, including, but not limited to:

- in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets (including capital stock of Subsidiaries) to a Person (as defined in “*Description of the Notes*”) that is not (either before or after giving effect to such transaction) the Issuer or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the “Asset Sale” provisions of the Indenture;
- in connection with any sale, transfer or other disposition of capital stock of that Guarantor or any holding company of such Guarantor to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the “Asset Sale” provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale, transfer or other disposition;
- in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets of such Guarantor;
- if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary (as defined in “*Description of the Notes*”) in accordance with the provisions of the Indenture, the release of the property and assets, and capital stock, of such Unrestricted Subsidiary;
- as described under “*Description of the Notes—Amendment, Supplement and Waiver*”;
- in accordance with the covenant described under “*Description of the Notes—Certain Covenants—No Impairment of Security Interest*”;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under “*Description of the Notes—Legal Defeasance and Covenant Defeasance*” and “*Description of the Notes—Satisfaction and Discharge*”;
- as permitted by the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined in “*Description of the Notes*”); and
- upon a release of the Lien that resulted in the creation of the Lien under the covenant described under “*Description of the Notes—Certain Covenants—Liens*.”

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

- upon a sale or other disposition of all the capital stock of the relevant Guarantor or of all or substantially all the assets of the Guarantor otherwise permitted by the Indenture;
- if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- pursuant to a transaction permitted by the covenant as described under “*Description of the Notes—Certain Covenants—Merger, Consolidation or Sale of Assets*”;
- as described under “*Description of the Notes—Amendment, Supplement and Waiver*”; and
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under “*Description of the Notes—Legal Defeasance and Covenant Defeasance*” and “*Description of the Notes—Satisfaction and Discharge*.”

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

We may not be able to comply with the terms and covenants under the Revolving Credit Facility.

On or prior to the Issue Date, we will enter into the Revolving Credit Facility. If our operations deteriorate, we may not have sufficient cash flow to service borrowings under the Revolving Credit Facility. In addition, if our results of operations deteriorate, we may not be able to comply with the financial covenant included in the Revolving Credit Facility, which would result in a default under the credit facility. If we are not able to make interest or principal payments on our debt, we might have to refinance our

indebtedness or issue additional equity or other securities and may not be successful in those efforts or may not obtain new financing on favorable terms.

We may not have the ability to raise the funds necessary to finance a change of control offer.

Upon the occurrence of certain events constituting a change of control (as defined in the Indenture), the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase. If a change of control were to occur, we cannot assure you that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility Agreement, the Intercreditor Agreement or our other then-existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default and/or mandatory prepayment obligation under, or acceleration of, our Revolving Credit Facility, the Notes and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under the Revolving Credit Facility Agreement and other indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when our subsidiaries are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, our subsidiaries may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture which would, in turn, constitute a default under the Revolving Credit Facility Agreement, the Indenture and certain other indebtedness. See “*Description of the Notes—Repurchase at the Option of Holders—Change of Control.*”

The change of control provisions contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring 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. Except as described under “*Description of the Notes—Repurchase at the Option of Holders—Change of Control*”, the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, recapitalization or similar transaction.

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

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

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

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

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

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

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

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

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

limitation of the Notes Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Notes Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes.

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

See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations.*"

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

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

You may be required to pay a "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 payment obligations, may only be enforced following a payment default and may only secure up to the secured amount that is due and remaining unpaid. 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) pursuant to a judicial process (x) 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 (y) by way of the judicial foreclosure (*attribution judiciaire*) of the pledged securities or (ii) by way of contractual foreclosure (*pacte comissoire*) 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 judge in the context of a judicial foreclosure (*attribution*

judiciaire) or by a pre-contractually agreed expert in the context of a contractual foreclosure (*pacte comissoire*). In a proceeding regarding a judicial foreclosure (*attribution judiciaire*) or a contractual foreclosure (*pacte comissoire*), an expert is appointed to value the Collateral (in this case, the securities) and if the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a *soulte* equal to the difference between the value of the securities 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 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.

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. Since such public auction procedures are not designed for a sale of a business as a going concern, however, it is possible that the sale price received in any such auction might not reflect the value of our business as a going concern. See “*Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations—France—Limitations on enforcement of security interests and “soulte”.*”

Due to restrictions on the deduction of interest expenses under foreign tax laws, we may be unable to fully deduct interest expenses on our financial liabilities.

Interest payments on the Notes, the PIK Proceeds Loan and the Revolving Credit Facility may not be fully deductible for tax purposes, which could adversely affect our financial results. Subject to certain prerequisites, the laws of foreign countries, such as Switzerland, France, Finland and Sweden, among others, impose certain restrictions on the deductibility of interest for tax purposes. Any restriction on the deductibility of interest expenses for tax purposes would have negative consequences for our financial condition and results of operations.

French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.

Under Article 212 § II of the French *Code général des impôts* (“**French Tax Code**”), deductions of interest paid on loans granted by a related party within the meaning of Article 39.12 of the French Tax Code or on loans granted by a third party but guaranteed by a related party (such third party being assimilated to a related party) may be subject to certain limitations. Deduction for interest paid on such loans may be partially disallowed in the fiscal year during which they are incurred if such interest exceed each of the following thresholds: (i) the amount of interest multiplied by the ratio of (a) 1.5 times the company’s net equity and (b) the average amount of indebtedness owed to related parties (or to third parties assimilated to related parties) over the relevant fiscal year; (ii) 25% of the company’s earnings before tax (as increased by certain items for the purpose of these limitations); and (iii) the amount of interest received by the company from related parties (or from third parties assimilated to related parties). Deduction may be disallowed for the portion of interest that exceeds, in a relevant fiscal year, the highest of the above three limitations if such portion of interest exceeds €150,000, unless the company is able to demonstrate for the relevant fiscal year that the indebtedness ratio of the group to which it belongs is higher or equal to its own indebtedness ratio. Moreover, specific rules apply to companies that belong to French tax-consolidated groups (*intégration fiscale*).

In addition, Article 209 § IX of the French Tax Code imposes restrictions on the deductibility of interest expenses incurred by a French company if such company has acquired shares of another company qualifying as “*titres de participation*” within the meaning of Article 219 § I a *quinquies* of the French Tax Code and if such acquiring company cannot demonstrate, with respect to the fiscal years running over the twelve-month period from the acquisition of the shares (or with respect to the first fiscal year opened after January 1, 2012 for shares acquired during a fiscal year opened prior to such date), that (i) the decisions relating to such acquired shares are actually taken by the company having acquired them (or, as the case may be, by a company controlling the acquiring company or by a company directly controlled by such controlling company, within the meaning of Article L 233-3 § I of the French *Code de commerce* (“**French Commercial Code**”), that is located in France) and (ii) where control or an influence is exercised over the acquired company, such control or influence is exercised by the acquiring

company (or, as the case may be, by a company controlling the acquiring company or by a company directly controlled by such controlling company, within the meaning of Article L 233-3 § I of the French Commercial Code, that is located in France).

Moreover, Article 212 bis of the French Tax Code provides for a general limitation of deductibility of net financial charges, subject to certain exceptions. 25% of the adjusted net financial charges incurred by French companies that are subject to French corporate income tax and are not members of a French tax consolidated group (*intégration fiscale*) are added-back to their taxable result in respect of fiscal years opened as from January 1, 2014, to the extent that such companies' net financial charges (*i.e.* financial charges decreased by certain financial income) are at least equal to €3.0 million in a given fiscal year. Under Article 223 B bis of the French Tax Code, special rules apply to companies that belong to French tax consolidated groups (*intégration fiscale*). The 25% add-back is factored on the basis of the group's consolidated taxable result and applies to the adjusted aggregated net financial charges incurred by companies that are members of the French tax consolidated group (*intégration fiscale*) with respect to amounts made available by lenders outside such group, to the extent that the tax group companies' aggregated net financial charges are at least equal to €3.0 million in a given fiscal year.

Finally, for fiscal years ending on or after September 25, 2013, the deductibility of interest paid to a related party within the meaning of Article 39.12 of the French Tax Code is subject to a new limitation pursuant to Article 22 of the French Finance Law for 2014. Interest deduction is subject to an additional requirement: if the lender is a related party to the borrower within the meaning of Article 39.12 of the French Tax Code, the borrower must now demonstrate, at the French tax authorities' request, that the lender is, for the current fiscal year and with respect to the interest concerned, subject to an income tax in an amount at least equal to 25% of the corporate income tax determined under standard French tax rules. Where the related party lender is domiciled or established outside France, the corporate income tax determined under standard French tax rules shall mean that to which it would have been liable in France on the interest received if it had been domiciled or established in France. Specific rules apply where the lender is a pass-through entity for French tax purposes, a collective investment scheme referred to in Articles L. 214-1 to L. 214-191 of the French Monetary and financial code (which includes UCITs and AIFs as well as other collective investment schemes such as SICAVs and SPICAVs with a single shareholder) or, subject to certain conditions, a similar entity organized under a foreign law.

The abovementioned tax rules may limit our ability to deduct interest accrued on our indebtedness incurred in France and, as a consequence, may increase our tax burden, which could adversely affect our business, results of operations and financial condition and reduce the cash flow available to service our indebtedness.

The Notes, the Notes Guarantees and the security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws in France.

French law contains specific provisions dealing with fraudulent conveyance both in and outside insolvency proceedings, the "*action paulienne*" provisions. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which such person guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such person's or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant person 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 person or by any of the creditors of the relevant person outside insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings, and may be declared unenforceable against third parties if: (i) the person performed such acts without an obligation to do so; (ii) the creditor concerned or, in the case of the person's insolvency proceedings, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of such person's creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*à titre gratuit*), in which case such knowledge of the counterparty is not necessary for a successful challenge on the grounds of fraudulent conveyance. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations—France—Fraudulent Conveyance.*"

The insolvency laws of the Netherlands, Switzerland, Sweden, France, Germany, and the United Kingdom and other jurisdictions may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer and certain Guarantors are incorporated under the laws of the Netherlands, Switzerland, Sweden, France, Germany and the United Kingdom. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in the Netherlands, Switzerland, Sweden, France, Germany and the United Kingdom or other relevant jurisdiction. Such multi-jurisdictional proceedings may be complex and more costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes, the Notes Guarantees and the Collateral will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

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

Under English insolvency law, among other powers, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee constituted a transaction at an undervalue or constituted a preference, each as defined in the relevant insolvency laws and in each case, where the action took place within a specified time period before the insolvency of the relevant entity.

In France, among other limitations, the granting of new security interests in the Collateral in connection with the issuance of the Notes create hardening periods for such security interests, where certain arrangements or dispositions that are made during a specified period, the "hardening period" (*période suspecte*), preceding the decision commencing judicial reorganization or liquidation proceedings may be challenged by the receiver in bankruptcy and certain creditors under the applicable rules of avoidance. The applicable hardening period for these new security interests in the Collateral will run from the moment each new security interest has been granted or perfected. The Indentures will permit the security interests in the Collateral to be released and retaken in certain circumstances. Such release and retaking will restart the applicable hardening periods. 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 or it may not be possible to enforce it.

In addition, in France, insolvency legislation tends to favor the continuation of a business and protection of employment over the payment of creditors. In the context of insolvency proceedings affecting creditors, including court-assisted pre-insolvency proceedings (*mandat ad hoc* proceedings or conciliation proceedings (*procédure de conciliation*)), and court-controlled insolvency proceedings (safeguard proceedings (*sauvegarde financière accélérée*) and reorganization or liquidation proceedings (*redressement ou liquidation judiciaire*)), the ability of holders of the Notes to enforce their rights under the Notes could be limited or suspended.

Finally, under French law, enforcement of a security interest in the Collateral provided by a Guarantor may be adversely affected by specific or general defenses available to debtors under French law, as the case may be, in respect of the validity, binding effect and enforceability of such security interest.

See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*" with respect to certain of the jurisdictions mentioned above.

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

The Issuer and its subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. Substantially all of the directors and executive officers of the Issuer are non-residents of the United States. Although the Issuer will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors and executive officers. In addition, as all the assets of

the Issuer and its subsidiaries and those of its directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with the Netherlands, Switzerland, Sweden, France, Germany or the United Kingdom. There is, therefore, doubt as to the enforceability of civil liabilities based upon U.S. federal securities laws in an action to enforce a U.S. judgment in the Netherlands, Switzerland, Sweden, France, Germany or the United Kingdom. In addition, the enforcement in the Netherlands, Switzerland, Sweden, France, Germany or the United Kingdom of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a court in the Netherlands, Switzerland, Sweden, France, Germany or the United Kingdom would have the requisite power or authority to grant remedies sought in an original action brought in the Netherlands, Switzerland, Sweden, France, Germany or the United Kingdom on the basis of U.S. federal securities laws violations. See *“Service of Process and Enforcement of Judgments.”*

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

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

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

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

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

Unless and until the Notes are in definitive registered form, or definitive registered notes are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or Holders of Notes. The nominee of the common depository for Euroclear and Clearstream will be the sole registered holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Notes will be made to Deutsche Bank AG, London Branch, as paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants’ accounts that hold book entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depository for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if you own a book entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

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

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

The Notes and the Notes 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. See “*Notice to Investors.*” We have not agreed to or otherwise undertaken to register the Notes with the U.S. Securities and Exchange Commission (including by way of an exchange offer). It is the obligation of Holders of Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

Provisions of the EU Savings Directive and other legislation may adversely affect your investment in the Notes.

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On March 24, 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from January 1, 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from January 1, 2015, in favor of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, no Additional Amounts would be payable as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

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

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

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

The Notes will be denominated and payable in euros and Swiss francs. If you measure your investment returns by reference to a currency other than euros or Swiss francs, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the Swiss franc relative to the currency by reference to which you measure the return on your investments because of economic, political and other factors over which we have no control. Depreciation of the Swiss franc or the euro against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. There may be tax consequences for you as a result of any foreign exchange gains resulting from an investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes. See "*Tax Considerations.*"

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

Pursuant to the Indenture, the Issuer will agree to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF of the Luxembourg Stock Exchange within a reasonable period after the Issue Date and to use its commercially reasonable efforts to maintain such listing as long as the Notes are outstanding. However, the Issuer cannot assure you that the Notes will become, or remain, listed. If the Issuer can no longer maintain the listing on the Official List of the Luxembourg Stock Exchange and the admission to trading on the Euro MTF of the Luxembourg Stock Exchange or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing, provided that it will use reasonable best efforts to obtain and maintain the listing of the Notes on another stock exchange, although there can be no assurance that it will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Luxembourg Stock Exchange or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

USE OF PROCEEDS

We expect the gross proceeds from the sale of the Notes will be €550.0 million (equivalent). The proceeds from the Offering of the Notes, together with cash on hand, the proceeds from the PIK Proceeds Loan and drawings under the Revolving Credit Facility, will be used to repay the Existing Credit Facilities and pay the costs, fees and expenses related to the Transactions.

The estimated sources and uses of the Transactions are set out in the table below. The actual amounts set forth in the table and in the accompanying footnotes are subject to adjustment and may differ at the time of the consummation of the Transactions, depending on several factors, including differences from our estimate of fees and expenses.

| <u>Sources</u> | <u>Amount</u> (€ equivalent in millions) | <u>Uses</u> | <u>Amount</u> (€ equivalent in millions) |
|---|--|--|--|
| Notes offered hereby ⁽¹⁾ | €550.0 | Repayment of Existing Senior Credit Facility ⁽⁴⁾ | €730.3 |
| PIK Proceeds Loan from Selecta Group S.à r.l. ⁽²⁾ | €220.0 | Repayment of Existing Mezzanine Facility ⁽⁵⁾ | € 87.5 |
| Revolving Credit Facility ⁽³⁾ | € 20.0 | Estimated costs, fees and expenses ⁽⁶⁾ | € 33.0 |
| Cash on hand | € 60.8 | | |
| Total | €850.8 | Total | €850.8 |

(1) Represents the euro equivalent of the Euro Notes and the CHF Notes offered hereby.

(2) Reflects the proceeds of the PIK Loan which will be on-lent by Selecta Group S.à r.l. to the Issuer by way of the PIK Proceeds Loan. See “Description of Certain Financing Arrangements—PIK Loan.”

(3) Represents the amount drawn on the Issue Date as available liquidity for working capital and general corporate purposes. See “Description of Certain Financing Arrangements—Revolving Credit Facility.”

(4) Reflects the amount of indebtedness outstanding under our Existing Senior Credit Facility on the Issue Date, including approximately €1.2 million (equivalent) of unpaid interest accrued after May 28, 2014 to be repaid in full (and terminated) on the Issue Date with the proceeds of the Offering and excluding any breakage costs.

(5) Reflects the amount of indebtedness outstanding under our Existing Mezzanine Facility on the Issue Date, including approximately €0.5 million (equivalent) of unpaid interest accrued after May 28, 2014 to be repaid in full (and terminated) on the Issue Date with the proceeds of the Offering and excluding any breakage costs.

(6) Estimated costs, fees and expenses associated with the Transactions include underwriting fees and commissions, financial advisory fees and other transaction costs and professional fees.

CAPITALIZATION

The following table sets forth our capitalization, as of March 31, 2014, on a historical consolidated basis and as adjusted to give effect to the Transactions. The as adjusted information below is illustrative only and does not purport to be indicative of our capitalization following the completion of the Transactions.

The historical information has been derived from the Interim Consolidated Financial Statements included elsewhere in this offering memorandum.

You should read this table together with the “*Use of Proceeds*,” “*Selected Historical Consolidated Financial Information*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Description of Certain Financing Arrangements*” and our Consolidated Financial Statements and Interim Consolidated Financial Statements and related notes included elsewhere in this offering memorandum. Except as set forth below, there has been no material change to our capitalization since March 31, 2014.

| | As of March 31, 2014 | | |
|--|----------------------------|------------------------------------|----------------|
| | Actual | Adjustment for the Transactions | As adjusted |
| | (€ equivalent in millions) | | |
| Cash and cash equivalents⁽¹⁾ | 91.0 | (60.8) | 30.2 |
| Existing Senior Credit Facility ⁽²⁾ | 729.9 | (729.9) | — |
| Existing Mezzanine Facility ⁽³⁾ | 86.5 | (86.5) | — |
| Notes offered hereby ⁽⁴⁾ | — | 550.0 | 550.0 |
| Revolving Credit Facility ⁽⁵⁾ | — | 20.0 | 20.0 |
| Finance leases ⁽⁶⁾ | 11.4 | — | 11.4 |
| Total debt | 827.8 | (246.4) | 581.4 |
| Shareholders’ funding ⁽⁷⁾ | — | 220.0 | 220.0 |
| Total equity | 213.7 | — | 213.7 |
| Total capitalization | 1,041.5 | (26.4) | 1,015.1 |

- (1) Cash and cash equivalents at the time of the Offering may be different because of, among other reasons, current payments on indebtedness. As adjusted cash and cash equivalents reflects use of cash on hand as set forth in “*Use of Proceeds*.”
- (2) Represents the outstanding indebtedness under the Existing Senior Credit Facility, excluding any prepayment fees, breakage costs and accrued interest since March 31, 2014, that will be repaid in full (and terminated) on the Issue Date with the proceeds of the Offering. See “*Use of Proceeds*.”
- (3) Represents the outstanding indebtedness under the Existing Mezzanine Facility, excluding any prepayment fees, breakage costs and accrued interest since March 31, 2014, that will be repaid in full (and terminated) on the Issue Date with the proceeds of the Offering. See “*Use of Proceeds*.”
- (4) Represents the euro equivalent of the Euro Notes and the CHF Notes offered hereby.
- (5) Represents the amount drawn on the Issue Date as available liquidity for working capital and general corporate purposes. See “*Description of Certain Financing Arrangements—Revolving Credit Facility*.”
- (6) Represents the carrying amount of finance leases in respect of vehicles and vending equipment.
- (7) Shareholders’ funding represents shareholder loans. The adjustment of €220.0 million relates to an additional shareholder loan granted by Selecta Group S.à r.l. to the Issuer utilizing the proceeds from the PIK Loan (excluding any unamortized fees and expenses).

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected historical consolidated financial information of Selecta Group B.V. as of and for the years ended September 30, 2011, 2012 and 2013 and as of for the six months ended March 31, 2013 and 2014. For a detailed discussion of the presentation of financial data, see “*Presentation of Financial Information and Other Data.*”

In our Consolidated Financial Statements, we have restated the financial information relating to the year 2011 to reflect the provision for long service awards in accordance with IAS 19, *Employee Benefits*.

In our Interim Consolidated Financial Statements, we have adopted IAS 19R for our fiscal year beginning October 1, 2013, which changed how we account for post-retirement employee benefits. The impact has been applied retrospectively to our interim financial statements for the six months ended March 31, 2013. The impact has not been applied retrospectively to our Consolidated Financial Statements as at and for the years ended September 30, 2013, 2012 and 2011. Please refer to notes 2.3 and 2.6 in our Interim Consolidated Financial Statements for additional description and the quantitative impact of the adoption of IAS 19R.

The following tables should be read in conjunction with the Consolidated Financial Statements and the Interim Consolidated Financial Statements and the related notes included in this offering memorandum. The tables should also be read together with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations.*”

Selected Consolidated Income Statement Information

| | Year ended September 30, | | | Six months ended March 31, | |
|---|--------------------------|----------------|----------------|----------------------------|----------------|
| | 2011* | 2012 | 2013 | 2013 | 2014 |
| | (€ in thousands) | | | (unaudited) | (unaudited) |
| Revenue | 800,378 | 792,324 | 740,189 | 374,220 | 349,006 |
| Materials and consumables used | (254,728) | (251,192) | (225,278) | (115,983) | (109,663) |
| Employee benefits expense | (239,509) | (236,502) | (225,139) | (119,608) | (110,350) |
| Depreciation, amortization and impairment expense | (102,455) | (97,803) | (95,205) | (46,688) | (42,647) |
| Gain on disposal of subsidiary | — | 695 | 202 | — | — |
| Other operating expenses | (189,258) | (176,152) | (175,107) | (87,607) | (74,734) |
| Profit before interest and income tax | 14,428 | 31,370 | 19,662 | 4,334 | 11,612 |
| Finance costs | (32,642) | (38,901) | (28,219) | (13,049) | (15,711) |
| Finance income | 226 | 179 | 288 | — | 72 |
| Loss before income tax | (17,988) | (7,352) | (8,269) | (8,715) | (4,027) |
| Income taxes | 3,155 | 707 | 8,666 | (370) | (685) |
| Net profit (loss) for the period | (14,833) | (6,645) | 397 | (9,085) | (4,712) |

* As restated

Selected Consolidated Balance Sheet Information

| | As of September 30, | | | As of March 31, |
|--|---------------------|------------------|------------------|------------------|
| | 2011* | 2012 | 2013 | 2014 |
| | (€ in thousands) | | | (unaudited) |
| Property, plant and equipment | 225,681 | 197,500 | 166,780 | 163,139 |
| Goodwill | 485,075 | 483,128 | 483,128 | 483,128 |
| Other intangible assets | 549,071 | 526,123 | 498,411 | 486,868 |
| Deferred income tax assets | 9,493 | 8,035 | 12,639 | 9,816 |
| Non-current financial assets | 1,602 | 2,478 | 2,305 | 2,372 |
| Total non-current assets | 1,270,922 | 1,217,264 | 1,163,263 | 1,145,323 |
| Inventories | 42,286 | 36,191 | 36,435 | 39,837 |
| Trade receivables | 46,350 | 43,151 | 38,226 | 39,843 |
| Other current assets | 37,223 | 31,511 | 31,184 | 31,995 |
| Cash and cash equivalents | 49,661 | 61,622 | 95,498 | 90,990 |
| Total current assets | 175,520 | 172,475 | 201,343 | 202,665 |
| Total assets | 1,446,442 | 1,389,739 | 1,364,606 | 1,347,988 |
| Issued capital | 278,644 | 278,644 | 278,644 | 278,644 |
| Additional paid-in capital | 220,529 | 220,529 | 220,529 | 220,529 |
| Currency translation reserve | (81,176) | (95,091) | (86,659) | (85,760) |
| Retained earnings | (189,550) | (199,552) | (196,562) | (199,677) |
| Total equity | 228,447 | 204,530 | 215,952 | 213,736 |
| Borrowings and other financial liabilities | 811,633 | 822,490 | 800,289 | 803,990 |
| Deferred income tax liabilities | 153,852 | 146,719 | 138,878 | 135,650 |
| Non-current finance lease liabilities | 3,777 | 4,090 | 5,687 | 7,768 |
| Retirement benefit obligations | 17,706 | 22,161 | 15,669 | 14,314 |
| Provisions | 15,507 | 8,446 | 6,605 | 6,686 |
| Total non-current liabilities | 1,002,475 | 1,003,906 | 967,128 | 968,408 |
| Trade payables | 86,805 | 86,412 | 76,752 | 80,173 |
| Current finance lease liabilities | 2,203 | 1,444 | 2,308 | 3,596 |
| Current financial liabilities | 35,377 | 20,720 | 18,413 | 9,257 |
| Other liabilities | 89,023 | 68,361 | 78,044 | 69,487 |
| Provisions | — | — | 1,611 | 1,048 |
| Current income tax liabilities | 2,112 | 4,366 | 4,397 | 2,283 |
| Total current liabilities | 215,520 | 181,303 | 181,525 | 165,844 |
| Total liabilities | 1,217,995 | 1,185,209 | 1,148,653 | 1,134,252 |
| Total equity and liabilities | 1,446,442 | 1,389,739 | 1,364,606 | 1,347,988 |

* As restated

Selected Consolidated Cash Flow Statement Information

| | Year ended September 30, | | | Six months ended March 31, | |
|--|--------------------------|----------|----------|----------------------------|-------------|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | (€ in thousands) | | | (unaudited) | (unaudited) |
| Net cash generated from operating activities | 140,336 | 118,027 | 110,948 | 34,286 | 39,076 |
| Net cash used in investing activities | (68,346) | (37,109) | (35,446) | (17,382) | (21,728) |
| Net cash used in financing activities | (49,935) | (70,263) | (40,512) | (20,536) | (21,908) |
| Net (decrease)/increase in cash and cash equivalents | 22,055 | 10,655 | 34,990 | (3,632) | (4,560) |
| Cash and cash equivalents at beginning of period | 26,601 | 49,661 | 61,622 | 61,662 | 95,498 |
| Exchange gains/(losses) on cash and cash equivalents | 1,005 | 1,306 | (1,114) | (882) | 52 |
| Cash and cash equivalents at end of period | 49,661 | 61,622 | 95,498 | 57,108 | 90,990 |

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

The following is a discussion and analysis of our financial condition and results of operations as of and for the years ended September 30, 2011, 2012 and 2013, and as of and for the six months ended March 31, 2013 and 2014, as derived from our Consolidated Financial Statements and Interim Consolidated Financial Statements included elsewhere in this offering memorandum, and our internal accounting system.

You should read this discussion in conjunction with the sections entitled "Presentation of Financial Information and Other Data", "Selected Historical Consolidated Financial Information" and "Capitalization", which are included elsewhere in this offering memorandum. This discussion includes forward-looking statements, which although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by such forward-looking statements. See "Forward-Looking Statements" and, for a discussion of the risks and uncertainties which we face, "Risk Factors."

Overview

We are the leading independent operator of vending machines in Europe by revenue, with operations in 21 countries across Europe and leading market shares in our key markets of Switzerland, Sweden and France. We operate a network of approximately 135,000 active snack and beverage vending machines on behalf of a broad and diverse client base. We offer a wide range of products in our vending machines, including hot and cold beverages and various snacks and confectionary items. Our clients include a large number of both private and public organizations. Our private vending services, which also include our office coffee services ("**OCS**"), are directed primarily at office environments but also include clients such as hospitals and universities. Our public vending machines are located in high-traffic public locations, such as airports, train and subway stations and gas stations, where our longer-term client contracts provide us with a steady stream of revenue. In addition to our public and private vending operations, we also generate revenue from trade sales of machines and products.

For the year ended September 30, 2013, revenue from our privately placed points of sale, which includes OCS, accounted for 63.0% of our total revenue. Revenue from OCS alone corresponded to 9.6% of our total revenue for the same period. For the same period, revenue from our public vending clients, or our publicly accessible points of sale, accounted for 24.7% of our total revenue. Other revenue and revenue from trade sales of machines and products accounted for 12.3% of our total revenue for the year ended September 30, 2013. By product mix, vends of hot drinks accounted for 51.7% of our total revenue for the year ended September 30, 2013, while vends of snacks and cold drinks accounted for 35.4% of our total revenue.

Our business model covers the full value chain of the vending services market. Our sales teams originate new contracts for the placement of vending machines on clients' premises, and we also bid for concessions pursuant to public tenders to place vending machines with public entities, such as airports and train and subway stations. We purchase vending machines for our clients, install them at their premises and manage the sourcing and stocking of the food and beverage vending products on behalf of our clients. We also provide cleaning, maintenance and technical support services, which can be customized based on individual client preferences. In addition to our vending and vending services operations, we also sell vending machines, vending machine parts and products separately and independent of vending service arrangements. We therefore generate revenue at each step of the vending services value chain, through a combination of fees from clients for providing, stocking and maintaining vending machines, through the products sold from our vending machines and from the sale of machines, ingredients and spare parts.

We operate our vending machine network primarily under the "Selecta" brand, which we believe stands for quality and innovation in the industry and enjoys strong brand recognition in many of the markets in which we operate. We are active across much of Western Europe. For the twelve months ended March 31, 2014, our vending machine operations in our Central and North regions accounted for 40.8% and 21.4% of our total revenue, respectively, with France and the United Kingdom contributing 27.8% and 10.0% of our total revenue, respectively. In terms of market share by revenue, we believe that we have market shares of approximately 49%, 40% and 11% in Switzerland, Sweden and France, respectively, based on market size data from the European Vending Association for 2012 and our own

estimates. We are also the overall market leader by revenue in the total European vending market, with an estimated market share of approximately 7% based on the same market data and estimates.

The European vending machine market is fragmented and characterized by a large number of small scale vending machine operators. We believe that our business model and our scale provide us with competitive advantages compared to smaller vending machine operators and present us with opportunities to benefit from market consolidation in the future. Moreover, as one of the only vending machine operators with a pan-European platform, we are better positioned than many of our competitors to provide vending services to large multinational clients present in multiple European countries.

For the twelve months ended March 31, 2014, we generated revenue of €715.0 million and Adjusted EBITDA of €135.6 million. For the same period, our Adjusted EBITDA margin was 19.0%.

Key Factors Affecting Our Results of Operations

Our results of operation are affected by a combination of factors, including factors which are beyond our control. We believe that our results of operations, and particularly the results of operation during the periods under review, have been primarily affected by the following factors.

General economic conditions and consumer spending

Demand for our vending machines and vending products is affected by general economic conditions and consumer spending. Changes in general economic conditions directly impact consumer spending as well as the investment levels of our clients in non-essential services, such as vending machines and services. For the year ended September 30, 2013, we derived 63.0% of our revenue from privately placed points of sale. As vending machines in such privately placed points of sale are generally located in companies and office environments, as well as in hospitals, universities and similar locations, macroeconomic factors such as GDP and employment levels, among others, affect the number of items sold through these machines. For example, reductions in workforce levels or hours worked during recessionary periods (including the effects of reduced overtime, layoffs and increased reliance on part-time versus full-time workers) means that our vending machines in companies and office environments are available to fewer consumers and/or consumers with less purchasing power. Moreover, recessionary conditions may adversely impact our ability to generate new business if companies invest less in non-essential services, such as the decision to contract for the placement of a vending machine on their premises. In our public vending operations, declines in consumer spending or consumer purchasing power can also negatively affect our revenue generated from our vending machines in public locations. In general, however, our public vending operations are less impacted by macroeconomic conditions than our private vending operations.

Certain of the countries in which we operate, such as France and Spain, have experienced recessionary economic environments and significantly elevated levels of unemployment in recent years, which have contributed to a decline in our revenue generated in those countries. However, our pan-European footprint, including strong market positions in countries such as Switzerland, Sweden and Germany, which have been less affected by the European sovereign debt crisis, has helped to limit the impact on our revenue and margins. Furthermore, we have implemented certain reorganization measures to reduce our direct and indirect overhead costs, particularly related to our workforce and costs related to our headquarters' functions. In addition, we have also implemented certain procurement initiatives such as bundling volumes of supplies, focusing on selected suppliers and streamlining our supply chain. Our total revenue decreased from €800.4 million for the year ended September 30, 2011 to €740.2 million for the year ended September 30, 2013, in part as a result of the challenging economic environments in many of our markets. Over the same period, however, we have managed to increase our Adjusted EBITDA margin from 15.0% for the year ended September 30, 2011 to 17.9% for the year ended September 30, 2013.

Capital expenditure and related cost control initiatives

We operate the network of vending machines we place on our clients' premises, which means that we need to purchase new machines and refurbish existing vending machines in the ordinary course of business. A significant portion of our capital expenditures relates to the purchase of new vending machines and refurbishment of our existing vending machines. From 2011 to 2013, we reduced our capital expenditure in line with lower revenue levels and our total capital expenditure decreased from

€72.3 million for the year ended September 30, 2011 to €44.9 million for the year ended September 30, 2013. Over the same period, our total net capital expenditure decreased from €67.8 million for the year ended September 30, 2011 to €37.9 million for the year ended September 30, 2013. In order to reduce capital expenditures from 2011 to 2013, we (i) de-installed approximately 2,800 unprofitable vending machines in the United Kingdom as part of a restructuring of our UK business and used those machines which were in a reusable condition both in the United Kingdom and in other markets, (ii) extended the life cycle of our vending machines by relocating machines which had reached the end of their life cycle in certain Western and Northern European countries to markets where older machines can be effectively utilized, in particular in the Baltic countries and Eastern Europe, (iii) implemented a vending machine stock optimization program across our Group to provide greater visibility of machine availability across the Group and allow machines to be sourced and refurbished within the Group, thereby reducing the need to purchase new vending machines, and (iv) introduced stricter investment thresholds related to the purchase of new vending machines and equipment in order to reduce the risk of unprofitable contracts. Although we significantly reduced our capital expenditures from 2011 to 2013, we expect that our capital expenditures related to the purchase of new vending machines increase in the future to support the investment required to deliver new business growth and maintain the existing vending machine park. Based on a vending machine park gross asset value (at cost) of €543.2 million as of September 30, 2013 and an estimated average asset life of 10 years for our active vending machines after refurbishment, we estimate that we will require capital expenditures of approximately €54 million per year on vending machines to support our current level of revenue in addition to capital expenditure for vehicles, IT and other equipment. We further estimate we will require approximately €3 million of capital expenditure per year to support each additional per cent of revenue growth. Our estimates with respect to such future capital expenditure requirements may vary based on changes in our product, concept and segment mix.

As our capital expenditure requirements vary from year to year based on different capital intensity in different business segments, specific reinvestment requirements in relation to new business, levels of capital expenditure funded through new machines versus refurbished machines and specific initiatives to develop telemetry and cashless payment technologies, among other factors, we cannot assure you that our level of capital expenditure will not increase significantly in the future. See *“Risk Factors—Risks Related to our Business—Our business requires capital expenditures which may divert significant cash flow from other investments or uses, including debt servicing.”*

Clients

We believe that we have stable relationships with our clients, some of which are longstanding clients. In addition, our client base is highly fragmented, which limits our dependence on any single client. For the year ended September 30, 2013, our top ten clients accounted for approximately 18% of our total revenue and our largest client by revenue accounted for 3.8% of our total revenue. Nevertheless, the gain or loss of significant clients affects our results of operations, and net client growth and retention were both adversely impacted in recent years. For example, we were not successful in our re-tender for Total in Germany in the year ended September 30, 2013 and Paresto in the Netherlands in the year ended September 30, 2012, which together accounted for approximately 2,400 vending machines. Together with our de-installation of approximately 2,800 vending machines from the United Kingdom in 2013 and other factors, these client losses contributed to the decrease in revenue from €792.3 million for the year ended September 30, 2012 to €740.2 million for the year ended September 30, 2013, which could only be partly offset by the approximately 850 vending machines added to our vending machine park through our top ten new clients gained in 2013. More recently, in March 2014, we extended a large contract to provide Société Nationale des Chemins de fer Français (**“SNCF”**) with public vending services in many of its large railways stations. Beginning in September 2014, we will replace our current machines and expand our service with the installation of 2,150 new and refurbished vending machines in over 800 stations of SNCF's network.

Vending machine density and concept and product mix

Our results of operations and profit before interest and income tax are affected by a combination of factors, including the number of vending machines in a given area, the type of vending machine, the product mix in our vending machines and the level of vending services we provide. In both private and public vending, vending machine density is one of the primary drivers of profitability. Vending machines which are closer together can be more quickly and efficiently managed by the same personnel, which

reduces transport time and the relative costs associated with personnel, restocking, fuel and maintenance. In contrast, single machines in isolated locations may not generate sufficient gross profit to cover the costs of visits to restock or perform scheduled or unscheduled maintenance.

Our revenue and margins are also driven by our mix of private and public vending, products and prices. Private vending is our largest vending concept by revenue and is primarily driven by sales of coffee and other hot beverages. Private vending margins vary based on the type of vending machines located in a particular area as well as the extent to which a client agrees to subsidize the cost of vending products for its employees. Consumers generally consume more products and beverages when the cost is subsidized by their employers, leading to larger volumes of vends and higher margins. Public vending margins vary primarily based on the combination of the volume of vends and the price points for the products sold, which depend on the locations of the vending machines and the number of other locations in close proximity to our vending machines which sell the same or similar products, as well as the level of vending rent paid to the client. Therefore, the combination of location, machine density, product mix, prices and contributions paid to the client are among the key factors which determine profitability of our vending machines.

Prices of vending stock and procurement initiatives

Prices of certain commodities, such as green bean coffee, cocoa and sugar, affect our cost of materials. Among other things, for our private label coffee brands, we estimate we require approximately 2,400 tons of Arabica green bean coffee and approximately 1,000 tons of Robusta green bean coffee to regularly stock our hot drinks vending machines or supply our clients with coffee beans. Prices for green bean coffee have fluctuated significantly in recent years. For example, the price of Arabica coffee, which we use for the supply of our own *miofino* coffee blends, increased by more than 100% from March 2010 to May 2011, before decreasing by approximately 60% in 2012 and 30% in 2013, with prices ranging from US\$3.10 per pound in April 2011 to US\$1.10 per pound in November 2013 (based on the ICE 'C' New York index). In order to manage risks from fluctuations in commodities prices, we secure the green bean requirements for our private label coffee for periods of up to six months by instructing the relevant supplier to source the required green beans to cover certain production lots at a specific price. With certain strategic suppliers, we enter into longer-term agreements with agreed price adjustment mechanisms that reflect developments in commodity prices.

We recently implemented certain procurement initiatives, such as the bundling of volumes to take advantage of economies of scale and an increased focus on selected suppliers to streamline our supply chain. We are in the process of strengthening our corporate procurement department to make it responsible for more of the products and vending stock we source, and we recently renegotiated a number of our more significant supply agreements to lower the cost of some of our supplies. While certain vending products, such as confectionary items, and other vending stock items which cater to local or regional tastes continue to be sourced on a country level, we now source our private label green bean coffee as well as cups, sugar and stirrers, among other supplies, through our corporate procurement department, which allows us to secure more competitive pricing based on larger volume orders.

Disposal of Selecta Italia S.p.A.

On February 29, 2012, we disposed of 100% of the shares of Selecta Italia S.p.A. for total cash consideration of €7.5 million. At the date of disposal, Selecta Italia S.p.A.'s total assets amounted to €15.0 million and total liabilities, including estimated provisions for certain expected post-completion contingent liabilities, amounted to €8.2 million, resulting in a net disposal gain of €0.7 million as reported in the year ended September 30, 2012. The actual amounts for which these liabilities were subsequently settled were lower than expected. Therefore, an additional disposal gain of €0.2 million was recognized in the year ended September 30, 2013. See note 35 of our Consolidated Financial Statements for further details. Since our disposal of Selecta Italia S.p.A., we are no longer active in the Italian vending machine market.

Description of Key Income Statement Items

Revenue

Revenue means revenue from our publicly accessible points of sale, our privately placed points of sale and from trade sales of machines and products as well as revenue from the rendering of technical

services and rental income from machines placed at client sites under a rental contract and rental of advertising space.

Materials and consumables used

Materials and consumables used primarily relates to our cost of materials (which mainly consists of ingredients and products used to fill our vending machines or for trade sales, spare parts used in servicing our vending machines and the cost of vending machines sold as trade business) adjusted for rebates and discounts.

Employee benefits expense

Employee benefits expense consists of wages and salaries as well as social security costs and post-employment benefits under defined contributions and benefit plans.

Depreciation, amortization and impairment expense

Depreciation, amortization and impairments relate to depreciation of property, plant and equipment, which we initially recognize at cost and depreciate using a straight-line method over their estimated useful lives, and amortization and impairment of intangible assets as well as amortization of tangible and intangible assets.

Other operating expenses

Other operating expenses primarily consist of vending rent and other rent, maintenance, administration expense and travel and representation expenses.

Finance costs and finance income

Financial costs consist of interest on bank loans, finance lease expense and other interest expense as well as changes in the fair value of derivative financial instruments and net foreign exchanges gains or losses.

Finance income consists of gains generated on foreign exchange transactions, interest on cash deposits and fair value gains on derivative financial instruments.

Income taxes

Income taxes represent income and expenses in respect of current and deferred income taxes.

Results of Operations

The following table sets forth our consolidated statement of profit or loss for the periods indicated.

Six Months Ended March 31, 2013 compared to six months ended March 31, 2014

| | For the six months ended March 31, | | |
|---|--------------------------------------|----------------|--------------------|
| | 2013 | 2014 | % change |
| | (€ in thousands, except percentages) | | |
| | (unaudited) | (unaudited) | (unaudited) |
| Revenue | 374,220 | 349,006 | (6.7)% |
| Materials and consumables used | (115,983) | (109,663) | (5.4)% |
| Employee benefits expense | (119,608) | (110,350) | (7.7)% |
| Depreciation, amortization and impairment expense | (46,688) | (42,647) | (8.7)% |
| Gain on disposal of subsidiary | — | — | — |
| Other operating expenses | (87,607) | (74,734) | (14.7)% |
| Profit before interest and income tax | 4,334 | 11,612 | > 100.0% |
| Finance costs | (13,049) | (15,711) | 20.4% |
| Finance income | — | 72 | > 100.0% |
| Loss before income tax | (8,715) | (4,027) | (53.8)% |
| Income taxes | (370) | (685) | 85.1% |
| Net profit (loss) for the year | (9,085) | (4,712) | (48.1)% |

Revenue

Revenue decreased by €25.2 million, or 6.7%, from €374.2 million for the six months ended March 31, 2013 to €349.0 million for the six months ended March 31, 2014. The decrease in revenue was primarily due to the following factors. In Germany we were unsuccessful in our re-tender to provide vending services to Total in Germany and de-installed those machines between July and September 2013. In addition, we executed the managed de-installation of approximately 2,800 unprofitable vending machines in the United Kingdom throughout the first half of the year ended September 30, 2013. Same machine sales were lower in the six months ended March 31, 2014 than the equivalent six month period in the prior year due to a weaker macroeconomic environment and lower investments in new machines, particularly in our Central region, although same machine sales show signs of stabilizing in some of our markets in the fiscal quarter ended March 31, 2014, in particular in our Central and North regions.

The table below shows our total sales by region for the six months ended March 31, 2013 and 2014, respectively:

| | For the six months ended March 31, | | |
|--------------------------------|--------------------------------------|----------------|---------------|
| | 2013 | 2014 | % change |
| | (€ in thousands, except percentages) | | |
| Central | 152,552 | 142,801 | (6.4)% |
| North | 84,192 | 78,583 | (6.7)% |
| France | 97,425 | 92,551 | (5.0)% |
| United Kingdom | 40,050 | 35,033 | (12.5)% |
| Headquarters | — | 38 | > 100.0% |
| Total revenue | 374,219 | 349,006 | (6.7)% |

Revenue in our Central region decreased by €9.8 million, or 6.4%, from €152.6 million for the six months ended March 31, 2013 to €142.8 million for the six months ended March 31, 2014. The decrease was primarily due to the unsuccessful re-tender to provide vending services to Total in Germany, with the machines being de-installed between July and September 2013.

Revenue in our North region decreased by €5.6 million, or 6.7%, from €84.2 million for the six months ended March 31, 2013 to €78.6 million for the six months ended March 31, 2014. The decrease was primarily due to weaker same machine sales as a result of a weaker macroeconomic environment. While unemployment has been generally stable in our North region countries, the lower consumption was evident in larger industrial sites where we are present, and was also impacted by reduced shifts, less overtime hours and fewer consultants at our client sites.

Revenue in France decreased by €4.8 million, or 4.9%, from €97.4 million for the six months ended March 31, 2013 to €92.6 million for the six months ended March 31, 2014. The decrease was primarily due to lower revenue from private vending as a result of weaker same machine sales due to a weaker macroeconomic environment as well as lower public vending sales, driven in part by our decision to postpone investments in our railway business pending the outcome of the SNCF tender which we successfully won in March 2014. In addition, reduced trade sales of product ingredients in France contributed to the decrease in the six months ended 31 March 2014.

Revenue in our United Kingdom region decreased by €5.1 million, or 12.7%, from €40.1 million for the six months ended March 31, 2013 to €35.0 million for the six months ended March 31, 2014. The decrease was due to our de-installation of approximately 2,800 unprofitable machines from client sites and reorganization measures in our United Kingdom operations to return the region to profitability.

Materials and consumables used

Materials and consumables used decreased by €6.3 million, or 5.4%, from €116.0 million for the six months ended March 31, 2013 to €109.7 million for the six months ended March 31, 2014. The decrease in materials and consumables used was primarily driven by the overall decline in revenue. As a percentage of revenue, materials and consumables used increased from 31.0% for the six months ended March 31, 2013 to 31.4% for the six months ended March 31, 2014, due to changes in the business mix and, in particular, the unsuccessful re-tender for the Total contract in Germany as well as increasing green bean coffee prices.

Employee benefits expense

Employee benefits expense decreased by €9.2 million, or 7.7%, from €119.6 million for the six months ended March 31, 2013 to €110.4 million for the six months ended March 31, 2014. The decrease in employee benefits expense was primarily due to a decrease of €8.1 million in wages and salaries from €89.6 million for the six months ended March 31, 2013 to €81.5 million for the six months ended March 31, 2014, driven by a reduction in the number of full time employees resulting from various reorganization programs implemented across the Group, in particular the corresponding headcount reduction in the United Kingdom in connection with the de-installation of approximately 2,800 unprofitable machines from client sites and the unsuccessful re-tender for the Total contract in Germany.

Depreciation, amortization and impairment expense

Depreciation, amortization and impairment expense decreased by €4.1 million, or 8.8%, from €46.7 million for the six months ended March 31, 2013 to €42.6 million for the six months ended March 31, 2014. The decrease in depreciation, amortization and impairment was primarily due to depreciation of property, plant and equipment which decreased by €3.2 million from €33.0 million for the six months ended March 31, 2013 to €29.8 million for the six months ended March 31, 2014 as a result of a decrease in property, plant and equipment additions.

Other operating expenses

Other operating expenses decreased by €12.9 million, or 14.7%, from €87.6 million for the six months ended March 31, 2013 to €74.7 million for the six months ended March 31, 2014. The decrease in other operating expenses was primarily due to lower vending rent, which decreased by €7.3 million from €42.9 million for the six months ended March 31, 2013 to €35.6 million for the six months ended March 31, 2014 as a result of the unsuccessful re-tender for the Total contract in Germany which carried a high level of vending rent.

Finance income and costs

Finance income and costs amounted to a net cost of €15.6 million for the six months ended March 31, 2014, an increase of €2.6 million, from a net cost of €13.0 million for the six months ended March 31, 2013. The increase in finance costs was primarily driven by our net foreign exchange gain/(loss), which decreased from a gain of €3.2 million during the six months ended March 31, 2013 to a loss of €0.2 million for the six months ended March 31, 2014.

Income taxes

Income tax expense amounted to €0.7 million for the six months ended March 31, 2014, an increase of €0.3 million, or 75.0%, from €0.4 million for the six months ended March 31, 2013. The increase was due to an increase in both current income taxes and deferred income taxes. Current income taxes increased by €0.1 million from €1.5 million for the six months ended March 31, 2013 to €1.6 million for the six months ended March 31, 2014 while the gain from deferred income taxes decreased by €0.1 million from a gain of €1.1 million for the six months ended March 31, 2013 to a gain of €1.0 million for the six months ended March 31, 2014.

Net profit (loss) for the period

Net loss amounted to €4.7 million for the six months ended March 31, 2014, a decrease of €4.4 million, or 48.4%, from €9.1 million for the six months ended March 31, 2013. This decrease was principally due to the factors discussed above.

Year ended September 30, 2012 compared to year ended September 30, 2013

| | For the year ended September 30, | | |
|---|--------------------------------------|----------------|----------------------|
| | 2012 | 2013 | % change |
| | (€ in thousands, except percentages) | | |
| Revenue | 792,324 | 740,189 | (6.6)% |
| Materials and consumables used | (251,192) | (225,278) | (10.3)% |
| Employee benefits expense | (236,502) | (225,139) | (4.8)% |
| Depreciation, amortization and impairment expense | (97,803) | (95,205) | (2.7)% |
| Gain on disposal of subsidiary | 695 | 202 | (70.9)% |
| Other operating expenses | (176,152) | (175,107) | (0.6)% |
| Profit before interest and income tax | 31,370 | 19,662 | (37.3)% |
| Finance costs | (38,901) | (28,219) | (27.5)% |
| Finance income | 179 | 288 | 60.9% |
| Loss before income tax | (7,352) | (8,269) | 12.5% |
| Income taxes | 707 | 8,666 | > 100.0% |
| Net profit (loss) for the year | (6,645) | 397 | > (100.0)% |

* As restated

Revenue

Revenue decreased by €52.1 million, or 6.6%, from €792.3 million for the year ended September 30, 2012 to €740.2 million for the year ended September 30, 2013. The decrease in revenue was driven by several factors. Same machine sales were lower in 2013 than the prior year due to a weaker macroeconomic environment and lower investments in new machines, particularly in our Central region. In addition, we executed the managed de-installation of approximately 2,800 unprofitable vending machines in the United Kingdom. Trade sales of machines and products were also lower in 2013 than 2012, decreasing from €69.4 million for the year ended September 30, 2012 to €58.7 million for the year ended September 30, 2013, due to clients postponing investments in non-essential services. Unlike our full and partial vending service concepts, trade sales of machines and products are not linked to contractual commitments with clients and amounts of such sales can therefore fluctuate significantly from period to period.

The table below shows our total sales by region for the year ended September 30, 2012 and 2013, respectively:

| | For the year ended September 30, | | |
|--------------------------------|--------------------------------------|----------------|---------------|
| | 2012 | 2013 | % change |
| | (€ in thousands, except percentages) | | |
| Central | 313,929 | 301,551 | (3.9)% |
| North | 170,498 | 158,320 | (7.1)% |
| France | 213,630 | 203,480 | (4.8)% |
| United Kingdom | 94,158 | 76,744 | (18.5)% |
| Headquarters | 109 | 94 | (13.8)% |
| Total revenue | 792,324 | 740,189 | (6.6)% |

Revenue in our Central region decreased by €12.3 million, or 3.9%, from €313.9 million for the year ended September 30, 2012 to €301.6 million for the year ended September 30, 2013. The decrease was primarily due to lower revenue from private vending, a result of weaker same machine sales driven by a weaker macroeconomic environment and reduced investment in capital expenditures. In addition, reduced trade machine sales in our Central region, due to clients postponing investments in non-essential services, contributed to the decrease.

Revenue in our North region decreased by €12.2 million, or 7.2%, from €170.5 million for the year ended September 30, 2012 to €158.3 million for the year ended September 30, 2013. The decrease was evident across all business concepts and included the unsuccessful re-tender to provide vending services to Paresto, a large client in the Netherlands, towards the end of 2012, which contributed to lower sales in the year, and weaker same machine sales. The decrease was also due to weaker trade machine sales due to clients postponing investments in non-essential services.

Revenue in France decreased by €10.1 million, or 4.7%, from €213.6 million for the year ended September 30, 2012 to €203.5 million for the year ended September 30, 2013. The decrease was primarily due to lower revenue from private vending as a result of weaker same machine sales due to a weaker macroeconomic environment. In addition, reduced trade sales of product ingredients in France contributed to the decrease in 2013.

Revenue in our United Kingdom region decreased by €17.5 million, or 18.6%, from €94.2 million for the year ended September 30, 2012 to €76.7 million for the year ended September 30, 2013. The decrease was due to our de-installation of approximately 2,800 unprofitable machines from client sites and restructuring measures in our United Kingdom operations to return the region to profitability.

Materials and consumables used

Expenses for materials and consumables used decreased by €25.9 million, or 10.3%, from €251.2 million for the year ended September 30, 2012 to €225.3 million for the year ended September 30, 2013. The decrease in materials and consumables used was primarily driven by the overall decline in revenue. As a percentage of revenue, materials and consumables used decreased from 31.7% for the year ended September 30, 2012 to 30.4% for the year ended September 30, 2013 due to changes in the business mix as well as lower green bean coffee prices compared to the prior year.

Employee benefits expense

Employee benefits expense decreased by €11.4 million, or 4.8%, from €236.5 million for the year ended September 30, 2012 to €225.1 million for the year ended September 30, 2013. The decrease in employee benefits expense was due to a decrease of €4.2 million in wages and salaries from €188.8 million for the year ended September 30, 2012 to €184.6 million for the year ended September 30, 2013, driven by a reduction in the number of full time employees resulting from various restructuring programs implemented across the Group, in particular the corresponding headcount reduction in the United Kingdom in connection with the de-installation of approximately 2,800 unprofitable machines from client sites. In addition, employee benefits expense was positively impacted by a decrease of €3.6 million in post-employment benefits, from €5.5 million for the year ended September 30, 2012 to €1.9 million for the year ended September 30, 2013, as a result of a one-time €4.8 million curtailment of retirement benefits in our Swiss pension scheme. See note 22 of our Consolidated Financial Statements for additional details on retirement benefit obligations.

Depreciation, amortization and impairment expense

Depreciation, amortization and impairment expense decreased by €2.6 million, or 2.7%, from €97.8 million for the year ended September 30, 2012 to €95.2 million for the year ended September 30, 2013. Depreciation of property, plant and equipment decreased by €5.6 million from €71.0 million for the year ended September 30, 2012 to €65.4 million for the year ended September 30, 2013 due to a decrease in property, plant and equipment additions. This decrease was partially offset by an increase in impairment of intangible assets, which rose from €0.5 million for the year ended September 30, 2012 to €3.1 million for the year ended September 30, 2013, related primarily to the impairment of a procurement system which had been developed in previous years but was deemed not to be suitable for the Group's requirements.

Gain on disposal of subsidiary

Gain on disposals of subsidiaries decreased by €0.5 million, or 71.4%, from €0.7 million for the year ended September 30, 2012 to €0.2 million for the year ended September 30, 2013. The gain of €0.7 million for the year ended September 30, 2012 related to the disposal of Selecta Italia S.p.A. in February 2012 and reflected the estimated net gain on the disposal. The gain of €0.2 million for the year ended September 30, 2013 represented the additional gain following finalization of the provisional estimated in the prior year.

Other operating expenses

Other operating expenses remained largely unchanged from the prior year, decreasing by €1.1 million, or 0.6%, from €176.2 million for the year ended September 30, 2012 to €175.1 million for the year ended September 30, 2013.

Finance income and costs

Finance income and costs amounted to a net cost of €27.9 million for the year ended September 30, 2013, a decrease of €10.8 million from a net cost of €38.7 million for the year ended September 30, 2012. Finance costs decreased by €10.7 million from €38.9 million for the year ended September 30, 2012 to €28.2 million for the year ended September 30, 2013. The decrease was due to a net foreign exchange gain of €4.4 million in the year ended September 30, 2013 compared to a net foreign exchange loss of €5.4 million in the year ended September 30, 2012. In addition, interest on bank loans decreased by €17.5 million from €49.9 million for the year ended September 30, 2012 to €32.4 million for the year ended September 30, 2013 after our interest rate swaps expired on June 30, 2012, resulting in a significant decrease in the interest rate payable on the Group's borrowings. This decrease was, however, offset by a change in the fair value of the interest rate swaps until their expiry in the amount of €16.7 million in the year ended September 30, 2012, thereby limiting the net impact on finance costs to €0.8 million.

Income taxes

Income tax income amounted to €8.7 million for the year ended September 30, 2013, an increase of €8.0 million from €0.7 million for the year ended September 30, 2012. The increase was primarily attributable to an increase in deferred tax income from €4.2 million for the year ended September 30, 2012 to €13.0 million for the year ended September 30, 2013 due to an increase in the amount of tax losses recognized as deferred tax assets.

Net profit (loss) for the period

Net profit amounted to €0.4 million for the year ended September 30, 2013, an increase from a net loss of €6.6 million for the year ended September 30, 2012. This increase was principally due to the factors discussed above.

Year ended September 30, 2011 compared to year ended September 30, 2012

| | For the year ended September 30, | | |
|---|--------------------------------------|----------------|--------------------|
| | 2011* | 2012 | % change |
| | (€ in thousands, except percentages) | | |
| Revenue | 800,378 | 792,324 | (1.0)% |
| Materials and consumables used | (254,728) | (251,192) | (1.4)% |
| Employee benefits expense | (239,509) | (236,502) | (1.3)% |
| Depreciation, amortization and impairment expense | (102,455) | (97,803) | (4.5)% |
| Gain on disposal of subsidiary | — | 695 | > 100.0% |
| Other operating expenses | (189,258) | (176,152) | (6.9)% |
| Profit before interest and income tax | 14,428 | 31,370 | > 100.0% |
| Finance costs | (32,642) | (38,901) | 19.2% |
| Finance income | 226 | 179 | (20.8)% |
| Loss before income tax | (17,988) | (7,352) | (59.1)% |
| Income taxes | 3,155 | 707 | (77.6)% |
| Net profit (loss) for the year: | (14,833) | (6,645) | (55.2)% |

* As restated

Revenue

Revenue decreased by €8.1 million, or 1.0%, from €800.4 million for the year ended September 30, 2011 to €792.3 million for the year ended September 30, 2012. While revenue remained relatively flat between 2011 and 2012, there were a number of offsetting factors in the underlying revenue development. In February 2012, we disposed of Selecta Italia S.p.A., which resulted in a decrease in revenue in our Central region and was only partially offset by an increase in revenue from public vending in that region. Revenue increased in our North region due to improved same machine sales in private vending and increased revenue from trade sales of machines and products. Revenue was lower in our UK region, due

to weaker sales of snacks and cold drinks, as well as in France, where we were not awarded the re-tender for three large clients in the first quarter of 2012.

The table below shows our total sales by region for the year ended September 30, 2011 and 2012, respectively:

| | For the year ended September 30, | | |
|--------------------------------|--------------------------------------|----------------|---------------|
| | 2011 | 2012 | % change |
| | (€ in thousands, except percentages) | | |
| Central | 316,097 | 313,929 | (0.7)% |
| North | 159,999 | 170,498 | 6.6% |
| France | 228,505 | 213,630 | (6.5)% |
| United Kingdom | 95,664 | 94,158 | (1.6)% |
| Headquarters | 113 | 109 | (3.5)% |
| Total revenue | 800,378 | 792,324 | (1.0)% |

Revenue in our Central region decreased by €2.2 million, or 0.7%, from €316.1 million for the year ended September 30, 2011 to €313.9 million for the year ended September 30, 2012. The decrease was primarily attributable to the disposal of Selecta Italia S.p.A., which resulted in a decrease in revenue of €6.6 million from €9.6 million for the year ended September 30, 2011 to €3.0 million for the year ended September 30, 2012. The decrease was partially offset by higher revenue from public vending in other countries of the region, driven by strong sales in petrol stations as well as improved same machine sales.

Revenue in our North region increased by €10.5 million, or 6.6%, from €160.0 million for the year ended September 30, 2011 to €170.5 million for the year ended September 30, 2012. The increase was primarily attributable to higher revenue generated by our OCS business, driven by improved same machine sales. In addition, sales of trade machines and products increased in 2012 driven by machine sales to a large fast food chain.

Revenue in France decreased by €14.9 million, or 6.5%, from €228.5 million for the year ended September 30, 2011 to €213.6 million for the year ended September 30, 2012. The decrease was driven by the loss of, or failure to be awarded the re-tender for, three clients in the first quarter of the year ended September 30, 2012, AGIP and Carrefour petrol station chains in public vending and Decathlon in private vending, as well as by lower same machine sales in private vending.

Revenue in our UK region decreased by €1.5 million, or 1.6%, from €95.7 million for the year ended September 30, 2011 to €94.2 million for the year ended September 30, 2012, primarily attributable to weaker sales of snacks and cold drinks.

Materials and consumables used

Expenses for materials and consumables used decreased by €3.5 million, or 1.4%, from €254.7 million for the year ended September 30, 2011 to €251.2 million for the year ended September 30, 2012. The decrease in expense for materials and consumables used was primarily due to a decline in cost of materials from €276.1 million for the year ended September 30, 2011 to €268.7 million for the year ended September 30, 2012 in line with the lower revenue compared to the prior year.

As a percentage of revenue, materials and consumables was largely unchanged at 31.7% for the year ended September 30, 2012 compared to 31.8% for the year ended September 30, 2011.

Employee benefits expense

Employee benefits expense decreased by €3.0 million, or 1.3%, from €239.5 million for the year ended September 30, 2011 to €236.5 million for the year ended September 30, 2012. The decrease in employee benefits expense was primarily due to the disposal of Selecta Italia S.p.A. Employee benefits expense in Selecta Italia S.p.A was €3.3 million for the year ended September 30, 2011, while for the period up to the disposal in 2012 employee benefits expense in Select Italia S.p.A. amounted to €0.8 million, a decrease of €2.5 million.

Depreciation, amortization and impairment expense

Depreciation, amortization and impairment expense decreased by €4.7 million, or 4.6%, from €102.5 million for the year ended September 30, 2011 to €97.8 million for the year ended September 30, 2012. The decrease in depreciation, amortization and impairment was primarily due to a decrease in property, plant and equipment additions, which resulted in a decrease in depreciation of property, plant and equipment of €4.6 million from €75.6 million for the year ended September 30, 2011 to €71.0 million for the year ended September 30, 2012.

Gain on disposal of subsidiary

Gain on disposal of subsidiary amounted to €0.7 million for the year ended September 30, 2012, and represents the estimated profit on the disposal of Selecta Italia S.p.A in February 2012. We did not record any gain on disposals of subsidiaries for the year ended September 30, 2011. See note 35 of our Consolidated Financial Statements for further details on the assets and liabilities disposed of in connection with the disposal of Selecta Italia S.p.A.

Other operating expenses

Other operating expenses decreased by €13.1 million, or 6.9%, from €189.3 million for the year ended September 30, 2011 to €176.2 million for the year ended September 30, 2012. The decrease in other operating expenses was due to several factors. Vending rents decreased by €3.4 million from €82.7 million for the year ended September 30, 2011 to €79.3 million for the year ended September 30, 2012 primarily due to the impact of the loss of the AGIP and Carrefour petrol station business in France. In addition, the decrease was the result of a significant change in other operating income and expenses, from an expense of €6.5 million for the year ended September 30, 2011 to a gain of €2.3 million for the year ended September 30, 2012. This was primarily due to a decrease in provisions for litigation in France of €3.8 million from the year ended September 30, 2011 to the year ended September 30, 2012 relating predominantly to a provision for under declared VAT relating to previous years, as well as a decrease in the amount of non-profit related tax from €2.8 million for the year ended September 30, 2011 to €1.9 million for the year ended September 30, 2012. In addition, for the year ended September 30, 2012, we recorded non-recurring income of €0.7 million from a machine supplier as compensation for the costs of switching production to the supplier.

Finance income and costs

Finance income and costs amounted to a net cost of €38.7 million for the year ended September 30, 2012, an increase of €6.3 million, from a net cost of €32.4 million for the year ended September 30, 2011. The increase in total finance costs from €32.6 million for the year ended September 30, 2011 to €38.9 million for the year ended September 30, 2012 was primarily driven by net foreign exchange losses of €5.4 million for the year ended September 30, 2012 compared to a net foreign exchange gain of €2.5 million for the year ended September 30, 2011. This was partially offset by a decrease of €2.5 million in interest on bank loans, from €52.4 million for the year ended September 30, 2011 to €49.9 million for the year ended September 30, 2012, as a result of the lower interest charges in the fourth quarter of the year ended September 30, 2012, subsequent to the expiry of our interest rate swaps on June 30, 2012.

Income taxes

Income tax income amounted to €0.7 million for the year ended September 30, 2012, a decrease of €2.5 million, or 78.1%, from €3.2 million for the year ended September 30, 2011. The decrease was primarily attributable to lower profit before tax and was only partially offset by the impact of a reduction in the amount of expenses not allowable for tax purposes.

Net profit (loss) for the period

Net loss amounted to €6.6 million for the year ended September 30, 2012, an improvement of €8.2 million, or 55.4%, from a net loss of €14.8 million for the year ended September 30, 2011. This decrease in net loss for the period was principally due to the factors discussed above.

EBITDA and Adjusted EBITDA

We define EBITDA as profit before interest and income tax and depreciation, amortization and impairment expense. Our management uses EBITDA for internal management purposes. In addition, under our Existing Credit Facilities, we have had to comply with covenants related to performance indicators based on EBITDA. The Revolving Credit Facility will also contain a performance covenant based on EBITDA.

We define Adjusted EBITDA as profit before interest, income tax, depreciation, amortization and impairment and one-off items. EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Adjusted EBITDA, as presented in this offering memorandum, may differ from, and may not be comparable to, similarly titled measures used by other companies. We present Adjusted EBITDA because we believe it is helpful to investors as measures of our operating performance and ability to service our debt. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Adjusted EBITDA as presented herein differs from Adjusted EBITDA as defined in the Indenture governing the Notes. See “Presentation of Financial Information and Other Data.”

An unaudited reconciliation between EBITDA and profit before interest and income tax and Adjusted EBITDA and EBITDA is as follows:

| | Year ended September 30, | | | Six months ended March 31, | | Twelve months ended March 31, |
|--|--------------------------|----------------|----------------|----------------------------|---------------|-------------------------------|
| | 2011* | 2012 | 2013 | 2013 | 2014 | 2014 |
| | (€ in thousands) | | | | | |
| Profit before interest and income tax | 14,428 | 31,370 | 19,662 | 4,334 | 11,612 | 26,940 |
| Depreciation, amortization and impairment expense | 102,455 | 97,803 | 95,205 | 46,688 | 42,647 | 91,164 |
| EBITDA^(a) | 116,883 | 129,173 | 114,867 | 51,022 | 54,259 | 118,104 |
| Adjustments: | | | | | | |
| <i>Restructuring/redundancy costs^{(a)(b)}</i> | 3,236 | 4,581 | 14,590 | 4,797 | 2,219 | 12,012 |
| <i>Profit/loss on sale of assets^{(a)(c)}</i> | — | (2,094) | — | — | — | — |
| <i>Other^{(a)(d)}</i> | — | 4,092 | 3,060 | 1,587 | 3,987 | 5,460 |
| Adjusted EBITDA^(a) | 120,119 | 135,752 | 132,517 | 57,406 | 60,465 | 135,576 |

* As restated

(a) Unaudited.

(b) These items represent restructuring and redundancy costs relating to headcount reductions and senior management changes. For the year ended September 30, 2013, this item includes restructuring and redundancy costs relating to headcount reductions in the United Kingdom, France, Germany, the Benelux countries, Switzerland and our headquarters.

(c) This item relates to a profit on the sale of non-trading assets in France (€1.4 million) and a profit related to the sale of a subsidiary booked at our headquarters (€0.7 million).

(d) For the year ended September 30, 2012, this item includes adjustments related to one-off project expenses (€3.7 million) and other non-recurring items (€0.4 million). For the year ended September 30, 2013, this item includes adjustments related primarily to one-off project expenses (€2.3 million) and other non-recurring items (€0.7 million). For the six months ended March 31, 2013, this item includes one-off project expenses (€1.3 million). For the six months ended March 31, 2014, this item includes one-off project expenses (€2.2 million), most of which were recorded at our headquarters in Switzerland, and other project expenses (€1.0 million) which were mostly recorded in our North region.

Liquidity and Capital Resources

Our principal sources of funds have been cash generated from our operating activities and borrowings under the Existing Credit Facilities. Our principal uses of cash are to fund debt service obligations, working capital and capital expenditures. As of March 31, 2014, we had cash and cash equivalents of €91.0 million.

Our principal source of liquidity on an ongoing basis is expected to be our operating cash flows. Our ability to generate cash depends on our future operating performance, which, in turn, depends to some

extent on general economic, financial, industry and other factors, many of which are beyond our control. See “*Risk Factors*.”

In addition, we will have access to the Revolving Credit Facility to service our working capital and general corporate needs. The continued availability of the Revolving Credit Facility is dependent upon certain conditions, including ongoing compliance with a maintenance covenant tested quarterly as described further under “*Description of Certain Financing Arrangements—Revolving Credit Facility*.”

Although we believe that our expected cash flows from operations, together with available borrowings under the Revolving Credit Facility, will be adequate to meet our anticipated liquidity and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operating activities 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.

Working Capital

The table below sets forth a summary of movements in our working capital for the periods indicated, derived from our consolidated cash flow statements and excluding the effects of acquisition and exchange differences on consolidation:

| | Year ended September 30, | | | Six months ended March 31, | |
|---|--------------------------|----------------|--------------|----------------------------|----------------|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | (€ in thousands) | | | (unaudited) | (unaudited) |
| (Increase)/Decrease in inventories | 2,833 | 6,369 | (795) | (1,398) | (3,430) |
| (Increase)/Decrease in trade receivables | 8,054 | 4,606 | 2,164 | (5,612) | (4,934) |
| (Increase)/Decrease in other current assets | (5,040) | 2,835 | 1,795 | (632) | 2,187 |
| Increase/(Decrease) in trade payables | 10,417 | 62 | (8,590) | (17,187) | 3,647 |
| Increase/(Decrease) in other liabilities | 12,657 | (18,592) | 7,697 | 10,380 | (6,447) |
| Movements in working capital⁽¹⁾ | 28,921 | (4,720) | 2,271 | (14,449) | (8,977) |

(1) Unaudited.

Cash outflows from movements in working capital amounted to €9.0 million in the six months ended March 31, 2014. Cash outflow from decreases in other liabilities amounted to €6.4 million and was primarily due to an increase in prepayments to suppliers. Cash outflow of €4.9 million from increases in trade receivables was primarily due to payments of vending rents.

Cash inflows from movements in working capital amounted to €2.3 million in the year ended September 30, 2013. Cash inflow from decreases in trade receivables amounted to €2.2 million and was in line with the decrease in revenue in 2013. Cash inflow from decreases in other current assets amounted to €1.8 million and was primarily attributable to a decrease in uncollected cash in the vending machines from €13.3 million at September 30, 2012 to €10.1 million at September 30, 2013, due to the decline in revenue as well as timing of cash collections around the year end. Cash outflow of €8.6 million from decreases in trade payables and cash inflows of €7.7 million from increases in other liabilities largely offset one another, resulting in a net cash outflow of €0.9 million from increases in payables and other liabilities.

Cash outflows from movements in working capital amounted to €4.7 million in the year ended September 30, 2012. Cash outflow from decreases in other liabilities amounted to €18.6 million and was primarily due to the reduction of €3.8 million in provisions for litigation in France, related to a release of a provision for under declared VAT booked in 2011, and a decrease in our warranty provision in France of €2.4 million during 2012 subsequent to signing a new client contract. Cash inflow of €6.4 million from decreases in inventories was primarily due to a reduction of €4.3 million in the amount of vending machine inventory in the year resulting from capital efficiency measures and the more effective utilization of our machine park.

Cash inflows from movements in working capital amounted to €28.9 million in the year ended September 30, 2011. Cash inflow from increases in trade payables amounted to €10.4 million, primarily the result of our efforts to lengthen payment terms with suppliers and maximize flexibility in payments to suppliers. Cash inflow from increases in other liabilities amounted to €12.7 million, primarily due to

an increase of €4.8 million in provisions for litigation in France in the year ended September 30, 2011 relating predominantly to a provision for under declared VAT from previous years as well as an increase of €2.2 million in accruals related to increased bonus accruals compared to 2010. Cash inflow of €8.1 million from decreases in trade receivables and cash outflow of €5.0 million from increases in other current assets were largely attributable to a reclassification of cash held with counting companies in France from accounts receivable to accrued income. Cash inflow of €2.8 million from decreases in inventories was driven by a decrease of €0.7 million in food and beverages inventory and a decrease of €0.7 million in machine inventories during the year ended September 30, 2011.

Cash Flows

The table below sets forth a summary of our consolidated statements of cash flows for the periods indicated:

| | Year ended September 30, | | | Six months ended March 31, | |
|--|--------------------------|----------|----------|----------------------------|-------------|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | (€ in thousands) | | | (unaudited) | (unaudited) |
| Net cash generated from operating activities | 140,336 | 118,027 | 110,948 | 34,286 | 39,076 |
| Net cash used in investing activities | (68,346) | (37,109) | (35,446) | (17,382) | (21,728) |
| Net cash used in financing activities | (49,935) | (70,263) | (40,512) | (20,536) | (21,908) |
| Net (decrease)/increase in cash and cash equivalents | 22,055 | 10,655 | 34,990 | (3,632) | (4,560) |
| Cash and cash equivalents at beginning of period | 26,601 | 49,661 | 61,622 | 61,622 | 95,498 |
| Exchange gains/(losses) on cash and cash equivalents | 1,005 | 1,306 | (1,114) | (882) | 52 |
| Cash and cash equivalents at end of period | 49,661 | 61,622 | 95,498 | 57,108 | 90,990 |

Cash flows from operating activities

Comparison of the six months ended March 31, 2013 and 2014

Net cash flows from operating activities increased by €4.8 million from €34.3 million for the six months ended March 31, 2013 to €39.1 million for the six months ended March 31, 2014. This increase was primarily attributable to a decrease in the net cash outflow from movements in working capital of €5.4 million from €14.4 million for the six months ended March 31, 2013 to €9.0 million for the six months ended March 31, 2014.

Comparison of the years ended September 30, 2012 and 2013

Net cash flows from operating activities decreased by €7.1 million, or 6.0%, from €118.0 million for the year ended September 30, 2012 to €110.9 million for the year ended September 30, 2013. This decrease was primarily attributable to a decrease in profit before interest and income tax of €11.7 million from €31.4 million for the year ended September 30, 2012 to €19.7 million for the year ended September 30, 2013. The decrease was also due to an increase of €2.1 million in income taxes paid from €2.1 million for the year ended September 30, 2012 to €4.2 million for the year ended September 30, 2013, offset by changes in working capital. Cash outflow from movements in working capital was €4.7 million in the year ended September 30, 2012 compared to cash inflows of €2.3 million in the year ended September 30, 2013, as described above.

Comparison of the years ended September 30, 2011 and 2012

Net cash flows from operating activities decreased by €22.3 million, or 15.9%, from €140.3 million for the year ended September 30, 2011 to €118.0 million for the year ended September 30, 2012. This decrease was primarily attributable to a decrease in cash from changes in working capital in the amount of €33.6 million. Cash inflow from movements in working capital was €28.9 million in the year ended September 30, 2011 compared to cash outflow of €4.7 million in the year ended September 30, 2012, as described above. The decrease due to the cash impact of changes in working capital was offset by an increase of €17.0 million in profit before interest and income tax from €14.4 million for the year ended September 30, 2011 to €31.4 million for the year ended September 30, 2012.

Cash flows used in investing activities

Comparison of the six months ended March 31, 2013 and 2014

Net cash used in investing activities increased by €4.3 million, or 24.7%, from €17.4 million for the six months ended March 31, 2013 to €21.7 million for the six months ended March 31, 2014. This increase was primarily attributable to an increase of €6.0 million in purchases of property, plant and equipment from €19.3 million for the six months ended March 31, 2013 to €25.3 million for the six months ended March 31, 2014 and was partly offset by an increase of €1.6 million in cash proceeds from sale of property, plant and equipment from €3.0 million for the six months ended March 31, 2013 to €4.6 million for the six months ended March 31, 2014.

Comparison of the years ended September 30, 2012 and 2013

Net cash used in investing activities decreased by €1.7 million, or 4.6%, from €37.1 million for the year ended September 30, 2012 to €35.4 million for the year ended September 30, 2013. This decrease was primarily attributable to lower cash outflows for purchases of property, plant and equipment, which declined from €48.3 million for the year ended September 30, 2012 to €40.4 million for the year ended September 30, 2013 as a result of reduced investment in vending machines and vending equipment. The decrease was partially offset by €7.2 million in proceeds from the disposal of Selecta Italia S.p.A. in 2012, compared to no such proceeds received from sales of subsidiaries in 2013, as a decrease in proceeds from assets disposals from €9.5 million for the year ended September 30, 2012 to €7.0 million for the year ended September 30, 2013.

Comparison of the years ended September 30, 2011 and 2012

Net cash used in investing activities decreased by €31.2 million, or 45.7%, from €68.3 million for the year ended September 30, 2011 to €37.1 million for the year ended September 30, 2012. This decrease was primarily attributable to a significant decline in cash outflows for purchases of property, plant and equipment, which decreased from €67.5 million for the year ended September 30, 2011 to €48.3 million for the year ended September 30, 2012, primarily due to lower capital expenditures related to vending machines and vending equipment. The decrease was also due to proceeds from the sale of Selecta Italia S.p.A. in February 2012 in the amount of €7.2 million as well as cash proceeds from the disposal of property, plant and equipment, which increased from €4.4 million for the year ended September 30, 2011 to €9.5 million for the year ended September 30, 2012.

Cash flows from financing activities

Comparison of the six months ended March 31, 2013 and 2014

Net cash used in financing activities increased by €1.4 million, or 6.8%, from €20.5 million for the six months ended March 31, 2013 to €21.9 million for the six months ended March 31, 2014. This increase was primarily attributable to one more month of interest on our borrowings being paid in cash. In the six months ended March 31, 2013 we paid cash interest to cover the six months from September 29, 2012 to February 28, 2013, while in the year ended March 31, 2014 we paid cash interest to cover the seven month-period from August 29, 2013 to March 28, 2014.

Comparison of the years ended September 30, 2012 and 2013

Net cash used in financing activities decreased by €29.8 million, or 42.4%, from €70.3 million for the year ended September 30, 2012 to €40.5 million for the year ended September 30, 2013. This decrease was primarily attributable to a decline in interest paid from €51.1 million for the year ended September 30, 2012 to €22.4 million for the year ended September 30, 2013 due to the expiration of our interest rate swaps on June 30, 2012, resulting in a significant decrease in the interest rate payable on the Group's borrowings.

Comparison of the years ended September 30, 2011 and 2012

Net cash used in financing activities increased by €20.4 million, or 40.9%, from €49.9 million for the year ended September 30, 2011 to €70.3 million for the year ended September 30, 2012. This increase was primarily attributable to €19.2 million in repayments under our acquisition facility under the Existing Credit Facilities in the year ended September 30, 2012 compared to a drawing of €13.1 million in 2011. In addition, interest paid increased from €46.7 million for the year ended September 30, 2011 to

€51.1 million for the year ended September 30, 2012. This increase was partially offset by no payments on the revolver in the year ended September 30, 2012 compared to €16.3 million in net repayments in the year ended September 30, 2011.

Capital expenditures

Our capital expenditures for the years ended September 30, 2011, 2012 and 2013 relate primarily to the acquisition of vending machines to be installed on our clients' premises. Our capital expenditures also related to the purchase of vehicles and other equipment, such as vending furniture, machine installations (particularly in public vending locations) and IT investments.

The table below sets forth our capital expenditures for the periods presented:

| | Year ended September 30, | | | Six months ended March 31, | |
|---|--------------------------|---------------|---------------|----------------------------|---------------|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | (€ in thousands) | | | | |
| Capital expenditures⁽¹⁾ | 72,262 | 53,809 | 44,900 | 20,477 | 29,875 |

(1) Unaudited.

Capital expenditures for the year ended September 30, 2012 were €53.8 million, a decrease of €18.5 million, or 25.6%, from €72.3 million for the year ended September 30, 2011. The decrease was primarily attributable to a 22.8% reduction in investments related to vending equipment and lower capital expenditure related to vehicles.

Capital expenditures for the year ended September 30, 2013 were €44.9 million, a decrease of €8.9 million, or 16.5%, from €53.8 million for the year ended September 30, 2012. The decrease was primarily attributable to lower investments related to vending equipment, which decreased from €44.3 million to €38.0 million and, to a lesser extent, to a reduction in capital expenditure related to IT.

In order to reduce capital expenditures from 2011 to 2013, we (i) de-installed approximately 2,800 unprofitable vending machines in the United Kingdom as part of a restructuring of our UK business and used those machines which were in a reusable condition to support investments both in the United Kingdom and in other markets, (ii) extended the life cycle of our vending machines by relocating machines which had reached the end of their life cycle in certain Western and Northern European countries to markets where older machines can be effectively utilized, in particular in the Baltic countries and Eastern Europe, (iii) implemented a vending machine stock optimization program across our Group to provide greater visibility of machine availability across the Group and allow machines to be sourced and refurbished within the Group, thereby reducing the need to purchase new vending machines, and (iv) introduced stricter investment thresholds related to the purchase of new vending machines and equipment in order to reduce the risk of unprofitable contracts.

Although we significantly reduced our capital expenditures from 2011 to 2013, we expect that our capital expenditures related to the purchase of new vending machines will return to historic levels in the future to support the investment required to deliver new business growth. Based on a vending machine park asset value (at cost) of approximately €543.2 million as of September 30, 2013 and an estimated average asset life of ten years for our active vending machines, we estimate that we will require capital expenditures of approximately €54 million per year on vending machines to support our current level of revenue in addition to capital expenditure for vehicles, IT and other equipment. We further estimate we will require approximately €3 million of capital expenditure per year to support each additional per cent of revenue growth. Our estimates with respect to such future capital expenditure requirements may vary based on changes in our product, concept and segment mix.

As our capital expenditure requirements vary from year to year based on different capital intensity in different business segments, specific reinvestment requirements in relation to new business, levels of capital expenditure funded through new machines versus refurbished machines and specific initiatives to develop telemetry and cashless payment technologies, among other factors, we cannot assure you that our level of capital expenditure will not increase significantly in the future. See *"Risk Factors—Risks Related to our Business—Our business requires capital expenditures which may divert significant cash flow from other investments or uses, including debt servicing."*

Our capital expenditures for the six months ended March 31, 2014 were €29.9 million, and our net capital expenditures for the same period were €25.3 million. We estimate that our net capital expenditures for the year ending September 30, 2014 will be approximately €54 million.

Contractual Obligations

The following table summarizes certain categories of our contractual obligations and commitments owed to third parties, by period, as of September 30, 2013 and on an as adjusted basis after giving effect to the Transactions:

| | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|----------------------------|-------------|----------------------|--------------|
| | (€ equivalent in millions) | | | |
| Notes offered hereby | — | — | 550.0 | 550.0 |
| PIK Loan ⁽¹⁾ | — | — | 220.0 | 220.0 |
| Revolving Credit Facility | — | — | — | 50.0 |
| Finance lease liabilities ⁽²⁾ | 2.3 | 5.7 | — | 8.0 |
| Non-cancelable operating lease commitments ⁽³⁾ | 7.0 | 20.5 | 29.0 | 56.5 |
| Total | 9.3 | 26.2 | 799.0 | 884.5 |

(1) The amounts presented in respect of the PIK Loan are as of the Issue Date and do not show any of the PIK interest that has accrued or that will capitalize over the life of the PIK Loan. See “Description of Certain Financing Arrangements—PIK Loan.”

(2) The finance lease liabilities relate primarily to motor vehicles and vending equipment.

(3) The operating lease commitments relate primarily to building lease contracts.

Off-Balance Sheet Arrangements

Our off-balance sheet liabilities relate primarily to land, buildings and vehicles under various operating lease agreements. As of September 30, 2013, we recorded expense of €12.9 million for payments related to land and buildings and €7.4 million for payments related to vehicles and other assets under operating lease agreements not recorded on our balance sheet.

Except as described above, we are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources.

Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, we are exposed to a variety of market risks including credit risk, interest rate risk and liquidity risk. We monitor and manage these risks as a part of our overall risk management. The following section discusses the significant financial risks to which we are exposed. This discussion does not address other risks to which we are exposed in the ordinary course of business, such as operational risks. See “Risk Factors” and note 7 to our Consolidated Financial Statements included elsewhere in this offering memorandum.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Prior to the Transactions, our exposure to the risk of changes in market interest rates related primarily to our long-term debt obligations with floating rate interests.

In order to minimize interest rate risk, we had previously entered into swap and cap agreements. All of these interest rate swaps and caps expired on June 30, 2012, and no further swaps or caps have been entered into.

The Revolving Credit Facility will bear interest at variable rates. While we may enter into hedging agreements in the future, we may also elect not to do so or the terms on which we hedge may not be satisfactory or may fail to adequately protect us from changes in market interest rates.

Credit risk

Credit risk is the risk of financial loss resulting from counterparty failure to repay or service debt owed to us according to the contractual terms or obligations. We are exposed to credit risk on our trade receivables, non-current other financial assets and cash and cash equivalents.

Trade receivables are subject to credit limits and ongoing credit evaluations in all of our subsidiaries. Due to our large geographic presence and large base of clients, we are not exposed to material concentrations of credit risk on our trade receivables and have no significant exposure to credit risk with any single counterparty. In addition, due to the nature of our operations, a significant portion of our revenue is received in cash.

We do not believe we are exposed to significant credit risk on our cash and cash equivalents as these are spread over several financial institutions in different countries.

Liquidity risk

Liquidity risk is the risk of not being able to fulfill present or future obligations if we do not have sufficient funds available to meet such obligations at the time they become due. Liquidity risk arises mostly in relation to cash flows generated and used in working capital and from financing activities, particularly by servicing our debt, in terms of both interest and capital, and our payment obligations relating to our ordinary business activities. We manage liquidity risk by continuously monitoring our expected cash flows and working capital levels and ensuring that adequate borrowing facilities are maintained.

We have several thresholds and approval requirements for borrowing and investing as well as for using derivative financial instruments. In general, subsidiaries may not borrow in their respective local currency without the approval of our Chief Financial Officer. The subsidiaries may also not hedge their foreign currency exposures without the approval of our Chief Financial Officer. Wherever possible, we require that subsidiaries repatriate all their excess cash and bank balances to Group finance companies to allow the Group to ensure that adequate funds are made available across the Group as necessary.

Foreign currency risk

Since each of our subsidiaries invoices its clients in the functional currency in which that subsidiary operates, and since the significant part of its cost base is also denominated in its functional currency, our exposure to currency risk is not significant.

Translation exposure arises from the consolidation of operations whose functional currency is not the euro in our financial statements which are presented in euro. Previously, in order to minimize our exposure to translation risk, we had established the borrowings and related interest payments in the four main currencies in which we operate, namely EUR, CHF, GBP and SEK, in order to effect a natural hedge between our income and interest expenses. The Euro Notes and the Revolving Credit Facility will be denominated in euro, and changes in foreign exchange rates will therefore give rise to foreign exchange exposure. While we may enter into hedging agreements in the future, we may also elect not to do so or the terms on which we hedge may not be satisfactory or may fail to adequately protect us from changes in foreign exchange rates.

As of September 30, 2013, if the euro had weakened by 10% against the Swiss franc, British pound or Swedish krona, our net profit would have decreased by €0.7 million, €2.8 million and €0.4 million, respectively.

Critical Accounting Policies

Our Consolidated Financial Statements and the accompanying notes contain information that is pertinent to the discussion and analysis of our results of operations and financial condition set forth above. The preparation of our Consolidated Financial Statements and Interim Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets

and liabilities in future periods are summarized below. For a more detailed description of our significant accounting policies, see note 2 of our Consolidated Financial Statements.

Goodwill and intangible assets with indefinite useful lives

The cash-generating unit to which goodwill is allocated and other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired. The recoverable amounts of cash generating units and intangible assets with indefinite useful lives are determined based on their values in use. These calculations require the use of estimates and assumptions consistent with the most up-to-date business plans that have been formally approved by management.

Client Contracts

Intangible assets resulting from the acquisition of client contracts in a business combination have a finite useful life and are amortized over the determined life of 15 years. We actively monitor retention rates on client contracts and consider other relevant factors which may provide an indication of impairment.

Employee Benefits

The present value of the pension obligations depends on a variety of factors that are estimated annually by independent actuaries using a number of assumptions, including the discount rate to be applied to determine the present value of defined benefit obligations. In determining the appropriate discount rate, we consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Deferred income tax assets

Deferred income tax assets on unused tax losses carried forward are recognized to the extent it is probable that there will be future taxable profits against which the losses can be offset. The assessment of recoverability of the recognized deferred income tax assets is based on assumptions regarding future profits and is derived from the latest budgets and business plans of the Group.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is based on management's best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions for warranties are ordinarily determined by product line and are based on statistics including the likelihood of a breakdown occurring and the average cost of repair or replacement.

Sales estimations

Where sales are based on consumption in the machines, there may be a timing difference between the date on which the cash was last collected from the machines and the date on which the sales readings were taken. In this case, an estimate of the sales between the date of the last cash collection or the last machine reading and the end of the period is made. The estimate is based on historical sales trends in respect of the specific client sites and machines. The estimated amount of sales which have been neither collected in cash nor invoiced to clients are recorded as accrued income and uncollected cash in points-of-sale.

Inventories

Food and beverage inventories which have passed their sell by date are fully provided against. Similarly, where the level of food and beverage inventories held exceeds the sales expected to be achieved before the sell by date, a provision is made for the excess inventory held. Provisions for vending equipment in inventory are recorded against vending machines in inventory according to the age of the machine. Provisions for spare parts held in inventory are calculated according to the inventory turnover ratio.

INDUSTRY OVERVIEW

The European Vending Machine Operator Market

Overview

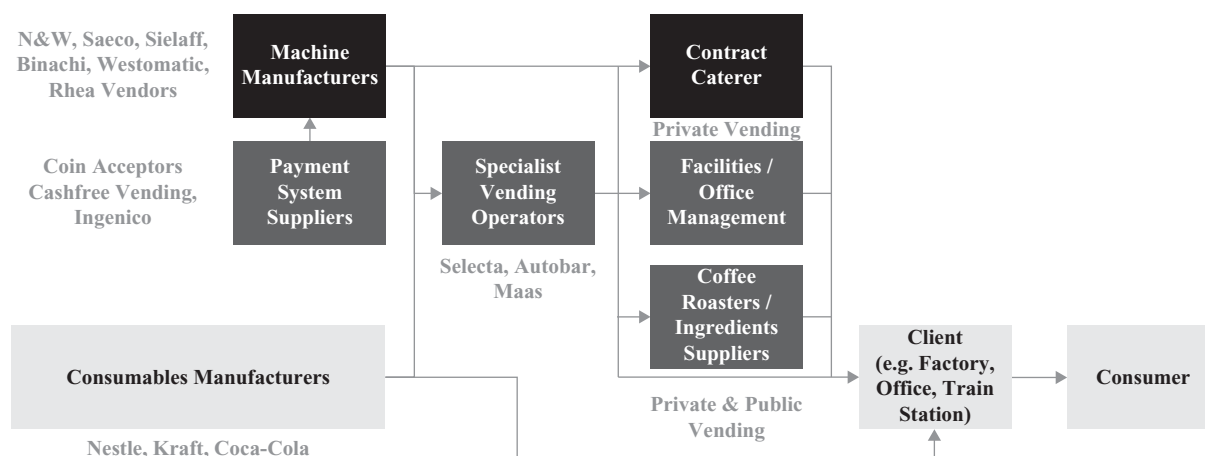
Information in relation to the European vending industry is primarily available from the European Vending Association (“EVA”)¹ which covers 21 countries in Europe in its statistics (most of the European Union as well as some non-EU countries such as Switzerland, Russia, Turkey and Ukraine). The EVA estimates that during 2012 there were approximately 3.8 million vending machines in Europe (2.2 million hot drinks machines (60% of total), 0.7 million cold drinks machines (19% of total) and 0.8 million glass front machines selling mostly drink and food items (21% of total)). These machines generated 30 billion vendes and total revenues of €11.4 billion in 2012, with our five core markets (Switzerland, Sweden, France, Germany and the United Kingdom) representing approximately 63% of the European vending market. The European vending market is mature with few players of international scale and a long tail of small players, indicating the relatively low barriers to entry, but high barriers to scale.

Based on the EVA, the European vending market in terms of industry revenues grew annually by 1.4% from 2003 to 2008. In 2009, the market declined by (8.9)% as a result of the economic recession and financial crisis; this decline was primarily the result of cyclical rather than structural factors, namely a fundamental linkage to macroeconomic conditions. The EVA estimates that market revenues stabilized but still declined marginally by (0.2)% annually from 2009 through 2012. According to our estimates, industry revenues declined by (1.3)% during 2013 due to the continuation of weak business sentiment and reduced capital expenditures on new machines by vending operators.

Overview of Vending Value Chain

The value chain for the vending machine industry includes several key participants: (i) machine manufacturers and payment system suppliers; (ii) coffee roasters, ingredients and consumables manufacturers; and (iii) specialist vending operators. Specialist vending operators distribute food and drink products to end-consumers through their vending machines. While end-consumers consume the products provided by vending machines, Selecta and its key competitors contract primarily with the facility management functions of private entities (e.g. offices, factories) and infrastructure functions of public entities (e.g. rail stations, airports). Through contractual agreements, clients compensate vending operators like Selecta for providing a complete or partial vending concept, including procuring machines and products and restocking, maintaining and repairing machines at client sites; typically vending operators benefit from long term contractual arrangements which provide visibility into future revenues.

Some of the participants in the vending industry value chain are outlined in the diagram below:



¹ The EVA is a not-for-profit organization that represents the interest of the European coffee service and vending industry vis-à-vis the European Institutions and other relevant authorities or bodies. All EVA data provided is derived from EVA's industry report titled "The 2012 Vending Industry Market in Europe" and relevant EVA country reports.

Vending Operator Business Models

The majority of vending machines are operated by specialist operators who own or lease machines. These operators, such as Selecta, are typically responsible for the procurement and placement of machines, stocking and restocking of items in the machines, and ongoing maintenance of machines. There are some variations in business models, for example, in the case of the Office Coffee Service (OCS) model, operators may also rent/sell machines to clients and sign a technical service or ingredient supply contract, leaving clients responsible for the regular filling, cleaning and restocking of the machines.

For illustrative purposes, we have provided an overview of various operator service models below:

| Operator Service Model | Full Service | Partial Service Vending / OCS | Supply / Technical |
|------------------------|---|--|--|
| | <ul style="list-style-type: none">• Machines are owned, stocked, and maintained by operators. Clients either pay for their use (by invoice) and provide this free to employees, or consumers pay for products themselves (with cash/cards)• Machines are generally large and built for high throughput | <ul style="list-style-type: none">• Clients lease or buy the machines and buy stock from operators under supply contracts• Clients fill and clean machines themselves | <ul style="list-style-type: none">• Operators sell machines and ingredients to clients without any service element (both replacements and to new customers)• Operators offer technical service contracts for machines |

Selecta's business model reflects a combination of the various models discussed above, but with a focus on full service vending.

Vending services are typically provided to "private" and "public" clients. "Private" clients generally operate within private or relatively restricted locations such as offices and factories. "Public" clients have properties which are generally located in more widely accessible locations such as railway stations, airports, petrol stations and retail malls. Machines are also provided to clients in semi-public locations such as universities, schools, health clubs and hospitals.

Selecta's relevant segments of the vending industry focus on three types of machines: (i) hot beverages (coffee, hot chocolate, tea); (ii) closed front cold beverages (cans and bottles); and (iii) glass front (snacks, cold drinks, some fresh foods and non-food products). While all of these products are available through several other distribution channels (e.g. supermarkets, coffee shops), vending machines offer a value proposition focused around convenience for both consumers and clients. Specifically, vending machines provide consumers with "24/7" access to products at particularly convenient points of sale in private and public locations. Furthermore, full service vending offers clients in private locations with a convenient (and in some cases fully outsourced) means to promote employee satisfaction via readily accessible consumables.

Vending operators such as Selecta typically earn revenues from their clients via long term contracts which provide a high degree of revenue visibility. Contractual agreements vary, but private contracts are typically for three to five years, while public contracts are typically for five to ten years. Vending operators generate revenues based on their specific business models and the range of services offered. Illustratively, a vending machine provider operating within a private setting with a full service vending business model would earn revenues from the sale of products with prices agreed at the outset of the contract and adjusted based on a mechanism such as a price index. Operators generally also generate fixed service/maintenance fees from their public and private clients. Volume-based rebates are typically agreed with larger multi-site clients. Vending machines in private settings operate either on a "free vend" or "pay vend" basis. On a free vend basis, the client subsidizes the cost for consumers and users do not need to make payments at the vending machines. Alternatively, on a pay vend basis, consumers purchase items using coins or a form of cashless payment system without any subsidization from the client. Products are sold in public settings on a pay vend basis and providers are typically free to set and adapt product selling prices, but a provider would typically have to pay a rental fee to the client for occupying the client's premises.

Vending operators that trade machines are generally more susceptible to economic conditions and client companies' budgets for capital expenditures as well as the availability of third party lease finance. Selecta derives a low proportion of its revenues (12% of 2013 revenues) from the direct sale of machines, spare parts and ingredients.

Profitability in the industry varies considerably by market and business model and is driven by several key factors including: number of machines in operation; local machine density and market shares in specific regions; revenue mix (public versus private, OCS); pricing trends and competitive dynamics in

specific markets; ability to pass through cost increases; and companies' specific cost structures (including composition of sales and maintenance staff).

Overview of Machine Park

According to the EVA, the total machine park for vending machines in Western Europe was 3.8 million machines in 2012. Italy has the largest installed base of machines with 19.4% of the total, followed by France with 16.9%, Germany with 13.4%, and the United Kingdom with 12.0%. Switzerland and Sweden represent 2.5% each of the total machine base. Whilst these two markets reflect a relatively small portion of the European machine park, they have a high machine penetration rate, with an average of 86 and 94 people per machine in Switzerland and Sweden, respectively, versus the European average of 193 people per machine.

According to the EVA, from 2003 to 2008, the European machine park grew at a rate of 3.5% annually. In 2009, the machine park declined slightly by (1.7)% as the recession reduced the demand for vending machines, particularly in private settings/workplace environments. From 2009 to 2012, the machine park remained mostly flat and declined slightly at an annual rate of (0.2)%, due to the continued economic uncertainty in Europe. According to the Company's estimates, the European machine park also remained mostly unchanged in 2013.

According to the EVA, of the total European machine park in 2012, 60% of machines were hot drinks machines, 19% were cold drinks machines and 21% were glass front machines. Hot drinks revenues grew strongly from 2003 to 2008. However, hot drink machines were particularly hit by the recession in 2009 as most of these machines are located in the workplace. According to the EVA, the hot drinks market was largely stable from 2009 to 2012. However, it is worth noting that there has been a switch from instant and freshbrew machines to bean and espresso machines over the past years in this market—a trend that has been the result of increased focus on premiumization and a larger white collar workforce.

According to the EVA, traditional closed front machines have shown a strong and constant decline since 2008, largely to the benefit of glass front machines, which have been growing over the same period. Glass front machines are more flexible in their use and can offer a wider range of products. Innovation has made these more popular among both operators and clients.

Overview of Competitive Landscape

The European vending operator market is largely mature and is characterized by a diverse range of industry participants including both specialists and generalists. The industry is fragmented with few players of international scale and a long tail of small players, indicating the relatively low barriers to entry and high barriers to scale. Selecta and Autobar are the only two independent European vending operators of scale. Operators may, however, achieve a relatively high level of scale and density on a national or local level (e.g. Switzerland and Sweden), leading to a large number of small industry participants, which may be profitable due to the density of their national or local network. Based on the EVA and the Company's estimates, Selecta and Autobar have European market shares of 7% and 6%, respectively², while the next three largest operators, Coca Cola, Dallmayr and IVS, have market shares of 3%, 3% and 2%, respectively. In the three largest European markets, France, Italy and Germany, the top five operators comprise a combined market share of 31%, 32% and 20%, respectively. However, some of the smaller markets exhibit a high level of concentration. In the Swiss market, the top five operators represent approximately 65% market share and in the Swedish market approximately 77% market share.

² The country top five combined and Selecta market shares are based on 2012 data except for Autobar, Coca Cola, Dallmayr and IVS which are based on 2011 data and except for top five operators in Italy and Sweden which are also based on 2011 data.

The table below provides an overview of key participants in the European vending industry. Selecta competes with a subset of these companies. Please note that for some of these participants, vending is only a secondary activity:

| | European Operators | National Operators | Regional and Local Operators | Coffee Roasters/ Brands | Caterers | Facility Management |
|-----------------------------------|--|--|--|---|--|---|
| Example Companies | <ul style="list-style-type: none"> ■ Selecta ■ Autobar ■ Coca-Cola ■ IVS | <ul style="list-style-type: none"> ■ Jobmeal (Sweden) ■ Kaffee Partner (Germany) ■ Daltys (France) | <ul style="list-style-type: none"> ■ Kafevend (UK) ■ D8 (France) ■ Mat på Jobbet (Sweden) ■ Manchester Vending (UK) | <ul style="list-style-type: none"> ■ Dallmayr ■ Nestle (Nespresso) ■ Mars ■ Lavazza | <ul style="list-style-type: none"> ■ Compass ■ Aramark ■ Sodexo ■ Fazer Amica | <ul style="list-style-type: none"> ■ ISS ■ Johnson Control ■ JLL |
| Areas of Competition with Selecta | <ul style="list-style-type: none"> ■ International contracts ■ European public tenders ■ Large national companies ■ Smaller accounts for OCS (not Coca-Cola) | <ul style="list-style-type: none"> ■ Large national companies ■ National public tenders ■ May partner with operators in other countries for large tenders although rarely | <ul style="list-style-type: none"> ■ Smaller regional companies for private vending/local offices of larger companies ■ Smaller niche customers that want a tailored offering (e.g. OCS) and/or high environmental focus ■ In France, regional players have formed alliances to serve national accounts | <ul style="list-style-type: none"> ■ Cold drinks/ snack brands will compete on both public and private tenders ■ Roasters will pursue private contracts with both full-service and OCS ■ May partner with specialist vending operators | <ul style="list-style-type: none"> ■ Vending services, primarily at larger sites where catering has been outsourced ■ Will either partner with a specialist operator or self-operate | |

An important competitive dynamic is the presence of pod/capsule providers in the workplace vending segment, including Nespresso and Lavazza. Pod/capsule machines designed for the retail channel have been present in workplaces for a number of years, often purchased directly by employees. However, both Nespresso and Lavazza are focusing in a more structured way on the B2B channel with a specific proposition and have gained limited share in recent years, in particular in France and Switzerland. This is typically limited to the white collar workplace segment. Whilst in line with the ongoing trend of premiumization, the ability of such providers to take significant share across the vending market with a B2B offer is currently limited. This is a result of using machines which are typically low throughput (hotels, restaurants and café (“HoReCa”) style), the need for a full service model which they have limited ability/willingness to provide, and the high price point relative to other vending propositions. The use of retail channel machines and the B2B proposition of pod and capsule players have not been significantly disruptive to traditional operators. Whilst the growth of pod and capsule players in the workplace is not a key driver of the recent performance of specialist operators such as Selecta and Autobar, it is a relatively recent competitive dynamic which will continue to evolve.

Industry Drivers and Trends

Most Western European countries, including Selecta’s primary footprint countries, reflect relatively mature markets.

Based on the EVA, the European vending market in terms of industry revenues grew annually by 1.4% from 2003 to 2008. In 2009, the market declined by (8.9)% as a result of the economic recession and financial crisis; this decline was primarily a result of cyclical rather than structural factors, namely a fundamental linkage to macroeconomic conditions. The EVA estimates that market revenues stabilized but still declined marginally by (0.2)% annually from 2009 through 2012. According to the Company’s estimates, industry revenues declined by (1.3)% during 2013 due to the continuation of weak business sentiment and reduced capital expenditure on new machines by vending operators.

Sales in the vending industry vary by country based on various elements including market structures, consumer preferences and trends and payment methods available. Broadly, vending sales are driven by the following key factors:

- *Consumer behavior, preferences and local trends:* Industry sales are to a large extent driven by consumers’ preferences and behavioral considerations. For example, with changes in work-place needs and demands, sales of vending products are bolstered by an increase in working hours and compressed time for meals “on the go.” Industry sales are also impacted by dynamics in specific markets. For example, on a relative basis historic demand for coffee/OCS is higher in Southern European and Nordic countries when compared with the rest of Europe; this drives growth in

sub-markets based on local characteristics. These trends are evolving, and increasing customer expectations for coffee quality are driving the growth of premium coffee services throughout Europe.

- *Macroeconomic factors:* Within the industry, revenues, particularly those related to private sales, are impacted by the state of underlying economies and employment levels as these factors drive consumption at client sites through the level of hours worked, purchasing power and clients' investments in non-essential services. According to the EVA, European vending market revenues declined by (8.9)% in 2009 during the economic crisis. However, vending providers represent a relatively low proportion of client companies' total procurement spending and are thus less susceptible to longer-term reductions/rationalizations at client sites. Furthermore, companies face varying exposure to macroeconomic conditions based on their respective segment and product mixes; for example, public markets are less susceptible to economic downturns driven by ongoing foot traffic at public locations even during recessionary environments. Even within the private sector, hot beverage/OCS sales have proved to be more resilient and notably the OCS market has continued to exhibit growth in many regions even through the economic recession in Europe.
- *Contracts:* Long term stability within the industry is to a large extent driven by the contracted nature of revenues. While the proportion of contracted revenues varies by market and segment, companies such as Selecta benefit from a fully contracted base of revenues which provide a high level of revenue visibility.
- *Condition of machine park and capital investment:* We believe that sales of products are also correlated with the condition of the underlying machine park. We have observed volume and revenue pick-up following the deployment of new machines and believe that a certain amount of capital expenditure is required to maintain machine parks with additional capital expenditure required to achieve growth. The reduced investment in machines in the recent past driven by liquidity challenges faced by various key industry participants partially explains recent market declines from a volume and revenue perspective.
- *Regulation:* The industry is also impacted by developments in regional, national and EU-wide regulation, for example with regards to the display of ingredients, technical specifications of machines, ability to operate in certain locations, recycling and waste disposal to name a few. It is our belief that larger operators such as Selecta are better positioned to understand, influence and react to such changes than smaller regional operators.

Selecta's brand, leadership in developing premium products (e.g. Starbucks partnership), high proportion of public sales, low exposure to direct machine sales and visible contracted revenues streams provide it with a resilient business model that we believe is less susceptible to the overall economic environment than the overall industry. This can be demonstrated by its success in gaining market share relative to smaller competitors in many of its core geographies. Furthermore, we believe that industry trends will on balance drive recovery and underlying market growth going forward.

We believe the vending market will be impacted positively by the following trends:

- Change in drinking habits
 - Growing trend towards premiumization of coffee drinking provides unique opportunity for offerings such as Selecta's Starbucks offering
 - Emphasis on use of fresh milk
 - Request for larger choices of hot drinks
- Mobility
 - With further limitations on time, consumers looking to snack and drink on the go
- Technologies
 - Telemetry and connectivity
 - Ease of use via touch screen user interface
 - Introduction of cashless payment systems (e.g. contactless, sms)
- Workplace trends
 - Outsourcing of coffee services

- Employee push for improved coffee quality
- Increase in partnering with facility maintenance providers/caterers could provide increased access to markets

Conversely, we believe the following factors could impact our markets adversely:

- Development of new points of sale
 - Increase in coffee shops
 - Longer opening hours of retail stores
 - Decreasing cost of cold drinks and snacks in discount stores (e.g. multi-packs)
- Transition from blue to white collar
 - Vending machines typically generate higher throughput in factories than offices
- Development of alternate technologies
 - Capsule-based coffee solutions
- Increasing intermediation by FM providers / caterers could lead to more aggressive pricing
- Increasing regulation
 - Health concerns by regulators
 - Restrictions on sale of products in public and semi-public locations

Furthermore, some factors could impact our markets both positively and negatively:

- Increasing intermediation by FM providers / caterers
 - Serve as a substitute to our product and service offering
 - However, also provide us with a new channel for offering our services

On balance, and despite the adverse developments referenced, we believe the positive industry developments will enable the Company to achieve stability going forward, as it is well-positioned to benefit from some of the trends outlined above through its offerings, the already ongoing implementation of new technologies and the size of its network. Furthermore, Selecta's reliance on contracted revenues in relation to private entities and its high proportion of public revenues provides it with significant revenue resilience and visibility going forward.

The Swiss Vending Machine Operator Market

According to the EVA, the Swiss vending machine market generated revenues in excess of €422 million in 2012 from 93,510 vending machines with 712 million vends during the year. Hot drinks represent 63% of the market by value of revenues, with the remainder split amongst snacks at 24% and cold drinks at 13%. The workplace is by far the most common location for vending machines in Switzerland, with 85% of machines in operation located there. This is above the European average of 80%.³

The Swiss market is characterized by a relatively high price point, given relatively low price sensitivity in the market and is predominantly a pay vend market. Clients and consumers have high hygiene requirements and high expectations on product quality. Fresh food is a key part of the offering of vending operators driven by the absence of canteens in many corporate offices. Cashless payment systems are installed at in excess of 70% of vending machines in private / workplace settings.

Recently, there has been an increasing trend towards premiumization with a shift towards the quality standards exhibited by coffee houses. These trends include an increased use of bean coffee, instead of soluble coffee, an increased variety of coffee options and the availability of milk products as well as high-quality and different sizes of cups. The machine park has evolved to reflect these developments. New players have entered into the market with Nespresso Professional and with partnerships with providers offering full service vending in all categories including snacks and cold drinks.

³ EVA data is based only on traditional vending and excludes parts of the OCS market, such as small fully automated machines, capsule/pod systems and high-end hotels, restaurants and café ("HoReCa") OCS machines. According to experts, this market is growing partially at the expense of traditional vending systems.

In comparison to other European markets, according to the EVA, the vending market in Switzerland was less severely affected by the economic recession and financial crisis with industry revenues declining by (0.9)% during 2009. From 2009 to 2012, revenues declined by (1.3)% annually, but with diverging trends in individual years during this period. Total industry revenues increased by 1.6% and 3.1%, in 2010 and 2011, respectively, reflecting significant resilience of the overall Swiss economy due to high immigration of skilled workers, low interest rates and a real estate boom. However, revenues contracted from 2011 to 2012 by (8.3)%. This was largely a result of foreign exchange rate pressure which reduced exports and economic activity. In 2013, the market is believed to have remained subdued as employment growth decelerated. Real GDP growth is expected to continue through 2015 and will likely support vending growth. Anti-immigration policies after 2015 could negatively impact the economy.

In comparison to other European markets, the Swiss market is concentrated. According to the EVA and the Company's estimates, we estimate that we have a market share of approximately 49% and that the top five operators in the Swiss market (Selecta, Dallmayr, Vending Service, Cecchetto and Leomat) have a combined market share of approximately 65%. Selecta achieved its high market share in this market through a process of consolidation over the past three decades. There has been limited M&A activity in recent years. Selecta particularly benefits from its very strong brand awareness as a result of its high position in public vending.

We believe that Selecta has a very strong position in the Swiss vending market due to the scale of its network, its local brand recognition and its historical roots. Years of experience in this market have led to significant operational knowledge and consequently efficiencies. In combination, economies of scale and experience in this market have led to industry-leading profitability.

The Swedish Vending Machine Operator Market

According to the EVA, the Swedish vending machine market generated revenues of approximately €257 million in 2012 from 95,806 vending machines with 951 million vends during the year. Hot drinks represent 70% of the market by value of revenues, with the remainder split amongst snacks at 22% and cold drinks at 8%.

The Swedish market is characterized by being predominantly focused on OCS, while there is only a limited market for snacks and soft drinks. The consumption of coffee in Sweden is high, partially due to the cultural popularity of coffee breaks ("fika"). The consumption of soft drinks is low due to small coinage denominations and high prices relative to prices in the retail channel. In office environments, there is a high proportion of free vends. Over the past years, there has been a shift towards whole bean premium products, fair trade and organic products as well as fresh food. The Swedish vending industry tends to have coffee prices indexed to price measures such as the Consumer Price Index (CPI) or commodity indices.

The vending market in Sweden was marginally impacted by the economic recession and financial crisis. According to the EVA, the market increased by 0.8% in 2009. This was the result of both Sweden having a shorter and sharper recession than many other European countries and coffee being a tax free benefit in Sweden, making it more resistant to recessionary pressure. From 2009 to 2012, the market declined at an annual rate of (0.6)%. The sharpest decline occurred in 2012 at (2.3)% due to low business confidence and weak exports. The current consensus view is that the market began to recover in Q4 2013. Vending market growth is expected to pick-up, due to a pick-up in the economy, employment levels and population growth.

The Swedish market is relatively consolidated with the top five operators (Selecta, Autobar, Jede, Jobmeal and Amica Vending) representing approximately 77% of the market. According to the EVA data, we estimate that our market share is approximately 40%. There has been a degree of M&A activity within the Swedish market although the relative positioning of operators has remained stable.

Selecta has a long presence in the market going back to the 1950s. The Company is one of the few operators with national reach in Sweden, which, in addition to providing scale and density, positions Selecta strongly when tendering for large national or regional corporate contracts, as well as enabling it to provide a competitive public offering.

The French Vending Machine Operator Market

According to the EVA, the French vending machine market generated revenues of €2,027 million in 2012 from 637,475 vending machines with 5,368 million vends during the year. The French market is strongly

skewed towards hot drinks with these representing 67% of total revenues, with snacks (20%) and cold drinks (13%) accounting for the remainder. In the French market, over 80% of all machines are located in workplaces. The most common payment model is cash, and vending in many workplaces is controlled by the “worker’s council.”

As is the case in other markets, France has also seen a trend towards premiumization. Operators are increasingly focused on premium and specialty coffee as well as a preference for 50cl PET bottles over 33cl cans for cold drinks. Specifically, glass-front machines selling both food and 50cl PET bottles is the only category of machines that has been increasing every year since 2003, when the EVA started tracking data. This switch has also enabled the increase of prices of cold drink products. With regards to coffee, according to the EVA, the number of instant coffee machines and roast & ground coffee machines declined at an annual rate of (0.5)% and (9.4)% from 2007 to 2012 respectively; while the number of bean coffee machines increased at a rate of 4.0% annually.

According to the EVA, the French market in terms of revenue declined sharply in 2009 at (6.6)%. This was mainly driven by weak macro-economic fundamentals. From 2009 to 2012, revenues declined at an annual rate of (0.6)%. This was due to continued weak macroeconomic fundamentals, partially counterbalanced by the increased trend towards premiumization mentioned above. In 2013, the national trade association shows a (3.0)% decline in the market, driven by a weak economy and a VAT increase. Market growth is not expected to improve significantly over the next years due to a slow recovery in employment.

Like the European market in general, the French market is fragmented with the top five operators (Selecta, Autobar, Darea, Dalliance, and Prodia+) having a combined market share of approximately 31%. According to the EVA data, we estimate that our market share is approximately 11%. Darea is an alliance of independent regional operators, illustrating the continuing fragmented nature of the French market. In total there are approximately 1,050 companies operating in this industries of which 94% have revenues of less than €3 million. Daltys has grown recently by acquiring Dalliance, Coca Cola Vending France and Codaralp. Historically, consolidation in this market was driven by Autobar. Selecta is heavily skewed toward public vending in this market.

Recently, we have seen an increased level of competition in the French market as several operators try to gain market share through lowering prices. This has led to an overall aggressive pricing environment. Therefore, clients are also in a strong position to push for increasing rents or larger rebates when contracts are tendered.

In France, Selecta generates a large proportion of its revenues from the public sector in comparison to its competitors. Selecta’s strong position in the French market is driven by its very large contract with SNCF. This represents not only a high sales volume and important infrastructure to the regional private network, it also places the Selecta brand at prominent and high-traffic public locations in railway stations.

OUR BUSINESS

Overview

We are the leading independent operator of vending machines in Europe by revenue, with operations in 21 countries across Europe and leading market shares in our key markets of Switzerland, Sweden and France. We operate a network of approximately 135,000 active snack and beverage vending machines on behalf of a broad and diverse client base. We offer a wide range of products in our vending machines, including hot and cold beverages and various snacks and confectionary items. Our clients include a large number of both private and public organizations. Our private vending services, which also include our office coffee services (“**OCS**”), are directed primarily at office environments but also include clients such as hospitals and universities. Our public vending machines are located in high-traffic public locations, such as airports, train and subway stations and gas stations, where our longer-term client contracts provide us with a steady stream of revenue. In addition to our public and private vending operations, we also generate revenue from trade sales of machines and products.

For the year ended September 30, 2013, revenue from our privately placed points of sale, which includes OCS, accounted for 63.0% of our total revenue. Revenue from OCS alone corresponded to 9.6% of our total revenue for the same period. For the same period, revenue from our public vending clients, or our publicly accessible points of sale, accounted for 24.7% of our total revenue. Other revenue and revenue from trade sales of machines and products accounted for 12.3% of our total revenue for the year ended September 30, 2013. By product mix, vendes of hot drinks accounted for 51.7% of our total revenue for the year ended September 30, 2013, while vendes of snacks and cold drinks accounted for 35.4% of our total revenue.

Our business model covers the full value chain of the vending services market. Our sales teams originate new contracts for the placement of vending machines on clients’ premises, and we also bid for concessions pursuant to public tenders to place vending machines with public entities, such as airports and train and subway stations. We purchase vending machines for our clients, install them at their premises and manage the sourcing and stocking of the food and beverage vending products on behalf of our clients. We also provide cleaning, maintenance and technical support services, which can be customized based on individual client preferences. In addition to our vending and vending services operations, we also sell vending machines, vending machine parts and products separately and independent of vending service arrangements. We therefore generate revenue at each step of the vending services value chain, through a combination of fees from clients for providing, stocking and maintaining vending machines, through the products sold from our vending machines and from the sale of machines, ingredients and spare parts.

We operate our vending machine network primarily under the “Selecta” brand, which we believe stands for quality and innovation in the industry and enjoys strong brand recognition in many of the markets in which we operate. We are active across much of Western Europe. For the twelve months ended March 31, 2014, our vending machine operations in our Central and North regions accounted for 40.8% and 21.4% of our total revenue, respectively, with France and the United Kingdom contributing 27.8% and 10.0% of our total revenue, respectively. In terms of market share by revenue, we believe that we have market shares of approximately 49%, 40% and 11% in Switzerland, Sweden and France, respectively, based on market size data from the European Vending Association for 2012 and our own estimates. We are also the overall market leader by revenue in the total European vending market, with an estimated market share of approximately 7% based on the same market data and estimates.

The European vending machine market is fragmented and characterized by a large number of small scale vending machine operators. We believe that our business model and our scale provide us with competitive advantages compared to smaller vending machine operators and present us with opportunities to benefit from market consolidation in the future. Moreover, as one of the only vending machine operators with a pan-European platform, we are better positioned than many of our competitors to provide vending services to large multinational clients present in multiple European countries.

For the twelve months ended March 31, 2014, we generated revenue of €715.0 million and Adjusted EBITDA of €135.6 million. For the same period, our Adjusted EBITDA margin was 19.0%.

Our Strengths

We believe our competitive strengths include:

Diversified and loyal client base with high level of revenue visibility.

We consider our diverse mix of loyal clients to be one of our key competitive strengths. Our client base includes a wide range of private and public clients, including companies and office environments, hospitals and universities as well as airports, train and subway stations and gas stations. We operate a network of approximately 135,000 active vending machines in 21 countries which further contributes to our diversified revenue. For the year ended September 30, 2013, our top ten clients accounted for approximately 18% of our total revenue and no single client accounted for more than 3.8% of our total revenue. Our client loyalty is reflected in our high level of client retention. From 2011 to 2013, we estimate our overall average client retention rate was approximately 93% based on total revenue. In addition to our loyal client base, our high revenue visibility is also due to the length of our client contracts and the economic terms agreed in advance. In our private vending and OCS service segments, for example, typical contract terms range from three to five years, while our contracts for public vending services typically range from five to ten years.

Resilient EBITDA and stable cash flow generation.

Our Adjusted EBITDA has remained resilient through the economic cycle and increased from €120.1 million for the year ended September 30, 2011 to €132.5 million for the year ended September 30, 2013, despite a challenging economic environment in many of our markets. Furthermore, through reductions in overhead costs, our Adjusted EBITDA margin has increased from 15.0% for the year ended September 30, 2011 to 17.9% for the year ended September 30, 2013. The vending machine operator business is characterized by favorable working capital dynamics, driven in part by immediate cash collection at points of sale and high inventory rotation. We also benefit from a steady stream of cash flows from our vending clients, particularly in public vending, with whom we typically enter into longer-term service agreements. Our weighted average contract life of our top ten clients is approximately five years. We generated €72.0 million, €80.9 million and €75.5 million of free cash flow in the years ended September 30, 2011, 2012 and 2013, respectively. Our capital expenditure primarily relates to investments in new vending machines and refurbishment of our existing vending machine base. We reduced our total net capital expenditure from €67.8 million for the year ended September 30, 2011 to €37.9 million for the year ended September 30, 2013. This was due, in part, to the combination of our relocation of unprofitable vending machines and the introduction of stricter investment thresholds. It was also attributable to an increase in the volume of refurbishment, which allows us to extend the life cycle of our vending machines by re-introducing them in locations where we face less competition or where our clients or consumers do not require the latest technological features.

Leading positions in key markets.

We are the leading European vending machine operator by revenue, with an estimated 7% market share of the European vending market based on market size data from the European Vending Association for 2012 and our own estimates. We are also the leading vending machine operator by revenue in Switzerland, Sweden and France, with estimated market shares of approximately 49%, 40% and 11%, respectively, based on the same market data and estimates. We believe our vending machine density in these markets and certain other regions allow us to realize economies of scale and, together with our strong brand awareness, high client loyalty and product quality, further enhance our strong market positions. In particular, we consider vending machine density to be a competitive advantage, because it offers us the ability to scale costs, including sales force efficiencies and transportation expenses, across a large number of machines. In addition, we believe that our scale in this fragmented European vending market positions us to increase our vending machine density in countries where we currently operate while also positioning us to benefit from market consolidation should it occur.

Consistently high margins in our key markets and regions and opportunity for enhancement.

For the year ended September 30, 2013, our operations in our Central and North regions generated Adjusted EBITDA margins of approximately 26.1% and 22.9%, respectively. We have been the leader by market share in Switzerland for many years and have continuously grown our market share in Sweden over the past ten years. Our strong market positions in these markets, together with our ongoing efforts

to optimize vending machine density, help to drive our consistently high margins in these regions. We are continuing to apply the same concept in our other regions and markets by leveraging management's knowhow and experience to drive profitability in other countries. For example, our Adjusted EBITDA margin in France increased from approximately 8.9% for the year ended September 30, 2011 to 14.4% for the year ended September 30, 2013. As we enhance our vending machine density in the countries in which we operate, we believe we will be able to further increase our overall margins.

Strategic opportunities and operational initiatives.

We have capitalized on strategic opportunities in recent years and continue to implement certain operational initiatives to further drive organic growth. For example, in March 2013, we entered into an agreement with Starbucks for the exclusive right to operate Starbucks Corner Cafés in eleven European countries. Our Starbucks Corner Cafés are primarily targeted at office environments, and we aim to further expand the concept in order to establish a leading position in Europe for vends of premium coffee in the workplace. We have also undertaken certain reorganization measures to reduce our overhead costs, particularly related to our workforce and costs related to headquarter functions. From September 30, 2011 to September 30, 2013, we reduced our overhead costs by €27.6 million. When adjusted for the one-off items included in Adjusted EBITDA from September 30, 2011 to September 30, 2013 of €14.4 million and excluding €6.2 million of overhead costs related to Selecta Italia S.p.A., which was disposed of in 2012, we reduced our overhead costs from September 30, 2011 to September 30, 2013 by €35.8 million. Furthermore, we have recently implemented certain procurement initiatives, such as bundling volumes of supplies, focusing on selected suppliers and streamlining our supply chain. We have also identified and are continuing to develop new solutions for lead generation processes, target setting and reporting as well as new incentives and tools to promote our sales force effectiveness.

Qualified and experienced management team.

The members of our senior management team have extensive experience in the vending and retail markets at leading national and multinational companies. Our senior management team has been strengthened by the recent addition of our Chief Executive Officer in 2013, who has a proven track record in operational and financial transformations, and our Chief Financial Officer, who previously served as our Head of Controlling and has extensive experience in business planning and financial reporting. They joined our two regional directors responsible for the North and Central regions, who have 13 and 28 years of experience, respectively, at Selecta. We believe that the collective industry knowledge and leadership of our senior management team will enable them to continue to grow our business and execute our strategies.

Our Strategy

Our primary strategy is the profitable organic growth of our business, which we intend to achieve by focusing on the following strategic objectives:

Achieve a leading position in each of the markets in which we operate.

We aim to be one of the top three players in each of the markets in which we operate while also maintaining the leading positions we have established in our key markets of Switzerland, Sweden and France. We intend to leverage these leading positions, together with our pan-European footprint, to further penetrate the other markets in which we operate and increase our brand awareness. Due to our established presence and current leading market positions, we believe we are well-positioned to expand our client base and increase our market share beyond our key markets.

Continue to provide a comprehensive concept offering.

We believe we have a strong reputation and loyal client base due to our innovative and comprehensive vending solution offerings. We seek to provide a one-stop shop for our clients by also providing them with as many of their vending service needs as possible. We aim to further penetrate our existing private and public vending client base while increasing our focus on clients such as gas stations, universities and hospitals and strengthening our ties with caterers and facility management companies. We also intend to drive growth by exploiting opportunities to cross-sell our product offerings and further roll out our Starbucks Corner Cafés concept to drive premium coffee services. In addition, to increase our

vends, we strive to improve our consumer focus through tailored offerings to consumers' preferences at our clients' locations.

Maintain focus on operational excellence.

We continue to focus on operational excellence to deliver products which offer the best combination of quality, innovation and technology while optimizing internal processes to increase profitability. For example, we recently implemented certain measures to improve our procurement organization through the establishment of a professional, more centralized corporate procurement organization. We aim to further increase bundling of volumes with selected preferred suppliers to achieve better pricing. We also intend to further increase standardization of our vending machines to reduce overall inventory levels and streamline our supply chain as well as reduce its complexity. To further drive productivity and improve technical support for clients through faster reaction times, we intend to equip our merchandisers and technicians with the latest handheld devices and introduce dynamic route planning. Handheld devices will allow our technicians and merchandisers to access information remotely while dynamic route planning will permit us to plan and optimize routes on a real-time basis.

Continue to be a leader in innovation and development.

We aim to provide our clients with high-quality vending machines with advanced technology and functionality. We continue to develop new machines together with our suppliers to supplement and replace our current machine portfolio over time. We believe that our focus on technology development in the areas of cashless payment systems, telemetry and user interfaces will further increase the appeal and convenience of our vending machines to our clients as well as our vending products to consumers. Telemetry will allow us to better track vends of our products, adjust our product offerings to drive vends and monitor more efficiently when vending machines require re-stocking and maintenance. We further intend to focus on continued development of new offerings for our products and services, such as our recent Starbucks Corner Cafés initiative.

Our History

Since our founding in Switzerland in 1957, we have grown both organically as well as through acquisitions. Following our first acquisition in Switzerland in 1959, we expanded into Germany in 1986, Sweden and France in 1990, Austria, Slovakia and the Baltic states in 1995, Belgium in 1997, Spain in 1998, the United Kingdom and Ireland in 2001 and the Netherlands in 2004.

In 1985, we were acquired by the Valora Group, and, in 1997, we listed on the Swiss Stock Exchange before de-listing in 2001. In 2001, we were acquired by the Compass Group before becoming part of Allianz Capital Partners through its acquisition of our business in 2007. Since our acquisition by Allianz Capital Partners, we have focused on organic growth and have not made any material acquisitions.

Our Business

As of March 31, 2014, we owned and operated a network of approximately 135,000 active vending machines to a broad and diverse base of clients. Our business operations cover the full value chain of the vending services market. We purchase vending machines for our clients, install them at their premises and manage the sourcing and stocking of the food and beverage products on behalf of our clients. We also offer cleaning, maintenance and technical support services, which can be customized to individual clients' preferences. In addition to our vending and vending services operations, we also sell vending machines, vending machine parts and products to clients separately and independent of vending service arrangements. We operate our vending machine network under the "Selecta" brand, which we believe enjoys strong brand recognition in many of the markets in which we operate and stands for quality and innovation.

Vending Machines and Services

Vending Machines

Hot Drinks Vending Machines

We offer a variety of table top and free-standing hot drinks vending machines which serve both coffee and coffee specialty drinks as well as fresh brew tea, hot chocolate and soups. Table top machines are primarily targeted at the private vending segment, such as office environments, but are also frequently

located in public locations such as gas stations. Free-standing machines, in contrast, are primarily suited for public locations in high-traffic locations such as airports and train and subway stations. We offer both table top and free-standing models on a free vend basis, where the client subsidizes the cost for consumers and users do not need to pay at the vending machine, or pay vend basis, where consumers purchase items using coins or a form of cashless payment systems. See “—Vending Services—Payment options.”

We also provide a range of premium hot drinks vending machines. Premium hot drink vending machines are distinguished by the ability to vend bean-to-cup coffee with fresh milk instead of milk powder or lactose powder. For example, our Starbucks Corner Café concept, which we introduced in 2013, features premium coffee vending machines manufactured by Franke which include space for two types of whole-bean coffee beans, offer a wide variety of coffee specialty drinks and allow users to choose from three drink sizes depending on the beverage selection. As of March 31, 2014, we had 75 installed Starbucks Corner Cafés on clients’ premises.

Our wide selection of hot drinks vending machines also allows clients to select the right machine for their needs based on additional factors such as cup capacity, the number of available drink selections and other features. For example, our Ferrara coffee vending machine has capacity for 500 cups, can vend a variety of coffee specialties, in addition to fresh brew tea and hot chocolate and includes an integrated tea leaf brewer which uses filtered water to extract full taste. It also features an integrated color touch screen that allows users to select and customize their drinks by adding sugar or increasing or decreasing the strength of drinks to taste. In addition, nutritional and allergy information is available via the touch screen to help consumers make informed choices.

In 2009, we introduced our own private label coffee blends under the *miofino* brand to complement our range of hot drinks vending machines. Our *miofino* coffee offering includes mild, mellow and bold blends as well as decaffeinated and organic and fair trade-certified blends, including instant, whole bean and roast and ground options. Specific *miofino* coffee blend availability varies according to country.

Snack Vending and Cold Drinks Vending Machines

We offer a range of free-standing snack vending machines as well as cold drinks vending machines and combination vending machines. Combination vending machines provide a variety of snacks, fresh food products and cold beverages. Each machine can be configured as a free vend or pay vend machine, with pay vend machines accompanied by a choice of various cashless payment systems.

Our snack, cold drinks and combination vending machines are primarily differentiated by their product capacity. For example, each of our Santa Fe, Santa Fe XL and Boston vending machine models are equipped to vend snacks, confectionary items, cans, bottles and tetra packs, and their flexible layouts allow for easy reconfiguration to accommodate changes in product choice or layout. We generally offer clients a standard assortment of brand name snacks and beverages, but the product mix can also be tailored to the client’s needs to reflect, for example, particular regional tastes in particular snack foods or drinks as well as locally-sourced items.

Our newest glass-fronted cold drinks vending machines, such as the St. Tropez, include a modern cooling system which concentrates the air flow at the front of the shelves in order to provide the next drinks to be vended at the optimum temperature. They also feature an integrated robotic lift, which delivers the selected drink to the carousel within ten seconds, and use energy-saving LED lights. These vending machines can be programmed to automatically switch off the illumination outside of working hours and/or reduce the chiller during non-working hours.

In addition, our vending machines typically feature separators, which can be easily removed for cleaning and separate access to payment systems.

Water Coolers

Our water coolers are primarily suited for office environments and other private settings. Our water coolers use tap water with integrated filtration systems to control water quality, allow the water temperature to be adjusted and, depending on the type of cooler, offer multiple water dispensing options—unchilled, medium chilled or chilled still water and medium or highly carbonated soda water. Flavor concentrates can be installed inside the water cooler unit to provide flavored water.

Vending Services

In addition to our range of vending machines, we offer a selection of various vending services to meet our clients' vending solution needs. These include full vending service, hygiene vending service, technical vending services and vending machine rentals.

Our full vending service is our most comprehensive vending services package. It includes the installation of vending machines, regular filling and cleaning of the vending machines as well as cash collection and technical maintenance. In addition, daily or weekly visits ensure that our clients' vending machines are well-maintained, functioning properly and frequently stocked with fresh products, including new product introductions. Our full vending service package also includes technical support for our machines. Our regional and local teams of Selecta technicians provide maintenance support services, including spare parts, and are dispatched to clients when a client reports a problem through our call centers. All of our service technicians receive high-quality training before joining our service network.

Our hygiene vending service typically includes a monthly visit, and, in some cases, more frequent visits, to the clients' site to do a technical assessment of the coffee machines and provide a thorough cleaning of the coffee machines. Hygiene service is an important part of the regular coffee vending machine maintenance to ensure the quality and taste of hot beverages.

We also offer clients technical vending services, which include regular technical and maintenance assessments as well as the provision of spare parts. Similar to our hygiene vending service, our technical support services are offered as a separate package or can be combined with our other vending services to meet our clients' specific needs.

Office coffee service

OCS is a partial vending service concept primarily targeted to smaller office environments. Under our dedicated OCS package, we provide our clients with a table top coffee machine and the coffee and other related products and supplies and visit their coffee machine sites on a monthly basis (or more frequently, if requested) to do a deep cleaning and technical maintenance check of the coffee vending machines. The OCS package is ideally suited for clients who prefer to handle the day-to-day machine filling and basic cleaning and care on their own, supported by regular visits of our service staff for deep hygienic cleaning and maintenance.

Payment options

Our pay vend vending machines allow for a range of payment options from traditional cash payments with coins to cashless and mobile payment technologies. These include employee cash cards and keys, banks cards and credit cards, corporate cashless payment systems and mobile phone payments. Cash card and key options are relatively common among our vending machines located in offices environments or other private points of sale due to the ability to set different pricing levels for different consumers, such as company personnel and visitors. Credit card and mobile phone payment options are more frequently included in vending machines located at publicly accessible points of sale.

Certain of our private vending clients make our vending machines available to their employees on a free vend or partially subsidized basis. This is particularly true for office coffee vending machines and is more common among our clients in Northern European and Scandinavian countries.

Sales of Machines and Products

In addition to our core vending machine and vending services operations, we also sell vending machines, vending machine parts and products to clients separately and independent of vending service arrangements. Certain clients contract with us for the supply of vending products to stock existing machines on their premises. Revenue generated from such sales is accounted for as trade sales of machines and products. For the six months ended March 31, 2014, revenue from trade sales of machines and products amounted to €32.3 million, or 9.3% of our total revenue.

Clients and Consumers

Clients

We serve a diverse client base ranging from small office locations to large corporate clients and public entities. We broadly segregate our clients into private and public. Typical private clients include offices

environments and companies. Typical public clients include airports, train and subway stations and gas stations. We aim to further penetrate our client base while increasing our focus on clients such as gas stations, universities and hospitals and strengthening our ties with caterers and facility management companies to further expand our client base. For the year ended September 30, 2013, our top ten clients accounted for approximately 18% of our total revenue, and no single client accounted for more than approximately 4% of our total revenue in the same period.

For public clients and, to a very limited extent, large private clients, we generally pay vending fees, or vending rent, to place our vending machines on their premises. Vending rent arrangements include both fixed and variable fee arrangements (based on a percentage of revenue from vends) as well as arrangements based on a combination of fixed and variable fees. They are based on a number of factors, including tender specifications for public bids, competitive pressure, contract length, offers by competitors, expected revenue, locations and the demographics of the relevant locations. Our long experience in the vending machine operator industry provides us with insight to help determine competitive yet prudent vending rents. For private vending clients, there is typically no charge to us to place our vending machines on their premises, although we may agree volume-based rebates with larger multi-site clients.

In addition to originating new client business, our sales teams coordinate and monitor the renewal of client contracts and the public tenders in which we participate. In our private vending operations (including our OCS services), typical client contract terms range from three to five years. Our contracts with public clients are frequently longer, typically ranging from five to ten years. Our client contracts typically provide us with the exclusive right to install and operate vending machines on our client's premises, although certain contracts with public clients do not include such exclusivity rights. Our client contracts generally automatically renew for a period of one or two years at the end of the initial term in the absence of notice of termination. The notice period for termination of client contracts is typically three or six months for each contracting party. In the event of a breach of contract that has not been remedied within one month from the provision of notice of the breach, our client contracts commonly allow for termination by the non-breaching party at any time.

We believe our reputation for quality products, innovation and client service has enabled us to form strong and lasting client relationships across a broad range of our client base. We believe this is also evident in our overall average client retention rate, which we estimate was approximately 93% from 2011 to 2013 based on total revenue.

Consumers

Food and beverage products available from our vending machines are purchased by individuals who consume such items during breaks, as in-between meals, at recreational or educational facilities, in hospitals, schools or government buildings or while on the go on public transportation systems, at airports or at highway service or gas stations. As a result, we devote significant resources to the user experience and specifically to maintaining our vending machines and keeping them well-stocked with international brand-name and local products that appeal to a variety of demographics and palettes. We generally stock our snack and cold drinks vending machines with a selection of brand name snacks and beverages, taking regional tastes and preferences into account as well as our clients' choice of certain products. We also track the most popular snack and cold drink vending products on a country level in order to seek to optimize the product selection for our clients and consumers.

Sales, marketing and client service

Our sales and marketing activities are largely organized on a decentralized basis. While Group best practices, branding and sales and marketing concepts are developed centrally at our office in Cham, Switzerland, the implementation of such practices and concepts is conducted at the country level. Similarly, the organization of our sales and marketing teams varies by country. In some countries, particularly the smaller countries in which we operate, the head functions in sales and marketing are combined in one role. In larger countries, we typically have distinct sales and marketing directors responsible for the respective activities, including the setting of budgets and the oversight of small teams of sales and marketing representatives focused on our clients and services in that country.

We continually aim to provide efficient and effective quality client care. Our business operates with the support of service call centers in each country, which accept inbound calls for vending machine malfunctions and maintenance issues, and sales call centers, which place outbound calls to generate

sales of our vending machine products and services. Our relevant call centers' telephone numbers are displayed on all of our machines, allowing clients or consumers to directly get in touch with us for a quick resolution of any maintenance or other technical issues. In addition, inbound calls received by clients can be directed to technicians to help clients troubleshoot or resolve technical issues in order to avoid the need for, and time and expense, associated with a site visit.

Procurement

We have recently taken certain measures to strengthen our corporate purchasing capabilities. As a result, our Group procurement department is responsible for contracting various products and stock, including machines, coffee, sugar, cups, stirrers and other ancillary products. Certain other items, such as confectionary products and vending machine spare parts, and the organization of logistics related to such items generally remain the responsibility of our local procurement capabilities at the country level.

We purchase our supplies and stock from a number of suppliers, including from private label suppliers as well as brand name producers such as Coca-Cola, Pepsi, Kraft Foods, MasterFoods, Nestlé, WMF, N&W, Sielaff, Wurlitzer, UnitedCoffee and Tate & Lyle. We choose our suppliers carefully and value maintaining a broad supplier base. However, in the future, we intend to focus the sourcing of our vending machines to four selected, preferred suppliers, including: Franke (for our premium hot drinks vending machines), N&W (for our mainstream hot drinks vending machines), Uvenco (for our combination public vending machines) and Azure (for our water coolers). For significant portions of our purchasing volumes, we generally enter into framework agreements with our suppliers pursuant to which products and materials, quality standards, terms and prices are specified. Such framework agreements typically have terms of three years.

Real Estate and Equipment

We conduct our vending machines operations primarily through vending machines which we own.

We own or lease a combination of warehouses and regional and branch offices in many of the countries in which we operate. Our properties are typically leased for fixed terms of between five and 20 years. In general, our lease agreements can be terminated at our option prior to the maturity date, in certain cases with a penalty. We believe that our properties meet our present needs and that they are sufficiently maintained and suitable for their intended use.

With respect to other fixed assets, we owned and operated approximately 135,000 active vending machines as of March 31, 2014 and a fleet of vehicles dedicated to restocking our vending business. Depending on the country, we lease our vehicles through finance or operating leases. We believe our equipment is in good condition and suitable for our operations and their intended use.

We depreciate our free-standing hot drinks machines over a period of six years (table top machines over the period of four years) and snack and cold drink machines over a period of eight years. However, we are generally able to utilize our vending machines beyond such useful lives. From 2011 to 2013, we increased the volume of machines we refurbish to extend the useful life of our vending machines. Machines which are not refurbished and redeployed are either sold or scrapped.

Employees

The following table shows the number of our full-time equivalents by region, including merchandizers and technicians, as of the dates indicated:

| | As of September 30, | | | As of March 31, |
|--|---------------------|-------|-------|--------------------|
| | 2011 | 2012 | 2013 | 2014 |
| Employees (full-time equivalents) by region | | | | |
| Central | | | | |
| Full-time equivalents | 1,852 | 1,784 | 1,692 | 1,654 |
| <i>thereof</i> merchandizers | 962 | 918 | 938 | 904 |
| <i>thereof</i> technicians | 278 | 244 | 335 | 334 |
| North | | | | |
| Full-time equivalents | 894 | 870 | 796 | 800 |
| <i>thereof</i> merchandizers | 418 | 408 | 380 | 379 |
| <i>thereof</i> technicians | 143 | 149 | 170 | 168 |
| France | | | | |
| Full-time equivalents | 1,334 | 1,298 | 1,253 | 1,254 |
| <i>thereof</i> merchandizers | 708 | 752 | 785 | 787 |
| <i>thereof</i> technicians | 251 | 247 | 274 | 268 |
| United Kingdom | | | | |
| Full-time equivalents | 1,023 | 976 | 701 | 681 |
| <i>thereof</i> merchandizers | 545 | 597 | 481 | 456 |
| <i>thereof</i> technicians | 143 | 127 | 118 | 112 |
| Group | | | | |
| Full-time equivalents | 5,165 | 5,004 | 4,483 | 4,427 |
| <i>thereof</i> merchandizers | 2,633 | 2,674 | 2,584 | 2,525 |
| <i>thereof</i> technicians | 815 | 767 | 897 | 882 |

Benefits

We operate various pension and retirement schemes in accordance with local conditions and practices in the countries in which we operate. We have defined contribution plans in place for certain employees in Sweden, France and the United Kingdom and defined benefit plans for certain employees in Switzerland, France, Germany and Spain. These pension plans provide for the payment of retirement and certain survivor benefits. Benefits payable under these plans are determined on the basis of any employee's length of service, earnings and position. Under the defined benefit plans, employees are entitled to retirement benefits equal to a percentage of their accumulated savings in the plan on reaching a locally defined retirement age.

Collective Bargaining Agreements

The countries in which we operate provide various protections and bargaining or other rights to employees. These employment rights may require us to expend greater time and costs in altering or amending employees' terms of employment or making staff reductions.

We have collective bargaining agreements in place with our employees in Sweden and France. In Sweden, Germany, Spain and the Netherlands, we have works councils in place, representative bodies for employees with which we agree changes in conditions of employment, such as working hours, salary levels and benefits. We consider our relations with the works councils to be good.

In all other countries in which we operate, we are subject to applicable national or state legislation which, in many cases, establish minimum salaries and benefits for certain families of jobs and apply to all companies employing individuals in these families of jobs. The terms of these agreements vary from country to country, but they generally address matters such as minimum salaries, salary adjustments, working hours, breaks and vacation and are typically agreed for terms of up to several years.

Competition and Market Position

The European vending machine operator market is characterized by fragmentation and intense competition. We are one of the few vending machine service providers operating on a pan-European level. We are the leading vending machine operator in Switzerland, Sweden and France and among the leading vending machine operators in Germany and the United Kingdom based on revenue. On a European level, our primary competitor is Autobar, which also competes in multiple geographies in

Europe. We also compete with strong regional players such as Jobmeal, Kaffeepartner, Dallmayr, IVS, Darea and Prodia+, among others, and with Nespresso and other OCS providers, in our private vending and OCS market segments. In addition, we compete against a large number of small players which operate a few vending machines on a local or regional basis. See *“Industry Overview”* and *“Risk Factors—Risks Related to Our Business—We operate in a highly competitive market segment, and if we do not compete effectively, we may lose market share or be unable to maintain or increase prices for our services.”*

Intellectual Property

We rely primarily on a combination of trademarks, trade names and license agreements to protect our intellectual property rights. Our primary trademarks include “Selecta”, “miofino”, “fresh+fit”, “fresh point” and “mySoup” as well as associated word-picture trademarks. We are also the holder of various national and European Community trademarks for our “Selecta” brand name in the markets in which we operate. With the exception of the “Selecta” brand name, we do not believe that any individual item of our intellectual property portfolio is material to our business or the conduct of our business as a whole. To date, no third party has brought legal or administrative proceedings challenging the validity of our trademarks or trade names.

We cooperate with certain of our vending machine suppliers and manufacturers to develop new vending machine models and technologies. We hold certain intellectual property rights in connection with these vending machines developed or being developed.

Information Technology

Our IT operations have historically been primarily performed on a decentralized basis. In particular, IT functions related to matters such as procurement, tracking and logistics have largely been managed at the country level, supported by four teams of IT personnel located in Switzerland, Sweden, France and the United Kingdom.

We continue to invest in our IT systems in order to maintain and enhance our overall business processes. We use IT solutions in nearly all phases of our operations, from procuring vending machines, spare parts and products to monitoring operational processes and tracking logistics and maintenance of our vending machines.

We recently undertook a detailed assessment of our IT infrastructure, systems and applications and are currently in the process of implementing an enhanced IT architecture with a more centralized focus, in particular with respect to our IT infrastructure and core applications. The first phase of this process, the establishment of a new primary data center in Zurich, has already been completed. Additional phases include the replacement of certain hardware and developing standard software for certain business critical processes. While we intend to continue to develop in-house selected business-specific applications, new software currently being developed to replace our legacy applications will be provided by third party suppliers.

Insurance

We maintain general liability, property, directors’ and officers’ and other insurance policies with coverage limits we consider consistent with industry practice. The terms of our client contracts typically provide that the client will ensure that the vending machines placed on its premises are insured against third party claims and carry certain insurance protection against damage or vandalism, whether as part of its general insurance policies or insured separately. Our other fixed assets, such as our office buildings, technical equipment used in distribution, restocking and vending machine refurbishment, information technology and office equipment, are protected by a bundled industrial insurance policy (damages from fire, catastrophes, theft, flood and severe weather) that includes a business interruption insurance when business interruption is caused by an insured property damage. We monitor our insurance policies to ensure that we remain in compliance with any conditions thereunder. Certain of our insurance coverage is provided by Allianz Suisse Versicherungsgesellschaft, an affiliate of the Allianz Group and our principal shareholder ACP.

We consider our insurance coverage to be adequate both as to the nature of the risks covered and amounts insured for our business operations and review our coverage on a periodic basis. However, there can be no assurance that we will not suffer a loss or losses which are not covered by our insurance

policies or which may be in excess of the amount of insurance coverage. See “*Principal Shareholders and Related Party Transactions.*”

Regulation

The food and beverage industry is regulated by various European and national legislation related to food safety and hygiene, packaging, nutritional information and broader public health and diet concerns as well as public tenders for the placement of vending machines on public premises. As a vending machine operator, we are subject to the requirements of a number of EU and national regulations administered by the European Food Safety Authority and national government entities and agencies in the countries in which we operate.

The primary EU regulations which relate to our business are EU Regulation 178/2002 and EU Regulation 852/2004. EU Regulation 178/2002 establishes the European Food Safety Authority as well as general principles and requirements of food law in the European Union and procedures in matters of food safety. This regulation is specified, *inter alia*, by EU Regulation 882/2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules. EU Regulation 852/2004 sets out general rule for food business operators on the hygiene of foodstuffs. Additional regulations include EU Regulation 853/2004, which regulates, among other things, the temperature settings of vending machines that stock products made from or containing animal products, such as meats and cheeses, and EU Regulation 1169/2011 on the provision of food information to consumers. As we do not manufacture our own vending machines or produce our own vending products, our daily operations of sourcing and stocking vending products and cleaning and providing technical maintenance and support on our vending machines are impacted by such regulations to a limited extent; however, we have to ensure that the vending machines are operated in compliance with applicable law. Moreover, as we continue to source a wide variety of our vending products in the countries in which the vending machines are located, our suppliers are primarily responsible for ensuring that their products meet applicable packaging, nutritional information and other requirements.

In the EU countries in which we operate, we have implemented Hazard Analysis and Critical Control Points (“**HACCP**”) concepts and systems with regard to food hygiene and in accordance with the requirements of EU Regulation 852/2004 and applicable national legislation. Our employees in such countries are trained at least annually to comply with the HACCP procedures.

Environment and Sustainability

We are committed to operating our business while respecting the environment and other social considerations. Our past and present operations, including owned and leased real property, are subject to environmental laws, regulations and local permitting requirements related to the discharge of materials into the environment, the handling and disposition of waste or otherwise relating to the protection of the environment. We believe that we are in compliance with all applicable environmental laws and regulations. We are also committed to reducing our carbon footprint through various measures, such as supplying vending machines which use modern technology to increase energy efficiency, disposing of our machines and equipment in accordance with the standards of the European Commission’s Waste Electrical and Electronic Equipment Directive and developing automated route planning systems to reduce total driving distances. All of our Group’s policies and business activities are consistent with the United Nations Global Compact. We also take a proactive approach with respect to a safe and healthy workplace through regular employee training and development, Group-wide employee satisfaction surveys and a Group-wide health and safety monitoring system.

We believe that promoting ethical business practices and setting sustainable development goals is integral to the way we do business. To this end, we aim to provide consumers with healthy products from vending machines such as our Balanced Options program, which includes products that meet specific nutritional criteria, and our tailored vending solutions with a variety of healthier products for schools, hospitals and leisure centers. Our *miofino* brand coffee is already available in eight certified blends, and we continue to strive to increase the amount of certified products in our vending machines.

Legal Proceedings

We are party to various legal proceedings arising in the ordinary course of our business, such as disputes with our clients, suppliers and employees. We are not currently involved in any material pending legal proceedings nor are we aware of any threatened material claims against us.

MANAGEMENT

The Issuer

The Issuer is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) established under the laws of the Netherlands. The Issuer is an indirectly wholly-owned subsidiary of ACP.

The Issuer has a two-tier board structure consisting of a management board (*raad van bestuur*) and a supervisory board (*raad van commissarissen*). The management board is the executive body and is responsible for the day-to-day management of the Issuer. The supervisory board supervises and advises the management board.

The members of the Issuer's management board and supervisory board can be contacted at the Issuer's registered business address: Keizersgracht 484, 1017EH Amsterdam, the Netherlands.

Management Board

The table below lists the members of the Issuer's management board as of the date of this offering memorandum:

| <u>Name</u> | <u>Age</u> | <u>Position</u> |
|--------------------------------------|------------|-----------------|
| Remigius (Remo) Brunswiler | 55 | Member |
| Geraint (Gary) Hughes | 42 | Member |
| Johannes Christian Zarnitz | 55 | Member |

Remo Brunswiler joined the management board of the Issuer in 2013 and has been Chief Executive Officer of the Group since January 2013. Prior to joining the Group, he served as Chief Executive Officer at Swisslog, a global Swiss-based engineering company, from 2003 to 2012. From 2009 to 2012, Mr. Brunswiler served as a member of the board of directors of Papyrus Holding AG and, since April 2012, is a member of the board of directors of gategroup Holding AG. Mr. Brunswiler holds an MBA from INSEAD.

Gary Hughes joined the management board of the Issuer in 2013 and has been Chief Financial Officer of the Group since April 2013 (after acting as interim Chief Financial Officer from January to March 2013). Before becoming Chief Financial Officer, he served as Financial Controller for the Group from 2008 to 2013. Mr. Hughes is a UK Chartered Accountant and holds a law degree from Leeds University.

Johannes Christian Zarnitz joined the management board of the Issuer in 2010. He is currently a Managing Director of Allianz Europe B.V. and Allianz Europe Limited as well as a number of other Allianz Group companies. Mr. Zarnitz joined Allianz Versicherungs-AG in 1985, where he later served as head of Securities and Trade Control and head of the settlement department. From 2007 to 2009, he was head of the settlement department of Allianz Investment Management SE. Mr. Zarnitz holds a law degree from the University of Augsburg, Germany.

Supervisory Board

The table below lists the members of the Issuer's supervisory board as of the date of this offering memorandum:

| <u>Name</u> | <u>Age</u> | <u>Position</u> |
|------------------------------|------------|-----------------|
| Dr. Rainer Husmann | 47 | Member |
| Jörg Spanier | 40 | Member |

Dr. Rainer Husmann has been a member of the supervisory board of the Issuer since February 2013 and Chairman of the board of directors of Selecta AG since October 2012. Dr. Husmann is the Chief Executive Officer of Allianz Capital Partners, having also previously served as Chief Financial Officer of Allianz Capital Partners from September 2009 to June 2011. He continues to hold several other senior management positions with the Allianz Group. Dr. Husmann received an MBA from Friedrich-Alexander-University Erlangen-Nürnberg and a Ph.D. in Business Administration from Friedrich-Alexander-University Erlangen-Nürnberg.

Jörg Spanier has been a member of the supervisory board of the Issuer since February 2013 and a member of the Board of Directors of Selecta AG since September 2012. Mr. Spanier is a Managing

Director at Allianz Capital Partners. Before joining Allianz Capital Partners in 2007, he worked at HgCapital, a UK-based private equity firm and the M&A Advisory Division at Citigroup (formerly Schroder Salomon Smith Barney). Until the divestiture in December 2013, he served as a member of the supervisory board of Scandlines GmbH and the advisory board of Scandlines Holding GmbH, the German-Danish ferry operator. Mr. Spanier received his degree in business administration from the University of Cologne and a major in finance from the Stockholm School of Economics.

Selecta AG

Selecta AG is the main operating entity of the Group. Selecta AG is a stock corporation (*Aktiengesellschaft*) established under the laws of Switzerland. Selecta AG is managed by its board of directors and executive committee.

Board of Directors

The table below lists the members of the board of directors of Selecta AG as of the date of this offering memorandum:

| Name | Age | Position |
|------------------------------|-----|----------|
| Dr. Rainer Husmann | 47 | Chairman |
| Karl Ralf Jung | — | Director |
| Mats Lundgren | 51 | Director |
| Jörg Spanier | 40 | Director |

Dr. Rainer Husmann. For biographical details of Mr. Husmann, see the description under “—*The Issuer—Supervisory Board.*”

Karl Ralf Jung has been a member of Selecta AG’s board of directors since 2011 and was Chairman of the board of directors from 2011 to 2012. He will complete his term as a member of the board of directors on or prior to June 30, 2014. We do not currently have plans to replace Mr. Jung following his departure from the board of directors on or prior to June 30, 2014.

Mats Lundgren has been a member of Selecta AG’s board of directors since 2008. From 2007 to 2009, he was a Managing Director at Allianz Capital Partners and, prior to that, served as CEO and Chairman of the board of directors of Hansen Transmissions from 2002 to 2007. Mr. Lundgren holds a degree in electrical engineering.

Jörg Spanier. For biographical details of Mr. Spanier, see the description under “—*The Issuer—Supervisory Board.*”

Executive Committee

The following table sets forth the name, age and position of the current members of the executive committee of Selecta AG:

| Name | Age | Position |
|------------------------------|-----|---|
| Remo Brunschwiler | 55 | Chief Executive Officer |
| Gary Hughes | 42 | Chief Financial Officer |
| Thomas Nussbaumer | 54 | Managing Director of the Central region |
| Catherine Sahlgren | 51 | Managing Director of the North region |

Remo Brunschwiler. For biographical details of Mr. Brunschwiler, see the description under “—*The Issuer—Management Board.*”

Gary Hughes. For biographical details of Mr. Hughes, see the description under “—*The Issuer—Management Board.*”

Thomas Nussbaumer has been a Managing Director of the Central Region since 2007. Since joining the Group in 1986, Mr. Nussbaumer has served in various management roles, including as Business Unit Manager of a small Selecta OCS company, Marketing Director of Switzerland, Chief Operating Officer from 1986 to 2006 and Managing Director for Switzerland from 2003 to 2006. From 1993 to 1995, he also served as Managing Director of the packaging division at Mühlebach AG (Antali), a leading paper and

packing wholesaler in Switzerland. Thomas Nussbaumer holds a degree in Marketing and Sales from SAWI Switzerland.

Catherine Sahlgren has been a Managing Director of the North Region since 2006 as well as the Managing Director for Sweden since 2001, when she joined the Group. Prior to joining the Group, she worked as a management consultant for McKinsey & Co. before becoming a managing director of Pressbyrå, a Swedish retail chain, and later Chief Executive Officer of Euroseek Search Engine. She is currently a member of the boards of directors of Arkitektkopia and Bringwell. Ms. Sahlgren received her M.Sc. in business administration and economics from the Stockholm School of Economics.

Compensation of Executive Committee and Board of Directors of Selecta AG

The aggregate remuneration paid to the executive committee of Selecta AG for the year ended September 30, 2013 was €2.5 million, consisting of fixed salaries, performance-related components and other benefits, which we believe reflect the size and scope of their responsibilities. No remuneration is paid to our directors in their capacity as members of the board of directors of Selecta AG. See note 34 of our Consolidated Financial Statements for changes in the composition of the executive committee of Selecta AG during the year ended September 30, 2013.

Committees of the Board of Directors

For the purpose of considering certain matters related to personnel and other specific matters, the board of directors has established a human resources committee and an audit committee. The board of directors may, in its discretion, establish other committees, including ad-hoc committees, to perform special tasks. The human resources committee primarily advises the board of directors on compensation, bonus and pension matters for the members of the board of directors and the executive committee. The audit committee primarily advises the board of directors on matters such as auditor independence, auditor instructions, the scope of audits and fees of the auditor as well as communication with lenders.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

The Issuer

The Issuer is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) established under the laws of the Netherlands. The Issuer is registered with the trade register of the chambers of commerce under the number 34256233. The Issuer's registered business address is Keizersgracht 484, 1017EH Amsterdam, the Netherlands.

The Issuer has an authorized share capital of €300,000, divided into 300,000 no-par value registered shares with a nominal amount of €1.00 each. The issued share capital of the Issuer amounts to €187,000, divided into 187,000 no-par value registered shares with a nominal amount of €1.00 each, all of which are fully paid up.

The following sets forth certain information regarding the ownership of Selecta Group S.à r.l., which, as of the Issue Date, will hold 100% of the share capital of the Issuer.

| | <u>Percentage of share capital</u> |
|--|------------------------------------|
| ACP Vermögensverwaltung GmbH & Co. KG Nr. 4 d ⁽¹⁾ | 99.25% |
| ACP Beteiligungstreuhand GmbH ⁽²⁾ | 0.75% |
| Total | <u>100.00%</u> |

(1) ACP Vermögensverwaltung GmbH & Co. KG Nr. 4 d is a special purpose entity indirectly controlled by Allianz SE, incorporated in Munich, Germany.

(2) By deed of sale and transfer dated October, 19, 2007, ACP Vermögensverwaltung GmbH & Co. KG Nr. 4 d sold and transferred 1,402 shares in the share capital of Selecta Group B.V. to ACP Beteiligungstreuhand GmbH.

ACP

Allianz Capital Partners was set up in 1998 and is the Allianz Group's in-house investment platform for alternative investments, with an investment volume of approximately €9.2 billion as of December 31, 2013. Allianz Capital Partners has offices in Munich, London, New York and Singapore.

Related Party Transactions

As part of our business, we have entered into certain transactions with related parties, including affiliates of ACP. These relate to the provision of insurance and vending services as well as IT software application maintenance services and have been entered into on an arm's length basis. For more information, see note 34 of our Consolidated Financial Statements.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Unless otherwise defined in this offering memorandum or unless the context otherwise requires, terms defined in the Revolving Credit Facility Agreement and the Intercreditor Agreement shall have the same meanings when used in this section.

Revolving Credit Facility

On or prior to the Issue Date, we, together with the Guarantors, will enter into the Revolving Credit Facility Agreement, which provides for up to €50.0 million of committed financing, all of which can be drawn by way of loans, letters of credit, bank guarantees or by way of Ancillary Facilities (as defined in the Revolving Credit Facility Agreement), from and including the date on which all conditions precedent to signing and first utilization under the Revolving Credit Facility Agreement are satisfied.

In addition, we may elect to request one or more additional revolving credit facilities under the Revolving Credit Facility Agreement (the “**Additional Facility Commitments**”) subject to the conditions set out therein. We and the lenders in respect of such additional facilities may agree to certain terms in relation to the Additional Facility Commitments, including the margin and the termination date (each subject to parameters as set out in the Revolving Credit Facility Agreement) and the availability period.

Amounts drawn under the Revolving Credit Facility may be used for working capital and other general corporate purposes of the Group (including capital expenditure and acquisitions of companies and businesses subject, in the case of acquisitions funded by the proceeds of a loan under the initial facility, to satisfaction of the Permitted Acquisition Conditions (as defined in the Revolving Credit Facility Agreement) but not for (i) the payment of principal or interest under the Senior Secured Notes Documents (as defined in the Revolving Credit Facility Agreement) or for the payment, prepayment, purchase, defeasance, redemption, acquisition or retirement of the Notes or any replacement debt replacing the Notes or (ii) the payment of any dividend, redemption, repurchase, defeasement, retirement, repayment, premium or any other distribution in respect of our share capital. The initial borrowers of the Revolving Credit Facility will be certain subsidiaries of the Issuer. Further members of the Group may also accede to the Revolving Credit Facility as borrowers (each a “**Borrower**” and, together with initial borrowers under the Revolving Credit Facility, the “**Borrowers**”) provided that the conditions under the Revolving Credit Facility Agreement are satisfied. The Revolving Credit Facility will be guaranteed by the Guarantors and the Issuer. The facility agent (the “**Agent**”) under the Revolving Credit Facility will be BNP Paribas S.A.

Ancillary facilities

Under the Revolving Credit Facility, a lender may make available an ancillary facility, such as overdrafts, check clearing facilities, guarantees, short-term facilities, credit card facilities, derivatives or foreign exchange facilities or current account facilities subject to the satisfaction of certain conditions precedent, to a Borrower in place of all or part of its unutilized commitment under the Revolving Credit Facility.

Additional facilities

The Revolving Credit Facility Agreement includes the ability for the Issuer and the lender concerned to add one or more additional revolving credit facilities provided that the maximum aggregate principal amount of the Total Commitments (as defined in the Revolving Credit Facility Agreement) would not exceed the lower of (i) €100,000,000 and (ii) 50% of Consolidated EBITDA.

Repayments and prepayments

The Revolving Credit Facility will terminate on the date falling 66 months after the Issue Date. Any amount still outstanding at that time will be immediately due and payable. Subject to certain conditions, the Borrowers may voluntarily prepay their utilizations or permanently cancel all or part of the available commitments under the Revolving Credit Facility by giving three business days’ prior notice to the Agent. Amounts prepaid or repaid may (subject to the terms of the Revolving Credit Facility Agreement) be re-borrowed.

In addition to any voluntary prepayments, the Revolving Credit Facility requires mandatory prepayment in full or in part in certain circumstances, and if applicable, cancellation, including:

- with respect to any lender, if it becomes unlawful for such lender to perform any of its obligations under the Revolving Credit Facility;
- if required by any lender, following (a) the occurrence of a “Change of Control” (as defined in the Revolving Credit Facility Agreement) or (b) the sale of all or substantially all the assets of the Group whether in a single transaction or a series of related transactions; and
- subject to the following paragraph, upon a Notes Repurchase (as defined in the Revolving Credit Facility Agreement).

Notes Repurchase

The Revolving Credit Facility Agreement prohibits, subject to certain exceptions, any member of the Restricted Group from prepaying, purchasing, defeasing, redeeming, acquiring or retiring (any such transaction a “**Notes Purchase**”) any amount under the Notes (including any additional Notes), any Permitted Refinancing Indebtedness or (to the extent not constituting Permitted Refinancing Indebtedness) other Pari Passu Debt (together with the Notes, “**Senior Secured Debt**”).

A member of the Restricted Group may only make a Notes Purchase if:

- (1) provided that no event of default is continuing or would result from such Notes Purchase, the aggregate outstanding principal amount of Senior Secured Debt immediately following any Notes Purchase is or would exceed 50% of the original principal amount of all classes of Senior Secured Debt on the issue or incurrence date of that class;
- (2) provided that no event of default is continuing or would result from such Notes Purchase, the aggregate outstanding principal amount of the Senior Debt immediately following any Notes Purchase is or would be less than 50% of the aggregate of the original principal amount of all classes of the Senior Secured Debt on the issue or incurrence date of that class and:
 - (a) the commitments under the Revolving Credit Facility are, or will be, at the time the Notes Purchase completes, canceled in the same proportion as (y) the amount by which the aggregate principal amount then outstanding of the Senior Secured Debt Notes is less than 50% of the aggregate original principal amount of all classes of Senior Secured Debt on the issue or incurrence date of that class bears to (z) 50% of the original aggregate principal amount of the Senior Secured Debt on the Debt on the issue or incurrence date thereof; and
 - (b) following such cancellation, the relevant Borrowers shall promptly (and by no later than three Business Days after the cancellation or, if later, at the end of the then current interest period for the relevant Revolving Credit Facility utilization) make such prepayment as is necessary to ensure that the amount of all utilizations under the Revolving Credit Facility does not exceed the then total commitments under the Revolving Credit Facility;
- (3) such Notes Purchase constitutes or is otherwise part of a permitted refinancing (including pursuant to a debt exchange, non-cash rollover or other similar or equivalent transaction);
- (4) such Notes Purchase is funded directly or indirectly by Additional Shareholder Funding (as defined in the Revolving Credit Facility Agreement);
- (5) such Notes Purchase is funded directly or indirectly by the amount of a Restricted Payment permitted or not prohibited to be paid to a holding company of the Issuer; or
- (6) such Notes Purchase is made following the occurrence of a Change of Control to the extent that the Issuer has complied with its obligation under the Revolving Credit Facility Agreement to prepay any amounts owing to a lender which requires prepayment in accordance with the provisions of the Revolving Credit Facility Agreement.

At the time of such Notes Purchase, the Issuer is required to procure that any Senior Secured Debt that is the subject of a Notes Purchase is, subject to the terms of the relevant Senior Secured Debt document, extinguished, unless it elects not to do so for the purpose of mitigating tax costs in the Restricted Group.

The above restrictions do not apply to any Notes Purchase for so long as and to the extent that the Total Commitments as defined in and under the Revolving Credit Facility Agreement are no greater than €17,500,000.

Interest and fees

The Revolving Credit Facility will initially bear interest at a rate per annum equal to LIBOR or (i) in relation to any loan in euro, EURIBOR and (ii) in relation to any loan in SEK, STIBOR, in each case plus a margin of 3.50% per annum, subject to a margin ratchet based on the Consolidated Senior Secured Net Leverage Ratio. Each interest period will be one, two, three or six months (as selected by the Issuer) or such other period as may be agreed between the Agent (acting on the instruction of all of the Lenders) and the Issuer. We are also required to pay a commitment fee in arrear on the last day of each successive three month period during the availability period, on available but unused commitments under the Revolving Credit Facility at a rate of 35% of the applicable margin under the Revolving Credit Facility.

We are also required to pay fees related to the issuance of ancillary facilities, letters of credit, and certain fees to the Agent and the Security Agent in connection with the Revolving Credit Facility.

Security and guarantees

The Revolving Credit Facility will be guaranteed, subject to certain customary limitations and the Agreed Security Principles, on a joint and several basis, by each Guarantor.

The Revolving Credit Facility also provides that, subject to the Agreed Security Principles, on the Closing Date (as defined in the Revolving Credit Facility Agreement) (i) the aggregate consolidated EBITDA of the guarantors (excluding any guarantor with negative earnings before interest, tax, depreciation and amortization (calculated on the same basis as consolidated EBITDA)) is required to exceed 80% of the Restricted Group's consolidated EBITDA and (ii) the aggregate turnover of the guarantors is required to exceed 80% of the turnover of the Restricted Group, *provided that*, if either of these requirements are breached solely by reason of a newly acquired company becoming a member of the Group, there shall be no breach if (subject to the Agreed Security Principles) the relevant member of the Group accedes as a guarantor and provides transaction security by no later than 30 Business Days following the relevant acquisition.

Covenants

The Revolving Credit Facility Agreement contains customary and certain deal specific affirmative loan style covenants and restrictive covenants. Set out below is a brief description of such covenants, all of which are subject to customary and certain deal specific exceptions.

Incurrence covenants

The Revolving Credit Facility Agreement contains incurrence covenants that are substantially the same as those applicable to the Notes.

Affirmative covenants

The affirmative covenants require, among other things: (i) the provision of certain financial information, including consolidated annual audited financial information for the reporting group and quarterly financial reports in respect of the reporting group; (ii) the obtaining, compliance with and maintenance of authorizations required by law or regulation to enable each Obligor to (a) perform its obligations under the finance documents under the Revolving Credit Facility (the "**Finance Documents**"), (b) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document to which it is a party, and (c) to enable it to carry on its business; (iii) compliance in all respects with applicable laws (including environmental laws); (iv) payment of taxes; (v) maintenance of *pari passu* ranking of any unsecured and unsubordinated claims of a Finance Party (as defined in the Revolving Credit Facility) against it under the Finance Documents with the claims of other unsecured and unsubordinated creditors (except where such claims are mandatorily preferred by law); (vi) maintenance of insurances; (vii) the operation of pension schemes in accordance with applicable law; (viii) the preservation and maintenance of intellectual property; (ix) certain further assurances with respect to the Collateral; (x) access to books, accounts and records, viewing of assets and discussion with management following certain Events of

Default; (xi) compliance with sanctions and anti-money laundering laws; and (xii) compliance with Swiss non-bank rules.

Negative covenants

The Revolving Credit Facility contains certain negative covenants which include, among others, restrictions with respect to: (i) substantially changing the general nature of the business of the Group; (ii) changes of center of main interests; (iii) limitation on activities of the Issuer; and (iv) restrictions on members of the Group (other than the Issuer) being the issuer or borrower of the Notes or any Pari Passu Debt in the form of notes or other debt securities and (v) restriction on any member of the Group (other than the Company) owing any Shareholder Liabilities to any Shareholder Creditor (each as defined in the Intercreditor Agreement).

Financial covenant

Under the Revolving Credit Facility, we are restricted from utilizing the Revolving Credit Facility unless we are in compliance with a Consolidated Senior Secured Net Leverage Ratio (as defined in the Revolving Credit Facility Agreement) financial covenant (as determined in accordance with the Revolving Credit Facility Agreement).

The financial covenant requires us to ensure that the Consolidated Senior Secured Net Leverage Ratio as at the end of each relevant period (after taking into account outstanding utilizations since the end of the most recent relevant period and pro forma for any proposed utilization on the relevant utilization date (but excluding the cash effect of such utilization)) does not exceed 6.2:1.0. The financial covenant shall only apply to the extent that the aggregate amount of all outstanding utilizations and ancillary outstandings under the Revolving Credit Facility on the proposed utilization date (taking into account the proposed utilization on that date) will be equal to or greater than (i) in the period from (and including) the Closing Date (as defined in the Revolving Credit Facility Agreement) to (but excluding) the date falling 12 months after the Closing Date, 40% of the total commitments on such date and (ii) in the period on or after the date falling 12 months after the Closing Date to, 25% of the total commitments on such date. This financial covenant will be tested quarterly on a rolling 12-month basis.

In the event that the financial covenant is not complied with, such non-compliance may be cured with the cash proceeds of Additional Shareholder Funding (as defined in the Revolving Credit Facility Agreement) no later than the end of the period 20 Business Days following the earlier of the date on which the compliance certificate setting out the calculations in respect of the relevant covenant determination is required to be delivered and the date on which it is delivered to the Agent. There shall be no more than four equity cures over the life of the Revolving Credit Facility and no equity cures may be made in consecutive quarters. The financial covenant referred to above reflects the Revolving Credit Facility Agreement as of the date of this offering circular and may be amended or waived in whole or in part in accordance with the terms of the Revolving Credit Facility Agreement.

Events of default

The Revolving Credit Facility contains customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications) including, among others, non-payment; a cross default with respect to indebtedness above €15 million of any member of the Group; misrepresentation; breach of other obligations; unlawfulness; repudiation; failure to comply with the Intercreditor Agreement; and events of default that are substantially the same as those applicable to the Notes, the occurrence of which would allow the lenders to accelerate all or part of the outstanding utilizations and/or terminate their commitments and/or declare all or part of their utilizations payable on demand and/or declare that cash cover in respect of letters of credit and ancillary facilities is immediately due and payable. Failure to comply with the financial covenant described above shall not be an event of default.

Governing law

The Revolving Credit Facility and any non-contractual obligation arising out of or in connection with it will be governed by and enforced in accordance with English law although the additional covenants and additional events of default, which are included in the Revolving Credit Facility Agreement and replicate those to be contained in the Indenture, will be interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility is governed by, and shall be enforced in accordance with, English law).

Intercreditor Agreement

In connection with entering into the Revolving Credit Facility Agreement and the Indenture, we and certain of our other subsidiaries will enter into the Intercreditor Agreement to govern the relationships and relative priorities among: (i) the facility agent (the “**RCF Facility Agent**”) on behalf of the lenders under the Revolving Credit Facility and (after its accession, the facility agent on behalf of the lenders under any other the Credit Facilities (as defined below); (ii) the Trustee on behalf of the Noteholders of the Notes; (iii) (following their accession) hedge counterparties under certain hedging agreements; (iv) the arranger of the Revolving Credit Facility; (v) the security agent named therein; (v) certain intra group creditors and debtors; and (vi) certain direct or indirect shareholders of the Issuer (or subsidiaries thereof which are not members of the Restricted Group or subsidiaries of the Issuer) (“**Shareholder Creditors**”) in respect of certain structural debt that the Issuer has or may incur in the future (including the shareholder loans provided to the Issuer) and which is permitted by the terms of the Debt Documents (as defined below).

We and each of our subsidiaries that incurs any liability or provides any guarantee, indemnity or other assurance against loss in respect of liabilities to those creditors regulated under the Intercreditor Agreement (other than in respect of any intra-group liabilities, unless the amount of such intra-group liabilities owed by the relevant member of the Group is EUR 3,000,000 or more in aggregate) are referred to in this description as “**Debtors**” (and any documents evidencing such liabilities, the “**Debt Documents**”).

The Intercreditor Agreement will set out, among other things:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when collateral and guarantees will be released to permit a sale of the Collateral.

The Intercreditor Agreement will contain provisions relating to future indebtedness that may be incurred by the Debtors provided that it is not prohibited to be incurred by the terms of the Indenture, the Credit Facility Documents, any existing *Pari Passu* Documents (as defined below) or with the consent of the relevant creditor representatives under each such document, which may rank *pari passu* to the Notes and be secured by the Collateral (the “**Pari Passu Debt**”, the documents evidencing any *Pari Passu* Debt being the “**Pari Passu Debt Documents**”) subject to the terms of the Intercreditor Agreement.

In addition, the Intercreditor Agreement will contain provisions relating to credit facilities that meet the requirements of a “Credit Facility” under and as defined in the Indenture and which refinance or replace the Revolving Credit Facility in full (together with the Revolving Credit Facility, the “**Credit Facilities**” and the documents evidencing the Credit Facilities and the Revolving Credit Facility being the “**Credit Facilities Documents**” and the lenders under the Credit Facilities and the Revolving Credit Facility being the “**Credit Facility Lenders**”). For the purposes of this description, any references to the Credit Facilities or Credit Facility Lenders or Credit Facility Liabilities (as defined below) should be read as including any such refinancing debt and the debt under the Revolving Credit Facility.

The Creditors of the *Pari Passu* Debt (the “**Pari Passu Creditors**”) will have rights under the Intercreditor Agreement which are summarized below.

The following description is a summary of certain provisions that will be contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety nor does it describe provisions relating to the rights and obligations of holders of other classes of our debt. As such, we urge you to read the Intercreditor Agreement because it, and not the discussion that follows, defines the rights of the Noteholders.

Ranking and priority

The Intercreditor Agreement will provide, subject to the provisions summarized below regarding permitted payments, that the right and priority of payment will rank in right and priority in the following order:

- first, all present and future Credit Facility Lender Liabilities, the Creditor Representative Liabilities, the Super Senior Hedging Liabilities, the Arranger Liabilities, the Notes Liabilities and the Pari Passu Debt Liabilities, *pari passu* and without any preference between them;
- second, certain intra group liabilities owed to members of the Group where the amount of such liabilities owed to the relevant member of the Group is EUR 3,000,000 or more in aggregate (“**Intra Group Liabilities**”), *pari passu* and without any preference between them; and
- third, shareholder liabilities (which consists of liabilities owed by a Debtor to any Shareholder Creditor (the “**Shareholder Liabilities**”)), *pari passu* and without any preference between them.

The Credit Facility Lenders, the Hedge Counterparties, the Noteholders, and the Pari Passu Creditors will benefit from a common guarantee and collateral package and no such secured creditor may take the benefit of any guarantee or collateral unless such guarantee or collateral is also offered for the benefit of the other secured creditors from the Restricted Group. The Collateral shall rank and secure the liabilities owed to the Credit Facility Lenders (the “**Credit Facility Lender Liabilities**”), the liabilities owed to the creditor representatives (the “**Creditor Representative Liabilities**”), the liabilities owed to the arrangers (the “**Arranger Liabilities**”), the liabilities owed to the Noteholders (the “**Notes Liabilities**”), the liabilities owed to the Pari Passu Creditors (the “**Pari Passu Debt Liabilities**”) and the liabilities owed to the hedge counterparties (the “**Hedge Counterparties**”) under or in connection with any hedging documents (the “**Hedging Documents**”) which document the Super Senior Hedging Liabilities and the Non Super Senior Hedging Liabilities (the “**Hedging Liabilities**”), *pari passu* and without any preference between them but, in each case, only to the extent that such Collateral is expressed to secure those liabilities and irrespective of (i) the order of execution, creation, registration, notice enforcement or otherwise, (ii) the date on which the liability arose, (iii) any fluctuation in the amount, or intermediate discharge in whole or part, of any liability.

In addition, the Intercreditor Agreement will provide that the guarantees and Collateral will be released in certain circumstances described further below in “—Release of collateral and guarantees—non-distressed disposals” and “—Release of collateral and guarantees—distressed disposals.”

Indebtedness under the Credit Facilities and Super Senior Hedging Liabilities will be secured by first priority security interests in the Collateral and receive priority to the proceeds from the Collateral in the event of any enforcement.

Interest rate hedging liabilities in respect of the Credit Facility Lender Liabilities, the Notes Liabilities and the Pari Passu Debt (up to a maximum amount equal to the aggregate principal amount of financial indebtedness under any Credit Facility Agreement or Pari Passu Debt with a floating rate of interest and under any notes constituting Senior Secured Notes or Pari Passu Debt, in each case with a floating rate of interest) (the “**Interest Rate Hedging Liabilities**”), and currency hedging liabilities in respect of the Credit Facility Lender Liabilities, the Notes Liabilities, the Pari Passu Debt (up to a maximum amount equal to the aggregate principal amount of financial indebtedness under any Secured Debt Document (other than any Hedging Agreement) not denominated in euro) (the “**Exchange Rate Hedging Liabilities**”), may be secured and rank *pari passu* with the Credit Facilities and receive priority to the proceeds from the Collateral in the event of any enforcement (the “**Super Senior Hedging Liabilities**”) provided that the relevant Debtor and the Hedge Counterparty designate such Interest Rate Hedging Liabilities or Exchange Rate Hedging Liabilities as Super Senior Hedging Liabilities in accordance with the Intercreditor Agreement.

All other hedging liabilities in respect of ordinary course and commercial activities not for speculative purposes and excluding commodity hedging will rank *pari passu* with the Notes Liabilities in respect of enforcement proceeds (the “**Non Super Senior Hedging Liabilities**”).

Permitted payments

The Intercreditor Agreement will permit payments to be made by the Debtors under the Credit Facility Documents, the Notes Documents and the Pari Passu Debt Documents, (provided such payments are

permitted and not prohibited under such documents). There are also restrictions on payments to Hedge Counterparties except certain specified permitted payments as described below.

The Debtors may make payments of the Notes Liabilities at any other time in accordance with the terms of the Notes Documents subject to (a) (prior to the discharge date under the Revolving Credit Facility Agreement), any restrictions on note purchases contained in the Revolving Credit Facility Agreement and (b) (prior to the discharge date under any other Credit Facility Document) any provisions in any other outstanding Credit Facility Documents dealing with note purchases.

Payments to intra group lenders owed any Intra Group Liabilities (such payments, “**Intra Group Liabilities Payments**”) are permitted by the Intercreditor Agreement if at the time of payment no acceleration event has occurred. The Intercreditor Agreement permits Intra Group Liabilities Payments if an acceleration event has occurred if, among other things: (i) the Majority Super Senior Creditors and the Majority Senior Secured Creditors consent to the payment, (ii) any managing director of any of the Debtor incorporated in Germany is required by mandatory law to make or to demand payment of the relevant Intra Group Liabilities in order to avoid personal civil and/or criminal liability, or (iii) that payment is made to facilitate payment of the Super Senior Liabilities, the Notes Liabilities, the Pari Passu Debt Liabilities and/or the Non Super Senior Hedging Liabilities.

Payments may be made in respect of Shareholder Liabilities if (i) prior to the Super Senior Discharge Date, permitted or not prohibited by the RCF Facility Agreement, (ii) prior to the Senior Secured Discharge Date, permitted or not prohibited by the Indenture pursuant to which any Notes remain outstanding or (iii) prior to the Pari Passu Discharge Date, permitted or not prohibited by the Pari Passu Debt Documents.

Subject to the certain conditions described below, the Debtors and each member of the Group may make payments to any Hedge Counterparty in respect of the Hedging Liabilities then due to that Hedge Counterparty under any Hedging Document in accordance with the terms of that Hedging Document (whether in relation to a refinancing of Hedging Liabilities or otherwise): (i) if the payment is a scheduled payment arising under the relevant Hedging Document; (ii) to the extent that the relevant Debtor’s obligation to make the payment arises as a result of the operation of certain provisions relating to withholding tax, payments in the contractual currency, judgments, expenses and default interest; (iii) to the extent that the relevant Debtor’s obligation to make the payment arises from a non-credit related close-out; (iv) to the extent that the relevant Debtor’s obligation to make the payment arises as a result of the operation of a credit related close-out under the Hedging Document which arises as a result of an event relating to a Debtor and where no event of default under any Credit Facilities Document, Notes Document or Pari Passu Debt Document is continuing at the time of that payment; (v) where the relevant payment relates to a close-out or termination arising as a result of a bankruptcy event of default or force majeure termination event with respect to the relevant Hedge Counterparty and where no event of default under any Credit Facilities Document, Notes Document or Pari Passu Debt Document is continuing at the time of, or would result from, that payment or (vi) with the consent of the Majority Super Senior Creditors (excluding the Hedge Counterparties which are owed Super Senior Hedging Liabilities) and the Majority Senior Secured Creditors (excluding Hedge Counterparties which are owed Non-Super Senior Hedging Liabilities) of each tranche.

An acceleration event includes the relevant creditor representative exercising any or all of its rights under the acceleration provisions of the Credit Facilities Documents, or any other equivalent acceleration provisions under any of the Notes Documents or the Pari Passu Debt Documents.

Limitations on enforcement by Super Senior Creditors and Senior Secured Creditors

For the purposes of enforcement:

- the Credit Facility Lenders, the Hedge Counterparties (to the extent they are owed Super Senior Hedging Liabilities) and their creditor representatives are referred to as the “**Super Senior Creditors**” and the liabilities being owed to the Super Senior Creditors are referred to as the “**Super Senior Liabilities**”; and
- the Noteholders, the Pari Passu Creditors, the Hedge Counterparties (to the extent that they are owed Non-Super Senior Hedging Liabilities) and their creditor representatives are referred to as the “**Senior Secured Creditors**.”

The security agent may refrain from enforcing the Collateral or taking any other enforcement action unless instructed by the Instructing Group (as defined below). If any of the Super Senior Creditors or the Senior Secured Creditors wish to enforce the Collateral, either (a) the majority Super Senior Creditors (being 66⅔% by value of the Super Senior Creditors) (the “**Majority Super Senior Creditors**”) or (b) the majority Senior Secured Creditors (being more than 50% in value of the Senior Secured Creditors entitled to vote as described in the Intercreditor Agreement) (the “**Majority Senior Secured Creditors**”) (in each case acting through their respective creditor representative) (the “**Instructing Group**”) must give at least five business days’ (or such shorter period as each creditor representative may agree) notice of the proposed enforcement instructions to the creditor representatives for the other creditor classes and the security agent.

If the security agent receives conflicting instructions, then, to the extent instructions from the Majority Senior Secured Creditors have been given, the security agent will comply with such instructions, provided that, if the Super Senior Liabilities have not been fully and finally discharged within six months of the Time Period Start Date (as defined below) or if no enforcement has occurred within three months of the Time Period Start Date (as defined below), then the instructions of the Majority Super Senior Creditors will prevail.

To the extent that the enforcement instructions conflict (and a failure by a creditor representative for the Majority Super Senior Creditors or the Majority Senior Secured Creditors to give any instruction shall be deemed a conflicting enforcement instruction for the purposes of triggering a consultation period and for determining the Instructing Group), the giving of this notice triggers a 30-day consultation period (or such shorter period as the relevant creditor representatives shall agree) (the end of such period being the “**Time Period Start Date**”) during which time the creditor representatives for each of the creditor classes must discuss the proposals in good faith with a view to co-ordinating the proposed enforcement instructions.

A creditor representative is not obliged to consult as described above (or shall only be obliged to consult for a shorter period in the case of the second dot point below as the Instructing Group may determine) if:

- the Collateral has become enforceable as a result of a insolvency event in relation to a Debtor; or
- that creditor representative (acting on the instructions of the relevant creditor group) determines in good faith and notifies the other creditor representatives and the security agent that to do so and thereby delay enforcement of the Collateral could reasonably be expected to have a material adverse effect on (A) the security agent’s ability to enforce any of the Collateral or (B) the realization proceeds of any enforcement of the Collateral in any material respect;
- a period of not less than three months has elapsed since the date the proposed enforcement instructions were given and no enforcement is being effected by the security agent or the Super Senior Liabilities have not been fully and finally discharged within six months from the date the proposed enforcement instructions were given; or
- the creditor representatives are in agreement that no initial consultation period shall be required.

If consultation has taken place for at least 30 days as described above (or such shorter period as may have been agreed between the relevant creditor representatives) (or was not required to occur as described above), there shall be no further obligation to consult and the security agent shall, subject to the terms of the Intercreditor Agreement, act in accordance with the instructions as to enforcement of the Instructing Group (as described above) and the Instructing Group may issue instructions as to enforcement to the security agent at any time thereafter.

If the Majority Super Senior Creditors or the Majority Senior Secured Creditors (in each case acting reasonably) consider that the security agent is enforcing the Collateral in a manner which is not consistent with the Security Enforcement Principles, subject to the exceptions to the requirement for a consultation period described above, the creditor representative(s) for the Super Senior Creditors or the Senior Secured Creditors (as appropriate) shall give notice to the creditor representative(s) for the other Super Senior Creditors and the Senior Secured Creditors (as appropriate) after which the creditor representative(s) for the other Super Senior Creditors and the Senior Secured Creditors (as appropriate) shall consult with the security agent for a period of 15 days (or such lesser period as the relevant creditor representatives may agree) with a view to agreeing the manner of enforcement provided that such creditor representatives shall not be obliged to consult more than once in relation to each enforcement action. If no agreement is reached by the end of the 15 day consultation period, the Instructing Group

shall be entitled to issue instructions to the Security Agent as to the manner of enforcement going forward.

Any enforcement instructions given must comply with certain collateral enforcement principles (the “**Security Enforcement Principles**”) and the collateral enforcement objective, including:

- to achieve the collateral enforcement objective, namely to maximize, to the extent consistent with a prompt and expeditious realization of value from enforcement of the Collateral, the recovery by all of the Super Senior Creditors and the Senior Secured Creditors;
- either all enforcement proceeds will be received in cash by or on behalf of the security agent or, in the case of enforcement by the Majority Senior Secured Creditors, sufficient enforcement proceeds will be received in cash by or on behalf of the security agent to ensure that after distribution in accordance with the Intercreditor Agreement, the Super Senior Liabilities will be repaid in full (unless the Majority Super Senior Creditors agree);
- to the extent that the enforcement is over Collateral with an aggregate book value exceeding €1,000,000, or the enforcement is over Collateral over some or all of the shares in a member of the Restricted Group, the security agent shall, subject to the terms of the Intercreditor Agreement, if requested by the Majority Super Senior Creditors or the Majority Senior Secured Creditors, and at the expense of the Company (unless it is incompatible with enforcement proceedings in a relevant jurisdiction) appoint an internationally recognized investment bank or any one of a “big four” accounting firm, BDO or Grant Thornton or, if not practicable, from another reputable independent third party professional firm that is regularly engaged in providing valuations of the relevant type of assets, to opine that the consideration received for any disposal is fair from a financial point of view taking into account all relevant circumstances (the “**Financial Advisor’s Opinion**”);
- the security agent will be under no obligation to appoint a financial advisor or to seek the advice of a financial advisor, unless expressly required to do so by and in accordance with the provisions of the Intercreditor Agreement;
- the Financial Advisor’s Opinion will be conclusive evidence that the Collateral Enforcement Principles have been met; and
- if any enforcement action of collateral is conducted by way of public or private auction or other competitive sale process, which is conducted with the advice of an independent investment bank or intentionally recognized firm of accountants or a reputable independent third party professional firm which is regularly engaged in such sale processes (a “**Competitive Sales Process**”), no Financial Advisor needs to be appointed in respect of such enforcement action.

Limitation on Enforcement of Intra Group Liabilities and Shareholder Liabilities

Creditors in respect of the Intra Group Liabilities or Shareholder Liabilities will not be permitted to take any enforcement action in respect of such liabilities prior to the Final Discharge Date (other than certain specific enforcement action as set out in the Intercreditor Agreement) save that, after the occurrence of an insolvency event in relation to any member of the Restricted Group, each intra group lender or shareholder creditor (as the case may be) may (unless otherwise directed by the security agent or unless the security agent has taken, or has given notice that it intends to take, action on behalf of that intra group lender or shareholder creditor (as the case may be) in accordance with the Intercreditor Agreement) and shall, if so directed by the security agent, exercise any right it may otherwise have against that member of the Restricted Group to:

- accelerate any of that member of the Restricted Group’s Intra Group Liabilities or Shareholder Liabilities (as the case may be) or declare them prematurely due and payable or payable on demand;
- make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Restricted Group in respect of any Intra Group Liabilities or Shareholder Liabilities (as the case may be);
- exercise any right of set-off or take or receive any payment in respect of any Intra Group Liabilities or Shareholder Liabilities (as the case may be) of that member of the Restricted Group; or
- file claims, or claim and prove in the liquidation of that member of the Restricted Group for the Intra Group Liabilities or Shareholder Liabilities (as the case may be) owing to it.

No Intra-Group Lender incorporated in Germany shall be prevented from exercising any of the rights referred to in this section if and to the extent the exercise of such rights is required by mandatory law to avoid any personal civil and/or criminal liability of any managing director of that Intra-Group Lender.

Turnover

Subject to certain exclusions, if any Super Senior Creditor, Noteholder, Non-Super Senior Hedge Counterparty or Pari Passu Creditor (or any of their respective creditor representatives) receives or recovers the proceeds of any enforcement of any Collateral except in accordance with “—*Application of proceeds*” below, that person must:

- in relation to amounts not received or recovered by way of set-off, hold that amount on trust for the security agent and promptly pay an amount equal to that amount to the security agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the security agent for application in accordance with the terms of the Intercreditor Agreement.

Subject to certain exceptions, if at any time prior to the Final Discharge Date any Intra Group Lender or Shareholder Creditor (each a “**Subordinated Creditor**”) receives or recovers any amount in respect of the Intra Group Liabilities or Shareholder Liabilities (together the “**Subordinated Liabilities**”) which it is not permitted to receive or recover by the terms of the Intercreditor Agreement, or receives or recovers the proceeds of enforcement of any Collateral except in accordance with “—*Application of proceeds*” below, or receives or recovers any amount in respect of the Subordinated Liabilities after the occurrence of a Distress Event or as a result of litigation against a Debtor or member of the Group (other than after the occurrence of an insolvency event in respect of that Debtor or Group member), or receives or recovers any amount in respect of the Subordinated Liabilities except in accordance with “—*Application of proceeds*” below and made as a result of, or after, the occurrence of an insolvency event in respect of the relevant Debtor, that person must:

- in relation to amounts not received or recovered by way of set-off, hold that amount on trust for the security agent and promptly pay an amount equal to that amount to the security agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the security agent for application in accordance with the terms of the Intercreditor Agreement.

Application of proceeds

All amounts from time to time received pursuant to the provisions described under “—*Turnover*” above or recovered by or on behalf of the security agent in connection with the realization or enforcement of all or any part of the Collateral or any other distressed disposal or otherwise paid to the security agent under the Intercreditor Agreement for application as set forth below, shall be held by or on behalf of the security agent on trust and applied in the following order:

- first, (i) *pari passu* and pro rata any sums owing to the security agent, any receiver, attorney or agent of the security agent, any Pari Passu Debt representative in respect of any Pari Passu Debt issued in the form of notes and, any fees, costs, charges, expenses or sums payable to the Trustee for the Notes; then (ii) *pari passu* and pro rata to each creditor representative (to the extent not included in (i) above and excluding any Hedge Counterparty in its capacity as its own creditor representative) of the unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant Debt Documents) of each such creditor representative and any receiver, attorney or agent appointed by such creditor representative under any collateral document or the Intercreditor Agreement (to the extent that the collateral concerned has been given in favor of such obligations);
- second, *pari passu* and pro rata, in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the collateral documents and the Intercreditor Agreement whether at the request of the security agent or otherwise;
- third, *pari passu* and pro rata in or towards payment between (i) the RCF Facility Agent on its own behalf and on behalf of the lenders under the Revolving Credit Facility Agreement, each creditor

representative in respect of a Credit Facility on its own behalf and on behalf of the Arrangers and Credit Facility Lenders under that Credit Facility for application towards the discharge of the liabilities owed to the RCF Facility Agent, the Arranger Liabilities, the liabilities under the Revolving Credit Facility Agreement, Credit Facility Lender Liabilities, the Creditor Representative Liabilities owed to the creditor representatives in respect of each Credit Facility and the Credit Facility Lender Liabilities and the related Arranger Liabilities (in accordance with the terms of the relevant Credit Facility Documents) and (ii) the Hedge Counterparties to the extent they are owed Super Senior Hedging Liabilities;

- fourth, *pari passu* and pro rata in or towards payment to the Trustee on behalf of the Noteholders, the Pari Passu Debt representatives on behalf of the Pari Passu Creditors and each of the Non-Super Senior Hedge Counterparties for application towards any unpaid costs and expenses incurred by or on behalf of any Noteholders, Pari Passu Creditors and the Hedge Counterparties in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the collateral documents and the Intercreditor Agreement whether at the request of the security agent or otherwise;
- fifth, *pari passu* and pro rata in or towards payment to the Trustee on behalf of the Noteholders for application towards the discharge of the Notes Liabilities (in accordance with the Indenture), to the Pari Passu Debt representatives on behalf of the Pari Passu Creditors for application towards the discharge of the Pari Passu Debt (in accordance with the relevant Pari Passu Documents) and to each of the Hedge Counterparties for application towards any Non-Super Senior Hedging Liabilities;
- sixth, after the Final Discharge Date, in payment of the surplus (if any) to the Debtors.

Option to purchase

One or more of the Noteholders or Pari Passu Creditors may, following an acceleration event in relation to the Super Senior Liabilities, the Notes or the Pari Passu Debt Liabilities or enforcement of the Collateral, and subject to various conditions set out in the Intercreditor Agreement (including the grant of an acceptable indemnity against clawback to the Credit Facility Lenders), exercise an option to purchase all (but not part of) the Credit Facilities Liabilities and the Super Senior Hedging Liabilities.

Release of collateral and guarantees—non-distressed disposals

In circumstances where a disposal is not a distressed disposal (including a solvent liquidation or reorganization of any Debtor or member of the Group that results in no person or a different person owning the relevant assets, and such action is otherwise permitted or not prohibited by (and does not result in a default under any of) the Credit Facility Documents, the Notes Documents and the Pari Passu Debt Documents), the Intercreditor Agreement will provide for release of the security and otherwise that the security agent named therein is authorized and instructed:

- to release the Collateral or any other claim over the relevant asset; and
- if the relevant asset consists of shares in the capital of a member of the Group, to release the Collateral or any other claim over the assets of that Group Member and (where the disposal is to a person which is not a member of the Restricted Group) the assets of any of their subsidiaries,

provided that (i) to the extent replacement Collateral is required from the transferee under the relevant Debt Documents, any required replacement collateral is granted by the transferee before or at the same time as the release and, (ii) if required by the terms of the relevant Debt Documents, any proceeds from the disposal are applied in mandatory prepayment of the relevant debt.

Release of collateral and guarantees—distressed disposals

In circumstances where a distressed disposal is being effected, the Intercreditor Agreement will provide that the security agent is authorized and instructed:

- to release the Collateral or any other claim over the relevant asset;
- if the asset which is disposed of consists of shares in the capital of a Debtor, to release (i) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities as described in the Intercreditor Agreement and certain guaranteeing liabilities and other liabilities as described in the Intercreditor Agreement, (ii) any Collateral granted over that Debtor's assets and the assets of any of its subsidiaries and (iii) any other claim of a Debtor or intra group lender over that Debtor's assets or over the assets of any subsidiary of that Debtor;

- if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (i) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities as described in the Intercreditor Agreement, certain guaranteeing liabilities as described in the Intercreditor Agreement and certain other liabilities as described in the Intercreditor Agreement, (ii) any Collateral granted over the assets of any subsidiary of that holding company and (iii) any other claim of a Debtor or intra group lender over that Debtor's assets or over the assets of any subsidiary of that holding company;
- if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to dispose of all or any part of that Debtor's or the holding company of that Debtor's borrowing liabilities, certain guaranteeing liabilities and certain other liabilities; and
- if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to transfer intra group liabilities and debtor liabilities owed by that Debtor or holding company of a Debtor to another Debtor.

Any net proceeds of the disposal must be applied in accordance with the enforcement proceeds waterfall described above under “—*Application of proceeds.*”

Amendment

Except for (i) amendments to cure any ambiguity, omission, defect or inconsistency which may be effected by the creditor representatives, the security agent and the Company, or (ii) amendments which only affect one class of the relevant creditors which could not reasonably be expected to materially and adversely affect the interests of the other classes (in which case only written agreement from that class will be required), the Intercreditor Agreement may be amended with the consent of the Majority Super Senior Creditors, the required percentage of the Noteholders (as set out in the Indenture) and the required percentage of Pari Passu Creditors (as set out in the relevant Pari Passu Debt documentation), the Issuer and the security agent unless it relates to certain specified matters such as ranking, priority, subordination, turnover, enforcement, disposal proceeds, amendments or the payment waterfall. Such amendments require consent from all of the Credit Facility Lenders, the Trustee (acting in accordance with the Indenture) (as applicable), the Pari Passu Debt representative (acting in accordance with the relevant Pari Passu Debt Documents), each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparties), the Company and the security agent.

No amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party (other than, in the case of the Credit Facility Lenders, the Noteholders, the Pari Passu Creditors and the Hedge Counterparties) in a way which affects creditors of that party's class generally or, in the case of the Debtors or third party creditor, to the extent consented to by the Company) to the Intercreditor Agreement without the prior consent of that party (or, in the case of the Noteholders and Pari Passu Creditors in respect of an issue of debt securities, the relevant creditor representative).

To the extent the Debtors wish to enter into Pari Passu Debt or other additional or replacement indebtedness (“**Additional Indebtedness**”) which is permitted to share in the Collateral pursuant to the Credit Facilities Documents, the Notes and other Pari Passu Debt Documents, then the parties to the Intercreditor Agreement may be required to enter into documentation to implement this (including without limitation a replacement intercreditor agreement on substantially the same terms as the Intercreditor Agreement).

PIK Loan

On May 30, 2014, Selecta Group S.à r.l. (“**Luxco**”), entered into a PIK facility agreement governed by English law with a facility agent and certain investors as lenders providing for a €220.0 million term loan facility (the “**PIK Loan**”). The facility will be fully drawn on the Issue Date with the proceeds being on-lent to the Issuer on the Issue Date by way of an intercompany loan (the “**PIK Proceeds Loan**”) and used to partially repay the Existing Credit Facilities by the Issuer. The PIK Loan facility agreement matures on the seventh anniversary of the Issue Date. Except for the first interest period, which ends on June 30, 2014, interest accrues semi-annually in arrear commencing on the Issue Date. Interest accrued on the PIK Loan will be capitalized unless Luxco in its sole discretion elects to pay in cash on the relevant due date. The PIK Loan facility agreement provides for customary non-call protection in the first year and is otherwise pre-payable at any time. The PIK Loan is secured by first priority security over the shares in Luxco and the Issuer. In addition, the PIK Loan is secured by a first priority security over any loans granted by the Parent to Luxco and by Luxco to the Issuer (including the PIK Proceeds Loan). Certain investors in the PIK Loan will hold warrants in respect of the shares of Luxco, which include certain corporate governance rights for the warrant holders.

DESCRIPTION OF THE NOTES

Selecta Group B.V. (the “*Issuer*”) will issue €350 million aggregate principal amount of 6.50% Senior Secured Notes due 2020 (the “*Euro Notes*”) and CHF 245 million aggregate principal amount of 6.50% Senior Secured Notes due 2020 (the “*CHF Notes*” and, together with the Euro Notes, the “*Notes*”) under an indenture (the “*Indenture*”) among, inter alios, the Issuer, Deutsche Trustee Company Limited, as the trustee (the “*Trustee*”) and Deutsche Bank AG, London Branch, as the security agent (the “*Security Agent*”), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the “*U.S. Securities Act*”).

Certain defined terms used in this description but not defined under the caption “—*Certain Definitions*” have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the caption “—*Certain Definitions*.” In this description, references to (i) the “*Issuer*” refers only to Selecta Group B.V. and not to any of its Subsidiaries and (ii) “*we*,” “*our*,” “*us*” refer to the Issuer and its Restricted Subsidiaries.

Unless the context requires otherwise, references in this “*Description of the Notes*” to the “*Notes*” include the Notes and any Additional Notes (as defined below) that are issued under the Indenture. The Security Documents referred to under the caption “—*Collateral*” define the terms of the security that will secure the Notes. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Security Documents and the Intercreditor Agreement, and certain other agreements relating to the Notes. This description does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Security Documents and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Security Documents and the Intercreditor Agreement are available as set forth under the caption “—*Additional Information*.”

The registered holder of a Note (each, a “*Holder*”) will be treated as the owner of it for all purposes. Only Holders will have rights under the Indenture.

As of the Issue Date, all of the Issuer’s Subsidiaries will be “*Restricted Subsidiaries*” for purposes of the Indenture. Under the circumstances described under the caption “—*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*,” the Issuer will be permitted to designate Restricted Subsidiaries as “*Unrestricted Subsidiaries*.”

Brief Description of the Notes and the Notes Guarantees

The Notes

The Notes:

- will be general obligations of the Issuer;
- will be guaranteed by the Guarantors;
- will be secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of the Liens over the Collateral only after any obligations under the Revolving Credit Facility and certain priority Hedging Obligations have been paid in full;
- will be *pari passu* in right of payment with all existing and future obligations of the Issuer that are not subordinated in right of payment to the Notes, including its obligations under the Revolving Credit Facility;
- will be senior in right of payment to all existing and future Indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- will be effectively subordinated to any existing and future obligations of the Issuer that are secured by property or assets that do not secure the Notes or that secure the Revolving Credit Facility and certain Hedging Obligations on a priority basis, to the extent of the value of the property and assets securing such obligations; and
- will be structurally subordinated to any existing and future obligations of the Issuer’s Subsidiaries that are not Guarantors.

Notes Guarantees

The Notes will be guaranteed by the Guarantors. For a description of certain guarantee limitations, see *“Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations.”*

The Notes Guarantee of each Guarantor:

- will be a general obligation of that Guarantor;
- will be secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of the Liens over the Collateral only after any obligations under the Revolving Credit Facility and certain priority Hedging Obligations have been paid in full;
- will be effectively subordinated to any existing and future obligations of the relevant Guarantor that are secured by property or assets that do not secure such Notes Guarantees or that secure the Revolving Credit Facility and certain Hedging Obligations on a priority basis, to the extent of the value of the property and assets securing such obligations;
- will be *pari passu* in right of payment with all existing and future obligations of such Guarantor that are not subordinated in right of payment to such Notes Guarantee, including its obligations under the Revolving Credit Facility;
- will be subject to certain restrictions on enforcement of Collateral and release of the Notes Guarantee of any Guarantor to the extent such Subsidiary is sold by the Security Agent pursuant to an enforcement action. See *“Description of Certain Financing Arrangements—Intercreditor Agreement”*; and
- will be senior in right of payment to all existing and future Indebtedness of such Guarantor that is subordinated in right of payment to such Notes Guarantee.

Not all of the Issuer’s Subsidiaries will guarantee the Notes. Any right of the Issuer or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary’s bankruptcy, liquidation or reorganization (and the consequent right of the Holders to participate in the distribution of those assets) will be structurally subordinated to that non-guarantor Subsidiary’s Indebtedness and other obligations (including trade payables, preference shares and lease obligations, if any), except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary. Even in this case, the claims of the Issuer or such Guarantor would still be effectively subordinated to any obligations secured over the assets of the non-guarantor Subsidiary and subordinated in right of payment to any Indebtedness of the non-guarantor Subsidiary that is senior to the claims held by the Issuer or such Guarantor. As of and for the twelve months ended March 31, 2014, the Guarantors accounted for 85.4% of our consolidated total revenue and 98.0% of our Adjusted EBITDA. See *“Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral—Each Notes Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability”* and *“Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations.”*

The Issuer is a holding company without operations, and, therefore, the Issuer depends on the cash flow of its Subsidiaries to meet its obligations, including its obligation under the Notes. The Notes will be structurally subordinated to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Issuer’s Subsidiaries that do not provide Notes Guarantees.

Intercreditor Agreement

On or prior to the Issue Date, the Trustee will enter into an Intercreditor Agreement with, inter alios, the agent and lenders under the Revolving Credit Facility Agreement, holders of certain Subordinated Shareholder Debt and the Security Agent. Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility, certain priority Hedging Obligations (*“Super Senior Hedging Liabilities”* as described in *“Description of Certain Financing Arrangements—Intercreditor Agreement”*) that are permitted to be incurred by clause (8) of the second paragraph of the covenant under the caption *“—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”* and certain future Indebtedness permitted under the Indenture (subject to the Intercreditor Agreement and any Additional Intercreditor Agreement), if any, and permitted to be

secured on the Collateral (see “*Certain Definitions—Permitted Collateral Liens*”) will receive priority with respect to any proceeds received upon any enforcement over any Collateral. Any proceeds received upon any enforcement over any Collateral, after all obligations under the Revolving Credit Facility have been repaid, certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement and any Additional Intercreditor Agreement), if any, and such “Super Senior Hedging Liabilities” (as described in “*Description of Certain Financing Arrangements—Intercreditor Agreement*”) have been discharged from such recoveries, will be applied pro rata in repayment of all obligations under the Indenture and the Notes and any other Indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement.

The provisions of the Intercreditor Agreement will override anything in the Revolving Credit Facility or the Indenture to the contrary.

Principal, Maturity and Interest

The Issuer will issue €350 million in aggregate principal amount of Euro Notes in this Offering. The Euro Notes will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Euro Notes will mature on June 15, 2020.

The Issuer will issue CHF 245 million in aggregate principal amount of CHF Notes in this Offering. The CHF Notes will be issued in denominations of CHF 150,000 and integral multiples of CHF 1,000 in excess thereof. The CHF Notes will mature on June 15, 2020.

The Issuer may issue additional Notes (the “*Additional Notes*”) under the Indenture from time to time after this Offering. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*.” The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture; *provided, however*, that Additional Notes that are not fungible with the Notes for U.S. federal income tax purposes shall have a separate ISIN or other identifying number from the Notes. Each of the Euro Notes and the CHF Notes will constitute a separate series of Notes, but shall be treated as a single class for all purposes under the Indenture, including in respect of any amendment, waiver or other modification of the Indenture or any other action by the Holders of the Notes hereunder, except as otherwise provided in the Indenture.

Interest

Interest on the Notes will accrue at the rate of 6.50% per annum in the case of the Euro Notes, and 6.50% per annum in the case of the CHF Notes. Interest on the Notes will be payable semi-annually in arrear on June 15 and December 15, commencing on December 15. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% higher than the interest rate on the applicable Notes. The Issuer will make each interest payment to the holders of record on the immediately preceding June 1 and December 1.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30 day months.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a “*Paying Agent*”) for the Notes, including a Paying Agent in the City of London. The Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC (as amended from time to time) or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Paying Agent in London will be Deutsche Bank AG, London Branch.

The Issuer will also maintain one or more registrars (each, a “*Registrar*”) for so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require. The Issuer will also maintain a transfer agent (a “*Transfer Agent*”) in Luxembourg. The initial Registrar and Transfer Agent will be

Deutsche Bank Luxembourg S.A. The Registrar and the Transfer Agent will maintain a register reflecting ownership of Definitive Registered Notes (as defined under “*Book-Entry, Delivery and Form*”) outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrars or the Transfer Agents without prior notice to the Holders. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Transfer and Exchange

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. 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 the common depository for the accounts of Euroclear and Clearstream and registered in the name of its nominee.
- Each series of Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the “*Reg S Global Notes*” and, together with the 144A Global Notes, the “*Global Notes*”). The Reg S Global Notes will, upon issuance, be deposited with the common depository for the accounts of Euroclear and Clearstream and registered in the name of its nominee.

Ownership of interests in the Global Notes (the “*Book-Entry Interests*”) will be limited to Persons that have accounts with Euroclear or 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 “*Notice to Investors*.” In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes, or the “*Restricted Book Entry Interests*,” may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the 144A Global Notes, as applicable, or the “*Reg S Book Entry Interests*” only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest (as defined under “*Book Entry, Delivery and Form*”) that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof in the case of the Euro Notes, and CHF 150,000 and integral multiples of CHF 1,000 in excess thereof, in the case of the CHF Notes, upon receipt by the applicable Registrar of instructions relating thereto and any certificates 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 that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Notice to Investors*.”

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, in the case of the Euro Notes, and CHF 150,000 and integral multiples of CHF 1,000 in excess thereof, in the case of the CHF Notes, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream where appropriate, furnish certain certificates and opinions and 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 or exchange; *provided that*, if the Issuer or any Guarantor takes delivery of the Definitive Registered Notes pursuant to the transfer or exchange, the Holder will not be required to pay such Taxes.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

- (1) for a period of 15 days prior to any date fixed for the redemption of such Notes;
- (2) for a period of 15 days immediately prior to the date fixed for selection of such 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 Sale Offer.

The Issuer, the Trustee, the Paying Agents and the Registrar will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors with respect to any Notes Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a “*Tax Jurisdiction*”) will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors with respect to any Notes Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the “*Additional Amounts*”) as may be necessary in order that the net amounts received in respect of such payments by each Holder after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

- (1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the Holder or the beneficial owner of the Notes (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant Holder, if the relevant Holder is an estate, trust, nominee, partnership, limited liability company or corporation) and the relevant Tax Jurisdiction (including, without limitation, being or having been a citizen, resident or national thereof or being or having been present or engaged in a trade or business therein, or having or having had a permanent establishment therein), but excluding any connection arising merely from the holding of such Note, the enforcement of rights under such Note or under a Notes Guarantee or the receipt of any payments in respect of such Note or a Notes Guarantee;
- (2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made

available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

- (3) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;
- (4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC (as amended from time to time) 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 complying with or introduced in order to conform to, such directive;
- (5) any Taxes imposed on or with respect to a payment made to a Holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent located in another jurisdiction;
- (6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Notes Guarantee;
- (7) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the Holder or beneficial owner of Notes, following the Issuer's written request addressed to the Holder or beneficial owner (and made at a time that would enable the Holder or beneficial owner acting reasonably to comply with that request), to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or published administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the Holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;
- (8) any Taxes imposed on or with respect to any payment by the Issuer or a Guarantor to the Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payments had such Holder been the sole beneficial owner of such Note;
- (9) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), as of the issue date (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or
- (10) any combination of items (1) through (9) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the Holders for any Taxes, which are levied by any Tax Jurisdiction on the execution, delivery, issuance or registration of any of the Notes, the Indenture or any Notes Guarantee or any other document referred to therein (other than a transfer of the Notes other than the initial resale by the Initial Purchasers) or the receipt of any payments with respect thereto (limited, solely in the case of taxes attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (5), (7) through (9) above or any combination thereof), or any such Taxes imposed by any Tax Jurisdiction as a result of, or in connection with, the enforcement of any of the Notes or any Notes Guarantee.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Notes Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the Issuer or the relevant Guarantor becomes aware of the obligation to pay Additional Amounts less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to Holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make or cause to be made all withholdings and deductions required by law and will timely remit or cause to be remitted the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or the Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. Upon reasonable request, copies of tax receipts or other evidence of payment, as the case may be, will be made available by the Trustee to the Holders or beneficial owners of the Notes. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Luxembourg Paying Agent if the Notes are then listed on the Luxembourg Stock Exchange. The Issuer or the Guarantor, as the case may be, will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certificated 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 Euro Notes or CHF 1,000 principal amount of the CHF Notes, as the case may be. If requested by the Trustee, the Issuer or the Guarantors will provide to the Trustee such information as may be in the possession of the Issuer or the Guarantors (and not otherwise in the possession of the Trustee) to enable the Trustee to determine the amount of withholding taxes attributable to any particular Holder, *provided, however*, that in no event shall the Issuer or the Guarantors be required to disclose any information that it reasonably deems to be confidential.

Whenever in the Indenture or in this Description of the Notes there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or Notes Guarantees, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, organized, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which any payment on the Notes (or any Notes Guarantee) is made and any department or political subdivision thereof or therein.

The Notes Guarantees

The Notes will be guaranteed by the Guarantors. The Notes Guarantees will be joint and several obligations of each Guarantor. Each Notes Guarantee is a full and unconditional guarantee of the Issuer's obligations under the Notes, subject to the contractual limitations discussed below.

Each of the Notes Guarantees and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering its guarantee voidable or otherwise ineffective under applicable law, including laws relating to fraudulent conveyance, fraudulent transfer, maintenance of share capital and liquidity, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally, or otherwise to reflect applicable laws, including laws relating to capital maintenance and the liability of directors and officers. By virtue of these limitations, a Guarantor's obligations under its Notes Guarantee or any security interest, as applicable, could be significantly less than amounts payable in respect of the Notes. See "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral—Each Notes Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*."

The operations of the Issuer will be 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 of the Issuer's Subsidiaries will guarantee the Notes. The Notes will be structurally subordinated in right of payment to all obligations (including trade payables, preference shares and lease obligations, if any) of the Issuer's non-guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor

Subsidiary's liquidation or reorganization (and the consequent right of the Holders to participate in those assets) will be structurally subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any obligations of the non-guarantor Subsidiary senior to that held by the Issuer or such Guarantor.

Release of the Notes Guarantees

The Notes Guarantees will be released:

- (1) in connection with any sale, transfer or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the "Asset Sale" provisions of the Indenture;
- (2) in connection with any sale, transfer or other disposition of Capital Stock of that Guarantor or any holding company of such Guarantor to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the "Asset Sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale, transfer or other disposition;
- (3) if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- (4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and Discharge*";
- (5) upon the full and final payment and performance of all obligations of the Issuer under the Indenture and the Notes;
- (6) as permitted by the Intercreditor Agreement and any Additional Intercreditor Agreement;
- (7) in accordance with the caption "*—Amendment, Supplement and Waiver*";
- (8) as a result of a transaction permitted by "*—Merger, Consolidation or Sale of Assets*," to the extent provided therein; or
- (9) with respect to the Notes Guarantee of any Guarantor that was required to provide such Notes Guarantee pursuant to the covenant described under the caption "*—Certain Covenants—Limitation on Issuances of Notes Guarantees of Indebtedness*" upon such Guarantor being unconditionally released and discharged from its liability with respect to the Indebtedness giving rise to the requirement to provide such Notes Guarantee so long as no Default or Event of Default would arise as a result and no other Indebtedness is at that time guaranteed by the relevant Guarantor that would result in the requirement that such Guarantor provide a Notes Guarantee pursuant to the covenant described under the caption "*—Certain Covenants—Limitation on Issuances of Notes Guarantees of Indebtedness*."

Upon any occurrence giving rise to a release as specified above, the Trustee will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Notes Guarantee. Neither the Issuer nor any Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Collateral

General

The Notes and the Notes Guarantees will be secured by first-ranking Liens over the following collateral (collectively, the "*Collateral*");

- (a) shares held by Selecta Group B.V. in Selecta AG;
- (b) bank accounts of Selecta Group B.V.;

- (c) certain receivables of Selecta Group B.V. (including hedging receivables);
- (d) shares held by Selecta AG in Selecta Nordic Holding AB;
- (e) shares held by Selecta AG in Selecta Holding Limited;
- (f) financial securities account (*compte-titres*) opened in the name of Selecta AG in the books of Selecta Holding S.A.S. on which are registered all the shares (and other financial securities) issued by Selecta Holding S.A.S. and held by Selecta AG;
- (g) shares held by Selecta AG in Selecta Holding GmbH;
- (h) shares held by Selecta AG in Selecta Purchasing AG;
- (i) certain receivables of Selecta AG (including insurance receivables);
- (j) certain receivables of Selecta Purchasing AG;
- (k) shares held by Selecta Nordic Holding AB in Selecta Holding AB;
- (l) shares held by Selecta Holding AB in Selecta AB;
- (m) certain receivables of Selecta AB;
- (n) business mortgage certificates of Selecta AB;
- (o) certain intellectual property of Selecta AB;
- (p) certain insurance policies held by Selecta AB;
- (q) financial securities account (*compte-titres*) opened in the name of Selecta Holding S.A.S. in the books of Selecta S.A. on which are registered all the shares (and other financial securities) issued by Selecta S.A. and held by Selecta Holding S.A.S.;
- (r) certain receivables of Selecta Holding S.A.S.;
- (s) substantially all of the assets (other than fixed security over bank accounts) of Selecta Holding Limited;
- (t) substantially all of the assets (other than fixed security over bank accounts) of Selecta UK Limited;
- (u) shares held by Selecta Holding GmbH in Selecta Deutschland GmbH;
- (v) certain receivables of Selecta Deutschland GmbH;
- (w) certain receivables of Selecta Holding GmbH; and
- (x) intercompany receivables of certain of the Guarantors.

The Collateral will be pledged, assigned or otherwise secured pursuant to the Security Documents to the Security Agent, acting for itself and on behalf of the holders of the secured obligations that are secured by the Collateral, including the Holders of the Notes, the Trustee, the lenders under the Revolving Credit Facility Agreement and counterparties to certain Hedging Obligations or, with respect to the Security Documents governed by French law, acting in its capacity as parallel debt creditor pursuant to the Intercreditor Agreement.

Under the Indenture, the Issuer and the Restricted Subsidiaries will be permitted to incur certain additional Indebtedness that may share in the Collateral, including additional Permitted Collateral Liens securing Indebtedness on a *pari passu* basis with the Notes, including Indebtedness under the Revolving Credit Facility and certain priority Hedging Obligations (*provided* that the proceeds from any recovery from the enforcement of any security interest will be applied to satisfy the obligations under the Revolving Credit Facility, certain priority Hedging Obligations and certain future Indebtedness permitted under the Indenture (subject to the Intercreditor Agreement and any Additional Intercreditor Agreement), if any, before being applied to satisfy obligations to Holders under the Notes and the Indenture). The amount of such Permitted Collateral Liens will be limited by the covenants described under the captions “—Certain Covenants—Liens” and “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock.” Under certain circumstances, the amount of such additional Indebtedness secured by Permitted Collateral Liens could be significant.

The obligations under the Notes, the Revolving Credit Facility, certain Hedging Obligations and certain future Indebtedness permitted under the Indenture (subject to the Intercreditor Agreement and any

Additional Intercreditor Agreement), if any, will be secured equally and ratably by first-ranking Liens over the Collateral, however, any proceeds received upon any enforcement over any of the Collateral will only be applied in repayment of the Notes, and all other debt secured on a priority basis with the Notes, after all liabilities in respect of the obligations under the Revolving Credit Facility and certain priority Hedging Obligations and certain future Indebtedness permitted by the Indenture (subject to the Intercreditor Agreement and any Additional Intercreditor Agreement), if any, have been paid from such recoveries. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*”

Under the Security Documents, the Collateral will be pledged, assigned or otherwise secured by the Issuer and the Guarantors to secure the payment when due of the Issuer’s and the Guarantors’, as applicable, payment obligations under the Notes, the Notes Guarantees and the Indenture. The Security Documents will be entered into by, inter alios, the Security Agent or its nominee(s), who will act as Security Agent for the lenders under the Revolving Credit Facility Agreement, counterparties to the Hedging Obligations, the Trustee and for the Holders of the Notes or, with respect to the Security Documents governed by French law, in its capacity as parallel debt creditor pursuant to the Intercreditor Agreement.

Each Holder, by accepting a Note, shall be deemed (1) to have agreed to and accepted the terms of the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, (2) to have authorized the Trustee to enter into the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Agent to enter into the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, and (3) to be bound thereby. Each Holder, by accepting a Note, appoints the Trustee or the Security Agent, as the case may be, as its agent under the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, and authorizes it to act as such.

The Holders are not a party to the Security Documents, and therefore 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 and the Security Agent, as applicable. The Security Agent will agree to any release of the security interest created by the Security Documents subject to and in accordance with the Indenture and the Intercreditor Agreement without requiring any consent of such Holder. The Trustee will have the ability to direct the Security Agent to commence enforcement action under the Security Documents in certain circumstances. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*”

Subject to the terms of the Indenture, the Revolving Credit Facility Agreement and the Security Documents, the Issuer and the Guarantors, as the case may be, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of the shares that are part of the Collateral until the occurrence of an Acceleration Event (as defined in the Intercreditor Agreement and any Additional Intercreditor Agreement).

The value of the Collateral securing the Notes and the Notes Guarantees may not be sufficient to satisfy the Issuer’s and the Guarantors’ obligations under the Notes and the Notes Guarantees, and the Collateral securing the Notes and the Notes Guarantees may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. See “*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral—The Issuer and the Guarantors will have control over certain of the Collateral, and the operation of the business or the sale of particular assets could reduce the pool of assets securing the Notes.*”

No appraisals of the Collateral have been prepared by or on behalf of the Issuer or the Guarantors in connection with this Offering. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture and the Security Documents following an Acceleration Event (as defined in the Intercreditor Agreement), would be sufficient to satisfy amounts due on the Notes or the Notes Guarantees. By its nature, some or all the Collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all. See “*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral—It may be difficult to realize the value of the Collateral.*”

The Security Documents will be governed by the law of the jurisdiction to which the relevant Collateral is subject and will provide that the rights with respect to the Notes and the Indenture must be exercised subject to the terms thereof by the Security Agent in respect of the entire outstanding amount of the Notes. The term “Security Interests” refers to the Liens in the Collateral.

Under the Indenture, the Issuer and its Restricted Subsidiaries will be permitted to incur certain additional Indebtedness in the future that may share in the Collateral, including Indebtedness with super senior priority rights to proceeds from the enforcement of the Collateral. The amount of such additional Indebtedness will be limited by the covenants described under the captions “—*Certain Covenants—Liens*” and “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*.” Under certain circumstances, the amount of such additional Indebtedness that may share in the Collateral could be significant.

Further Assurances

Each of the Issuer and its Restricted Subsidiaries shall, and shall procure that each of its respective Subsidiaries, if any, shall, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may require (1) for registering any Security Document relating to the Collateral in any required register and for perfecting or protecting the security intended to be afforded by such Security Document relating to the Collateral; and (2) if such Security Document is enforced in accordance with the terms of the Indenture, the relevant Security Document and the Intercreditor Agreement, for facilitating the realization of all or any part of the assets which are subject to such Security Document and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of the Collateral. Each of the Issuer and its Restricted Subsidiaries shall, and shall procure that each of its respective Subsidiaries, if any, shall, execute such transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give such notices, orders and directions which the Security Agent may request.

Release of the Collateral

The Liens over the property and other assets constituting the Collateral securing the Notes and the Notes Guarantees will be released under any one or more of the following circumstances:

- (1) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets (including Capital Stock of Subsidiaries) to a Person that is not (either before or after giving effect to such transaction) the Issuer or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the “*Asset Sale*” provisions of the Indenture;
- (2) in connection with any sale, transfer or other disposition of Capital Stock of a Guarantor or any holding company of a Guarantor to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the “*Asset Sale*” provisions of the Indenture and such Guarantor ceases to be a Restricted Subsidiary as a result of the sale, transfer or other disposition;
- (3) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property, assets and Capital Stock of such Guarantor;
- (4) if the Issuer designates any of its Restricted Subsidiaries to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Restricted Subsidiary;
- (5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions “—*Legal Defeasance and Covenant Defeasance*” and “—*Satisfaction and Discharge*”;
- (6) as permitted by the Intercreditor Agreement and any Additional Intercreditor Agreement;
- (7) upon the full and final payment and performance of all financial obligations of the Issuer under the Indenture and the Notes;
- (8) in accordance with the caption “—*Amendment, Supplement and Waiver*”;
- (9) in accordance with the covenant described under the caption “—*Certain Covenants—No Impairment of Security Interest*”; and

(10) upon a release of the Lien that resulted in the creation of the Lien under the covenant described under the caption “—*Certain Covenants—Liens.*”

The foregoing will not cause or permit, directly or indirectly, the Lien on the Capital Stock of Selecta AG to be released, other than as expressly provided by (5), (6) and (7).

The Security Agent will take all necessary action required to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be affected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

Optional Redemption

At any time prior to December 15, 2016 the Issuer may on any one or more occasions, upon not less than 30 nor more than 60 days’ notice, redeem up to 40% of the aggregate principal amount of the Euro Notes issued under the Indenture at a redemption price equal to 106.50% of the principal amount of the Euro Notes redeemed and up to 40% of the aggregate principal amount of the CHF Notes issued under the Indenture at a redemption price equal to 106.50% of the principal amount of the CHF Notes redeemed, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of the Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering of (i) the Issuer or (ii) any Parent Entity to the extent the proceeds from such Equity Offering are contributed to the Issuer’s common equity capital or are paid to the Issuer as consideration for the issuance of ordinary shares of the Issuer; *provided that*:

- (1) at least 60% of the aggregate principal amount of the Euro Notes and at least 60% of the aggregate principal amount of the CHF Notes, originally issued under the Indenture (excluding the Notes held by the Issuer and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and
- (2) the redemption occurs within 120 days of the date of the closing of such Equity Offering.

At any time prior to December 15, 2016 the Issuer may on any one or more occasions upon not less than 30 nor more than 60 days’ notice, redeem all or a part of the Euro Notes and/or CHF Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding three paragraphs and except pursuant to “—*Redemption for Changes in Taxes,*” the Notes will not be redeemable at the Issuer’s option prior to December 15, 2016.

On or after December 15, 2016, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 30 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed on or after the dates indicated below, subject to the rights of holders of the Notes on the relevant record date to receive interest on the relevant interest payment date:

| Year | Redemption Price | |
|--|------------------|-----------|
| | Euro Notes | CHF Notes |
| December 15, 2016 | 103.250 | 103.250% |
| June 15, 2017 | 101.625% | 101.625% |
| June 15, 2018 and thereafter | 100.000% | 100.000% |

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption or notice may, in the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the Holders (which notice will be irrevocable and given in accordance with the procedures described in "*—Selection and Notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Notes Guarantee, the Issuer under or with respect to the Notes or any of the Guarantors with respect to any Notes Guarantee is or would be required to pay Additional Amounts (but, in the case of the relevant Guarantor, only if such amount cannot be paid by the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and the Issuer or relevant Guarantor, as applicable, cannot avoid any such payment obligation by taking reasonable measures available (including making payment through a Paying Agent located in another jurisdiction) and the requirement arises as a result of:

- (1) any amendment to, or change in, the laws, or any regulations or rulings promulgated thereunder, or treaties of a relevant Tax Jurisdiction which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the date of this Offering Memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this Offering Memorandum, such later date); or
- (2) any amendment to, or change in, an official written interpretation or application of such laws, regulations, rulings or treaties (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published practice) which amendment or change has not been publicly announced as formally proposed before and which becomes effective on or after the date of the Offering Memorandum, (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this Offering Memorandum, such later date) (each of the foregoing clauses (1) and (2), a "*Change in Tax Law*").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the Guarantor, as applicable, would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and the obligation to pay Additional Amounts must be in effect (or be scheduled to come into effect on or prior to the next date on which any amount would be payable under or in respect of the Notes or any Notes Guarantee) at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that obligation to pay such Additional Amounts cannot be avoided by the Issuer or the relevant Guarantor taking reasonable measures available to it; and (b) written opinion of independent tax counsel of recognized standing qualified under the laws of the relevant Tax Jurisdiction and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Issuer or the relevant Guarantor has or will become obligated to pay such Additional Amounts as a result of the Change in Tax Law.

The Trustee will accept and shall be entitled to rely (without any liability on the part of the Trustee arising from such reliance) on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the Holders.

The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, 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, in the case of the Euro Notes, and equal to CHF 150,000 or integral multiples of CHF 1,000 in excess thereof, in the case of the CHF Notes; *provided that* Euro Notes of €100,000 or less and CHF Notes of CHF 150,000 or less, may only be redeemed in whole and not in part) of such Holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes of a series as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, within 30 days following any Change of Control, the Issuer will mail a notice to each Holder at such Holder's registered address or otherwise deliver a notice in accordance with the procedures described under "*—Selection and Notice*," stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Change of Control Offer shall be open for a period of no less than 20 days, and the Issuer will comply with the requirements of any applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly mail (or cause to be delivered) to each Holder properly tendered the Change of Control Payment for such Notes, and the Trustee (or its authenticating agent) will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will 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 Issuer will not be required to make a Change of Control Offer 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 properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described 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 for the Change of Control at the time the Change of Control Offer is made.

The Revolving Credit Facility Agreement will provide that the occurrence of a change of control would, in each case, require the repayment of all the outstanding Indebtedness thereunder. If the Issuer experiences a change of control that triggers a mandatory prepayment under its Revolving Credit Facility Agreement, the Issuer may seek the agreement of the relevant lenders thereunder to maintain the availability of the Revolving Credit Facility Agreement or seek to refinance the Revolving Credit Facility Agreement. Future debt of the Issuer or its Subsidiaries may prohibit the Issuer from purchasing the Notes in the event of a Change of Control or provide that a Change of Control is a default or require a repurchase 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, other debt, even if a Change of Control does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to repurchase Notes pursuant to a Change of Control Offer following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See *"Risk Factors—Risks Relating to the Notes, the Notes Guarantees and the Collateral—We may not have the ability to raise the funds necessary to finance a change of control offer."*

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain. The definition of "Change of Control" and "Permitted Holders" expressly permit a third party to obtain control of the Issuer in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control Offer.

The provisions under 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 consent of the Holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Asset Sales

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

- (1) the Issuer (or the applicable Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and
- (2) at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as recorded on the balance sheet of the Issuer or any Restricted Subsidiary (other than contingent liabilities and other than liabilities that are by their terms subordinated in right of payment to the Notes or any Notes Guarantee or are not otherwise permitted to be repurchased with the Net Proceeds from an Asset Sale pursuant to the second paragraph under this covenant), that are assumed by the transferee of any such assets and as a result of which the Issuer and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

- (b) any securities, notes or other obligations received by the Issuer or any such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 120 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;
- (c) any Capital Stock or assets of the kind referred to in clauses (1)(d) or (f) of the next paragraph of this covenant;
- (d) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (d) that is at that time outstanding, not to exceed the greater of €30.0 million and 2.25% of Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value);
- (e) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Issuer and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale; and
- (f) consideration consisting of Indebtedness of the Issuer or any Guarantor of a type set forth in clause (1) of the following paragraph, received from Persons who are not the Issuer or any Restricted Subsidiary.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may:

- (1) apply such Net Proceeds (at the option of the Issuer or Restricted Subsidiary):
 - (a) to purchase the Notes pursuant to an offer made on a pro rata basis to all of the Holders of Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (a “Notes Offer”);
 - (b) (i) to repay Indebtedness of the Issuer or any Guarantor outstanding under clause (1) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*” that is secured by a first-priority Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Notes Guarantee and, if the Indebtedness repaid is revolving credit Indebtedness (other than in the case of a revolving credit Indebtedness incurred pursuant to clause (1) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”), to correspondingly reduce commitments with respect thereto; or (ii) to make an Asset Sale Offer (as defined below) on a pro rata basis to all Holders of the Notes and holders of other Indebtedness that is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or the Notes Guarantees;
 - (c) to purchase or permanently prepay or redeem or repay (i) any Indebtedness that is only secured by Liens on assets or property that do not constitute Collateral and, if the Indebtedness prepaid, redeemed or repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; or (ii) any Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another Restricted Subsidiary (or any Affiliate thereof);
 - (d) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;
 - (e) to make a capital expenditure;
 - (f) to acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business; or
 - (g) any combination of the foregoing; or
- (2) enter into a binding commitment to apply the Net Proceeds pursuant to subclauses (d), (e) or (f) of clause (1) above; *provided* that such commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (a) the date on which such

acquisition or expenditure is consummated, and (b) the 180th day following the expiration of the aforementioned 365 day period.

Pending the final application of any Net Proceeds, the Issuer (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph above of this covenant will constitute “*Excess Proceeds*.” When the aggregate amount of Excess Proceeds exceeds €25.0 million, within 20 Business Days thereof, the Issuer will make an offer (an “*Asset Sale Offer*”) to all Holders of Notes and, to the extent notified by the Issuer in such notice, make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Notes Guarantee to purchase, prepay or redeem with the proceeds of sales of assets, the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount and the offer price for any *pari passu* Indebtedness may be no greater than 100% of the principal amount, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of Euro Notes, and in minimum denominations of CHF 150,000 and integral multiples of CHF 1,000 in excess thereof in the case of CHF Notes. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a pro rata basis (or in the manner described under “—*Selection and Notice*”), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

To the extent that any portion of Net Proceeds payable in respect of the Notes is denominated in a currency other than euro or CHF, as the case may be, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in euro or CHF, as the case may be, that is actually received by the Issuer upon converting such portion of the Net Proceeds into euro or CHF, as the case may be.

An Asset Sale Offer or a Notes Offer shall be open for a period of not less than 20 days, and the Issuer will comply with the requirements of any applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control, Asset Sale or Notes Offer 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 Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select such Notes for redemption on a pro rata basis (or, in the case of Notes issued in global form as discussed under “*Book-Entry, Delivery and Form*,” based on a method that most nearly approximates a pro rata selection), unless otherwise required by law or applicable stock exchange or depository requirements. Neither the Trustee nor the Registrar, as applicable, shall be liable for selections made by it in accordance with this paragraph.

No Euro Notes of €100,000 in the aggregate principal amount or less shall be redeemed in part; *provided that* Euro Notes in excess of €100,000 can be redeemed in part in integral multiples of €1,000. No CHF Notes of CHF 150,000 in the aggregate principal amount or less shall be redeemed in part; *provided that* CHF Notes in excess of CHF 150,000 can be redeemed in part in integral multiples of CHF 1,000.

Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before a redemption date to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the Holder upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. 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.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, any such notice to the Holders shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu) and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Incurrence of Indebtedness and Issuance of Preferred Stock

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “*incur*”) any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*:

- (1) that the Issuer may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and any Guarantor may incur Indebtedness (including Acquired Debt) or issue preferred stock, if on the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, the Issuer’s Fixed Charge Coverage Ratio for the Issuer’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0; and
- (2) if the Indebtedness to be incurred is Senior Secured Indebtedness, the Issuer and any Guarantor may incur such Senior Secured Indebtedness if the Issuer’s Consolidated Senior Secured Leverage Ratio for the Issuer’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Senior Secured Indebtedness is incurred would have been less than 4.25 to 1.0,

in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, “*Permitted Debt*”):

- (1) the incurrence by the Issuer and any Guarantor of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed the greater of (a) €65.0 million and (b) 50.0% of Consolidated EBITDA for the Issuer’s most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is incurred or, if such Credit Facilities relate to revolving credit Indebtedness, the date on which such revolving credit Indebtedness is committed, *plus* 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;

- (2) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes (other than Additional Notes) and the related Notes Guarantees (including any future Notes Guarantees);
- (3) Indebtedness of the Issuer or any Restricted Subsidiary outstanding on the Issue Date (other than the Indebtedness described in clauses (1) or (2) of this paragraph) after giving pro forma effect to the use of proceeds of the Notes incurred on the Issue Date;
- (4) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant or equipment (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) used in the business of the Issuer or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of €30.0 million and 2.25% of Total Assets at any time outstanding;
- (5) the incurrence by the Issuer or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under (a) the first paragraph of this covenant or (b) clauses (2), (3), (5) or (16) of this second paragraph;
- (6) the incurrence by the Issuer or any Restricted Subsidiary of intercompany Indebtedness between or among the Issuer or any Restricted Subsidiary; *provided* that:
 - (a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and 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 Notes Guarantee, in the case of a Guarantor; and
 - (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);
- (7) the issuance by any Restricted Subsidiary to the Issuer or to any of its Restricted Subsidiaries of preferred stock; *provided* that:
 - (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Restricted Subsidiary; and
 - (b) any sale or other transfer of any such preferred stock to a Person that is neither the Issuer nor a Restricted Subsidiary,will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);
- (8) the incurrence by the Issuer or any Restricted Subsidiary of Hedging Obligations for bona fide hedging purposes of the Issuer and its Restricted Subsidiaries and not for speculative purposes;
- (9) the guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Notes Guarantee, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;
- (10) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within ten Business Days of such incurrence;

- (11) the incurrence by the Issuer and its Restricted Subsidiaries of Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for customary 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 Equity Interests of a Subsidiary; *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition (in the case of a disposition by the Issuer and its Restricted Subsidiaries);
- (12) the incurrence by the Issuer and its Restricted Subsidiaries of Indebtedness in respect of (a) letters of credit, bankers' acceptances, surety, performance, completion or appeal bonds, instruments, guarantees or other obligations, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person, including letters of credit or similar instruments in respect of such obligations or in respect of self-insurance, workers' compensation claims or obligations, captive insurance companies and rent payment obligations (in each case, (i) other than an obligation for borrowed money and (ii) to the extent such obligations are reimbursed within 30 days of incurrence); and (b) any customary cash management, cash pooling or netting or setting-off arrangements;
- (13) Indebtedness of the Issuer or any of its Restricted Subsidiaries in respect of Management Advances;
- (14) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;
- (15) Indebtedness of the Issuer and any Guarantor in an aggregate outstanding principal amount that, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (15) and then outstanding, will not exceed 100% of the Net Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock or an Excluded Contribution or in connection with the contribution of proceeds of the PIK Loan) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or the contribution of proceeds of the PIK Loan) of the Issuer or from the issuance or sale (other than to a Restricted Subsidiary) of Subordinated Shareholder Debt (other than in connection with the on-lending of proceeds of the PIK Loan); *provided, however*, that (a) any such Net Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (2), (4) and (8) of the third paragraph of the covenant described under the caption "*—Restricted Payments*" to the extent the Issuer or any Guarantor incur Indebtedness in reliance thereon; and (b) any Net Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (15) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (2), (4) and (8) of the third paragraph of the covenant described under the caption "*—Restricted Payments*" in reliance thereon;
- (16) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer 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 (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary of the Issuer or was otherwise acquired by the Issuer or any Restricted Subsidiary); *provided, however*, with respect to this clause (16), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (a) the Issuer would have been able to incur €1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant, after giving pro forma effect to the incurrence of such Indebtedness pursuant to this clause (16) or (b) the Fixed Charge Coverage Ratio of the Issuer would not be less than it was immediately prior to giving pro forma effect to the incurrence of such Indebtedness pursuant to this clause (16);
- (17) Indebtedness incurred in any Qualified Securitization Financing; and

- (18) the incurrence by the Issuer or any Restricted Subsidiary of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (18), not to exceed the greater of €40.0 million and 3.0% of Total Assets; *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to this clause (18) by Restricted Subsidiaries that are not Guarantors shall not exceed €20.0 million.

For purposes of determining compliance with this “*Incurrence of Indebtedness and Issuance of Preferred Stock*” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clause (1) through (18) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant; *provided* that Indebtedness incurred pursuant to clause (1) of the second paragraph of this covenant may not be reclassified. Indebtedness under the Revolving Credit Facility outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided in clause (1) of the second paragraph of this covenant. The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant.

For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the Euro-Equivalent of the aggregate principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; *provided, however*, that (i) if such Indebtedness denominated in non-euro currency is subject to a Currency Exchange Protection Agreement, the amount of such Indebtedness expressed in euro will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) 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. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the Euro-Equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility, except that to the extent that:

- (1) such Euro-Equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and
- (2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the Euro-Equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

- (1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;
- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
- (a) the Fair Market Value of such assets at the date of determination; and
 - (b) the amount of the Indebtedness of the other Person.

Anti-Layering

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Notes Guarantee on substantially identical terms; *provided, however*, that 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 with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

Restricted Payments

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders, other than (a) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Issuer; and (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary;
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any direct or indirect Parent Entity of the Issuer;
- (3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Notes Guarantee (excluding any intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries), except (a) a payment of interest or principal at the Stated Maturity thereof or (b) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a scheduled sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition;
- (4) make any cash payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt; or
- (5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as "*Restricted Payments*"), unless, at the time of and after giving effect to any such Restricted Payment:

- (a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (b) the Issuer would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*"; and
- (c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Issue Date (excluding Restricted

Payments permitted by clauses (2), (3), (5), (6), (7), (9), (10), (11), (12), (13), (14), (17) and (19) of the third paragraph of this covenant) is less than the sum, without duplication, of:

- (i) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*
- (ii) 100% of the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Issuer since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Issuer (other than Disqualified Stock or Excluded Contributions or in connection with the contribution of proceeds of the PIK Loan) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Issuer or convertible or exchangeable debt securities of the Issuer, in each case that have been converted into or exchanged for Equity Interests of the Issuer (other than Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Issuer) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Subsidiary of the Issuer or in respect of the contribution of proceeds of the PIK Loan); *plus*
- (iii) to the extent that any Restricted Investment that was made after the Issue Date is (I) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property or assets or marketable securities received by the Issuer or any Restricted Subsidiary (other than from a Person that is the Issuer or a Restricted Subsidiary), or (II) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Issuer and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*
- (iv) to the extent that any Unrestricted Subsidiary of the Issuer designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Issuer or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, the Fair Market Value of the property received by the Issuer or Restricted Subsidiary or the Issuer's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the Restricted Payments capacity under this clause (iv) and were not previously repaid or otherwise reduced; *plus*
- (v) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Issuer or one of its Restricted Subsidiaries to any Person, an amount equal to the amount of such guarantee; *plus*
- (vi) 100% of any cash dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Issuer for such period.

The Fair Market Value of property or assets (other than cash covered by the preceding sentence) shall be the Fair Market Value thereof as determined in good faith by an officer or the Board of Directors of the Issuer.

The preceding provisions will not prohibit:

- (1) the payment of any dividend or distribution or the consummation of any redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend, distribution or redemption payment would have complied with the provisions of the Indenture;
- (2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer (other than Disqualified Stock or in respect of the contribution of the proceeds of the PIK Loan), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Issuer, in each case, other than in respect of the contribution of the proceeds of the PIK Loan; *provided* that the amount of any such net cash proceeds that are utilized

for any such Restricted Payment will be excluded from the calculation of amounts under clause (c)(ii) of the preceding paragraph, shall not constitute Excluded Contributions, and will not be considered to be net cash proceeds from an Equity Offering for purposes of the “*Optional Redemption*” provisions of the Indenture;

- (3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Note or to any Notes Guarantee in respect thereof with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;
- (4) any Restricted Payment consisting of (or the making of any Restricted Payment to fund) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of any Parent Entity, the Issuer or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of any Parent Entity, the Issuer or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders’ agreement or other agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed €5.0 million in any calendar year (with unused amounts in any calendar year being carried over to the succeeding calendar year); and *provided, further*, that such amount in any calendar year may be increased by an amount not to exceed (a) the cash proceeds from the sale of Equity Interests or Subordinated Shareholder Debt of any Parent Entity, the Issuer or a Restricted Subsidiary received by the Issuer or a Restricted Subsidiary during such calendar year, in each case, to officers, directors, employees or consultants of any Parent Entity, the Issuer, any of its Restricted Subsidiaries or any of its direct or indirect parent companies and (b) the cash proceeds of key man life insurance policies, in each case, to the extent the cash proceeds have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph and are not Excluded Contributions;
- (5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants;
- (6) the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Stock of the Issuer or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described under the caption “—*Incurrence of Indebtedness and Issuance of Preferred Stock*”;
- (7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (a) the exercise of options or warrants or (b) the conversion or exchange of Capital Stock of any such Person;
- (8) so long as no Default has occurred and is continuing or would be caused thereby, following an Initial Public Offering of the Capital Stock of the Issuer or a Parent Entity, the declaration and payment of loans, advances, dividends or distributions on the Capital Stock of the Issuer in an amount per annum not to exceed the greater of (a) 6.0% of the net cash proceeds received from such Initial Public Offering by the Issuer or contributed in cash to the Issuer’s equity (other than through the issuance of Disqualified Stock or Excluded Contributions) and (b) following the Initial Public Offering, an amount equal to (i) the greater of (A) 7.0% of the Market Capitalization and (B) 7.0% of the IPO Market Capitalization; *provided* that, in the case of this clause (8)(b)(i), after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio of the Issuer would not exceed 2.75 to 1.0; and (ii) the greater of (A) 5.0% of the Market Capitalization and (B) 5.0% of the IPO Market Capitalization; *provided* that in the case of this clause (8)(b)(ii), after giving pro forma effect to such loans, advances, dividends or distributions, after giving pro forma effect to the payment of any such dividend or making of any such distribution, the Consolidated Leverage Ratio of the Issuer would not exceed 3.25 to 1.0; *provided, further*, if such Initial Public Offering was of Capital Stock of a Parent Entity, the net proceeds of any such loans, advances, dividends or distributions are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Entity;
- (9) the payment of any dividend or distribution by a Restricted Subsidiary to the holders of its Equity Interests on no more than a pro rata basis;

- (10) so long as no Default or Event of Default has occurred and is continuing, the payment of Management Fees;
- (11) Permitted Parent Payments;
- (12) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregated cash amount of Excluded Contributions or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (12);
- (13) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is subordinated in right of payment to the Notes or to any Notes Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Issuer) upon a Change of Control or Asset Sale to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101% of the principal amount of such Indebtedness, in the case of a Change of Control, and 100%, in the case of an Asset Sale, but only if the Issuer has complied with its obligations under the covenants described under “—*Repurchase at the Option of Holders—Change of Control*” and “—*Repurchase at the Option of Holders—Asset Sales*” and the Issuer repurchased all Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Indebtedness;
- (14) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary of the Issuer by, Unrestricted Subsidiaries; *provided* that such entities are then designated as Unrestricted Subsidiaries;
- (15) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed €40.0 million since the Issue Date;
- (16) so long as no Default or Event of Default has occurred and is continuing, any Restricted Payments; *provided* that the Consolidated Leverage Ratio does not exceed 2.75 to 1.0 on a *pro forma* basis after giving effect to any such Restricted Payments and any related transaction;
- (17) Restricted Payments in an amount necessary to fund termination payments by the Issuer or any Parent Entity to former executives of the Issuer or any of its Restricted Subsidiaries;
- (18) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Issuer (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) 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 Equity Interests of the Issuer (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (18) does not exceed €5.0 million in any calendar year with unused amounts from such calendar year (but not including unused amounts from any prior calendar year) being available for use during the immediately succeeding calendar year; or
- (19) the payment of any Securitization Fees and purchases of Securitization Assets and related assets pursuant to a Securitization Repurchase Obligation in connection with a Qualified Securitization Financing.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Liens

The Issuer will not and will not cause or permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or asset that does not constitute Collateral (a) Permitted Liens, or (b) if such Lien is not a Permitted Lien, to the extent that all payments due under the Indenture, the Notes and the Notes Guarantees are secured on an equal and ratable basis (or in the case of Indebtedness which is subordinated in right of payment to the Notes or any Notes Guarantees, prior or senior thereto, with the

same relative priority as the Notes or such Notes Guarantee, as applicable, shall have with respect to such subordinated Indebtedness) with the obligations so secured until such time as such obligations are no longer secured by a Lien and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any Restricted Subsidiary;
- (2) make loans or advances to the Issuer or any Restricted Subsidiary; or
- (3) sell, lease or transfer any of its properties or assets to the Issuer or any Restricted Subsidiary,

provided that (a) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (b) the subordination of (including the application of any standstill period to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness incurred by the Issuer or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of such agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such agreements on the Issue Date;
- (2) the Indenture, the Notes, the Notes Guarantees, the Revolving Credit Facility Agreement, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;
- (3) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—*Incurrence of Indebtedness and Issuance of Preferred Stock*” if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (a) the encumbrances and restrictions contained in the Revolving Credit Facility Agreement, the Intercreditor Agreement and the Indenture, in each case, as in effect on the Issue Date (as determined in good faith by the Issuer) or (b) is customary in comparable financings (as determined in good faith by the Issuer);
- (4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;
- (5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;
- (6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;
- (7) purchase money obligations and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

- (8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;
- (9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in comparable financings at the time of determination (as determined in good faith by the Issuer) and would not otherwise restrict the payment of amounts due in respect of the Notes, a Notes Guarantee, or compliance by the Issuer or any Guarantor with its obligations under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents and any Credit Facility;
- (10) Liens permitted to be incurred under the provisions of the covenant described under the caption “—*Liens*” that limit the right of the debtor to dispose of the assets subject to such Liens;
- (11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;
- (12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;
- (13) any mortgage financing or mortgage refinancing that imposes restrictions only on the real property securing such Indebtedness;
- (14) any Qualified Securitization Financing; and
- (15) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (14), or in this clause (15); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced.

Merger, Consolidation or Sale of Assets

The Issuer will not directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole, in either case, in one or more related transactions, to another Person, unless:

- (1) either: (a) the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Canada, any state of the United States or the District of Columbia;
- (2) the Person formed by or surviving any such consolidation or merger with the Issuer (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Indenture, the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, if any, pursuant to the terms thereof;
- (3) immediately after giving effect to such transaction or transactions, no Default or Event of Default exists; and
- (4) the Issuer or the Person formed by or surviving any such consolidation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, 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 (a) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under the caption “—*Incurrence of Indebtedness and Issuance of Preferred Stock*” or (b) have a

Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction.

A Guarantor (other than any Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture) will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation); or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) immediately after giving effect to that transaction or transactions, no Default or Event of Default exists; and
- (2) either:
 - (a) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor;
 - (b) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under its Notes Guarantee, the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, if any, on terms satisfactory to the Trustee; or
 - (c) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

In addition, the Issuer will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

Clauses (3) and (4) of the first paragraph of this “*Merger, Consolidation or Sale of Assets*” covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Issuer with or into any Guarantor and clause (4) of the first paragraph of this “*Merger, Consolidation or Sale of Assets*” covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Issuer with or into an Affiliate solely for the purpose of reincorporating the Issuer in another jurisdiction for tax reasons.

Limitation on Issuer Activities

The Issuer may not carry on any business or own any assets other than:

- (1) the ownership of shares of Selecta AG;
- (2) the provision of administrative services (excluding treasury services) and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services;
- (3) incurring Indebtedness permitted under the covenants described above under the caption “—*Incurrence of Indebtedness and Issuance of Preferred Stock*” (including activities reasonably incidental thereto, including performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the Indenture), the granting of Liens permitted or required under the covenant described above under the caption “—*Liens*” and the granting of guarantees not prohibited by the Indenture;
- (4) rights and obligations arising under the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement), the Security Documents, the Credit Facilities and the PIK Proceeds Loan or any other shareholder loans;
- (5) the ownership of (i) cash and Cash Equivalents and (ii) other property to the extent contributed substantially concurrently to a Parent Entity in compliance with the covenant described above under the caption “—*Restricted Payments*”;
- (6) making Investments in the Notes or Indebtedness permitted under the covenant described under the caption “—*Incurrence of Indebtedness and Issuance of Preferred Stock*”;
- (7) directly related or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries corporate existence;

- (8) any activity reasonably relating to the offering, sale, issuance and servicing, listing, purchasing, redemption, amendment, exchange, refinancing, incurring or retirement of the Notes or the incurrence of Indebtedness represented by the Notes (including Additional Notes) or other permitted Indebtedness (including under Credit Facilities) of the Issuer or lending or otherwise advancing the proceeds thereof (including pursuant to the PIK Proceeds Loan) and any other activities in connection therewith as described under the covenants described above under the caption “—*Incurrence of Indebtedness and Issuance of Preferred Stock*”;
- (9) the payment of professional fees and administration costs in the ordinary course of business of a holding company and the payment of wages and the incurrence of obligations arising by operation of law or that are typical of or incidental to the activities of a holding company; or
- (10) other activities not specifically enumerated above that are *de minimis* in nature.

Transactions with Affiliates

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each, an “*Affiliate Transaction*”) involving aggregate payments or consideration in excess of €5.0 million, unless:

- (1) the Affiliate Transaction is on terms that are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with a Person who is not an Affiliate; and
- (2) the Issuer delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €10.0 million, a resolution of the Board of Directors of the Issuer set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the Disinterested Directors; and, in addition;
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €25.0 million, an opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience in appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm’s length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (1) any employment agreement, collective bargaining agreement or consultant or employee benefit arrangements with any employee, consultant, officer or director of the Issuer or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;
- (2) transactions between or among the Issuer and any Restricted Subsidiary, or between or among Restricted Subsidiaries;
- (3) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;
- (4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Issuer or any of its Restricted Subsidiaries;
- (5) any issuance of Equity Interests (other than Disqualified Stock) of the Issuer to Affiliates of the Issuer;

- (6) any Restricted Payment that does not violate the provisions of the Indenture described above under the caption “—*Restricted Payments*”;
- (7) Management Advances, Management Fees and Permitted Parent Payments;
- (8) any Permitted Investments (other than Permitted Investments described in clause (3), (9) and (15) of the definition thereof);
- (9) the incurrence of any Subordinated Shareholder Debt;
- (10) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not more disadvantageous to the Holders of the Notes in any material respect than the original agreement as in effect on the Issue Date;
- (11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Issuer or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Issuer or the Senior Management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;
- (12) any payments or other transactions pursuant to a tax-sharing agreement between the Issuer and any other Person or a Restricted Subsidiary of the Issuer and any other Person with which the Issuer or any of its Restricted Subsidiaries files a consolidated tax return or with which the Issuer or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided, however*, that any such tax-sharing arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Issuer and its Restricted Subsidiaries on a stand-alone basis;
- (13) any contribution to the capital of the Issuer in exchange for Capital Stock of the Issuer (other than Disqualified Stock and preferred stock);
- (14) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Issuer solely because a director of which is also a director of the Issuer or any direct or indirect parent of the Issuer; *provided, however*, that such director abstains from voting as a director of the Issuer or such direct or indirect parent, as the case may be, on any matter involving such other Person;
- (15) Liens on Equity Interests of Unrestricted Subsidiaries;
- (16) any Affiliate Transaction in connection with the Transactions as defined in the section under the caption “*Certain Definitions*” in this Offering Memorandum; and
- (17) any transactions effected as part of a Qualified Securitization Financing.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Issuer may designate any Restricted Subsidiary (including any newly acquired or newly formed Restricted Subsidiary) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described under the caption “—*Restricted Payments*” or under one or more clauses of the definition of Permitted Investments, as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described under the caption “—*Restricted Payments*.” If,

at any time, any Unrestricted Subsidiary would fail to meet the requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption “—*Incurrence of Indebtedness and Issuance of Preferred Stock*,” the Issuer will be in default of such covenant. The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption “—*Incurrence of Indebtedness and Issuance of Preferred Stock*,” calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Maintenance of Listing

The Issuer will use its reasonable efforts to obtain and maintain the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market thereof for so long as such Notes are outstanding; *provided* that if the Issuer is unable to obtain admission to listing of the Notes on the Luxembourg Stock Exchange or if at any time the Issuer determines that it will not so list or maintain such listing, it will use its reasonable efforts to obtain and maintain a listing of such Notes on another “recognized stock exchange” as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Limitation on Issuances of Notes Guarantees of Indebtedness

The Issuer will not permit any of its Restricted Subsidiaries that is not a Guarantor, directly or indirectly, to guarantee the payment of any other Indebtedness of the Issuer or any Guarantor unless such Restricted Subsidiary simultaneously executes and delivers to the Trustee a supplemental indenture to the Indenture providing for the guarantee of the payment of the Notes by such Restricted Subsidiary, which Notes Guarantee will be *pari passu* with or senior to such Restricted Subsidiary’s guarantee of such other Indebtedness.

Each additional Notes Guarantee will be limited as 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, liquidity maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The first paragraph of this covenant will not be applicable to (1) any Notes Guarantee of Indebtedness (other than the Revolving Credit Facility) of the Issuer and its Subsidiaries existing on the Issue Date; or (2) any guarantee given to a bank or trust company having combined capital and surplus and undivided profits of not less than €250 million, whose debt has a rating, at the time such guarantee was given, of at least “A” or the equivalent thereof by S&P and at least “A2” or the equivalent thereof by Moody’s, in connection with the operation of cash management programs established for the benefit of the Issuer or any of its Restricted Subsidiaries.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to guarantee the payment of the Notes to the extent that such Notes Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in:

- (1) a violation of applicable law, which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Restricted Subsidiary; or
- (2) any liability for the officers, directors or shareholders of such Restricted Subsidiary,

provided that the Issuer will procure that the relevant Restricted Subsidiary become a Guarantor at such time as such restrictions or liabilities above would no longer apply to the provision of the Notes Guarantee or no longer would prohibit such Restricted Subsidiary from becoming a Guarantor (or prevent the Issuer from causing such Restricted Subsidiary to become a Guarantor).

Payments for Consent

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude Holders in any jurisdiction where (1) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (2) the payment of the consideration therefor would require the Issuer or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Issuer in its sole discretion determines (acting in good faith) (a) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (b) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

No Impairment of Security Interest

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) and the Issuer will not, and will not cause or permit any of its Restricted Subsidiaries 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, the Intercreditor Agreement and any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) the Issuer and its Restricted Subsidiaries may incur Permitted Collateral Liens; and *provided further, however*, that, subject to the foregoing clause (a) (except to the extent that such Collateral is to become subject to a Lien following such discharge), no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same asset) unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same asset), the Issuer delivers to the Trustee one of the following:

- (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, restatement, renewal, supplement, modification, replacement or release and retaking;
- (2) a certificate from the board of directors or chief financial officer of the relevant Person (acting in good faith) that confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release and retaking; or
- (3) an opinion of counsel, in form and substance satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately

prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

At the direction of the Issuer and without the consent of the Holders, the Security Agent may, subject to the terms of the Intercreditor Agreement, from time to time enter into one or more amendments to the Security Documents or enter into additional or supplemental Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) (but subject to compliance with the first paragraph of this covenant) provide for Permitted Collateral Liens, (iii) add to the Collateral or (iv) make any other change thereto that does not adversely affect the rights of the Holders of Notes in any material respect.

In the event that the Issuer complies with the requirements of this covenant, (a) the Trustee shall (subject to customary protections and indemnifications in the Indenture) consent to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and (b) the Trustee shall (subject to customary protections and indemnifications in the Indenture) instruct the Security Agent to enter into any such amendment, extension, renewal, restatement, supplement, modification, replacement or release, in each case without the need for instructions from the holders. For the avoidance of doubt, the Security Agent will have no discretion to consent to any such amendments and, instead, it will only be obliged to execute the relevant amendment subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement if so directed by the Trustee and shall also have the benefit of customary protections and indemnifications in the Intercreditor Agreement.

Suspension of Covenants When Notes Rated Investment Grade

If on any date following the Issue Date:

- (1) the Notes have achieved Investment Grade Status; and
- (2) no Default or Event of Default shall have occurred and be continuing on such date,

then, the Issuer will notify the Trustee and beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the “*Suspension Period*”), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries:

- (a) “—*Repurchase at the Option of Holders—Asset Sales*”;
- (b) “—*Incurrence of Indebtedness and Issuance of Preferred Stock*”;
- (c) “—*Restricted Payments*”;
- (d) “—*Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*”;
- (e) clause (4) of the first paragraph of the covenant described under “—*Merger, Consolidation or Sale of Assets*”;
- (f) “—*Transactions with Affiliates*”; and
- (g) “—*Designation of Restricted and Unrestricted Subsidiaries.*”

Such covenants will not, however, be of any effect with regard to the actions of the Issuer and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (A) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption “—*Restricted Payments*” had been in effect prior to, but not during, the Suspension Period and (B) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (3) of the second paragraph of the caption “—*Incurrence of Indebtedness and Issuance of Preferred Stock.*” Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

The Issuer shall notify the Trustee upon the occurrence of a Suspension Period; *provided* that such notice will not be a precondition of the suspension of covenants described under this caption.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee:

- (1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ending September 30, 2014, annual reports containing the following information with a level and type of detail that is substantially comparable in all material respects to this Offering Memorandum: (a) an audited consolidated balance sheet of the Issuer as of the end of the two most recent fiscal years (and comparative information for the end of the prior fiscal year) and audited consolidated income statements and statements of cash flow of the Issuer for the two most recent fiscal years (and comparative information for the prior fiscal year), including notes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement information and balance sheet information of the Issuer (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory notes, for any material acquisitions or dispositions (including, without limitation, any acquisition or disposition that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, represent greater than 20% of the Issuer's Consolidated EBITDA on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (in each case unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and critical accounting policies of the Issuer; (d) a description of the business, management and shareholders of the Issuer, all material affiliate transactions, Indebtedness and material financing arrangements and a description of all material debt instruments; and (e) material risk factors and material recent developments;
- (2) within 60 days (90 days in the case of the fiscal quarter ending June 30, 2014) following the end of each of the first three fiscal quarters in each fiscal year of the Issuer beginning with the fiscal quarter ending June 30, 2014, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Issuer, together with condensed note disclosure; (b) *pro forma* income statement and balance sheet information (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory notes, for any material acquisitions, dispositions (including, without limitation, any acquisition or disposition that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, represent greater than 20% of the Issuer's Consolidated EBITDA on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (1), (2) or (3) of this covenant; (c) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition and results of operations of the Issuer and any material change between the current year to date period and the corresponding period of the prior year; and (d) material risk factors and material recent developments; and
- (3) promptly after the occurrence of (a) a material acquisition, disposition or restructuring (including any acquisition or disposition that would require the delivery of *pro forma* financial information pursuant to clause (1) or (2) above); (b) any Senior Management change at the Issuer; (c) any change in the auditors of the Issuer; (d) the entering into an agreement that will result in a Change of Control; or (e) any material event(s) that the Issuer announces publicly, in each case, a report containing a description of such events,

provided, however, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Issuer.

If the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial

statements or in the notes 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 financial statements shall be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Issuer or 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 this Offering Memorandum.

The Issuer will, either (i) within 10 Business Days after the delivery of each report discussed in clauses (1) and (2) of the first paragraph of this covenant, conduct a conference call to discuss such report and answer questions about such report, which conference call will be open to all holders of Notes or (ii) provide holders of Notes with access to and the opportunity to participate in any public conference call, investor presentation, webcast or other event, the primary purpose of which is to discuss results of operations or any material event referenced in clause (3) of the first paragraph of this covenant with investors in the Capital Stock of the Issuer. Details of such conference calls will either (a) be delivered with each report or (b) posted on an electronic website that is used by the Issuer to communicate to the equity holders generally for which the holders of Notes have been, prior to the posting of such notice, informed of the website address and relevant password specifications, which notice shall constitute reasonable notice of such public calls for the purpose of this paragraph.

In addition, for so long as any Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer has agreed that it will furnish to the Holders of the Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of the covenant (a) on the Issuer's website and (b) if and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, at the specified office of the Paying Agent in London or, to the extent and in the manner permitted by such rules, post such reports on the official website of the Luxembourg Stock Exchange.

Events of Default and Remedies

Each of the following is an "*Event of Default*" under the Indenture:

- (1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;
- (2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;
- (3) failure by the Issuer or any Guarantor to comply with the provisions described under the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";
- (4) failure by the Issuer or any Guarantor for 60 days after written notice to the Issuer by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or any of the Security Documents (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3) above);
- (5) 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, any Guarantor, any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary (or the payment of which is guaranteed by the Issuer, any Guarantor, any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together,

would constitute a Significant Subsidiary) whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

- (a) is caused by a failure to pay principal of, or interest or premium, if any on such Indebtedness at the Stated Maturity thereof prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or
 - (b) results in the acceleration of such Indebtedness prior to its express maturity,
- 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 €15.0 million or more;
- (6) failure by the Issuer, any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of €15.0 million (exclusive of any amounts that a solvent insurance company has agreed in writing to pay under applicable policies), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;
 - (7) (a) any security interest created by the Security Documents with respect to Collateral having a Fair Market Value in excess of €2.5 million ceases to be in full force and effect (except as permitted by the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents), or an assertion by the Issuer or any of its Restricted Subsidiaries that any Collateral having a Fair Market Value in excess of €2.5 million is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement); or (b) the repudiation by the Issuer of any of its material obligations under the Security Documents;
 - (8) except as permitted by the Indenture, if any Notes Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Notes Guarantee and such Default continues for 20 days; and
 - (9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

Remedies under the Indenture

In the case of an Event of Default specified in clause (9) above, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may and, if directed by Holders of at least 25% in aggregate principal amount of the then outstanding Notes, the Trustee shall, declare all the Notes to be due and payable immediately.

Subject to certain limitations, the Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from the Holders notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of the Holders unless such Holders have offered to the Trustee, and the Trustee has received, indemnity and/or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "*Amendment, Supplement and Waiver*") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts 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 aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;
- (3) such Holders have offered the Trustee, and the Trustee has received, security and/or indemnity satisfactory to it against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and
- (5) the Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The Holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the Holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal of, premium, if any, any Additional Amounts or interest on any Note held by a non-consenting Holder (which may only be waived with the consent of each Holder affected).

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer and the Guarantors under the Notes, the Indenture and the Notes Guarantees 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. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Notes Guarantees ("*Legal Defeasance*") except for:

- (1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;
- (2) the Issuer's obligations with respect to the Notes 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;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and
- (4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "*—Events of Default and Remedies*" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Issuer must irrevocably deposit with the Trustee (or such other entity designated by the Trustee for this purpose), in trust, for the benefit of the Holders, cash in euros, non-callable euro-denominated European Government Obligations or a combination thereof (in the case of the Euro Notes) or cash in CHF or CHF-denominated Swiss Government Obligations or a combination thereof (in the case of the CHF Notes), in each case, in amounts as will be sufficient, in the opinion of

an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

- (2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of an independent U.S. tax counsel confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of an independent U.S. tax counsel confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and
- (5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Notes Guarantees, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Notes Guarantees, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes).

Unless consented to by the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), an amendment, supplement or waiver may not:

- (1) reduce the principal amount of such Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the Stated Maturity of any such Note or alter the provisions with respect to the redemption of such Notes (other than provisions relating to the covenants described under the caption "*—Repurchase at the Option of Holders*");
- (3) reduce the stated rate of or extend the time for payment of interest, including default interest, on any such Note;
- (4) impair the right of any Holder to receive payment of principal of, and interest on, such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes or any Notes Guarantee in respect thereof;
- (5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the Holders of at

least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

- (6) make any such Note payable in money other than that stated in such Notes;
- (7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;
- (8) waive a redemption payment with respect to any such Note (other than a payment required by one of the covenants described under the caption “—*Repurchase at the Option of Holders*”);
- (9) change the ranking of the Notes or any Notes Guarantees;
- (10) release any Collateral granted for the benefit of the Holders of Notes, except in accordance with the terms of the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;
- (11) release any Guarantor from any of its Obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Security Documents or as otherwise permitted by the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement; or
- (12) make any change in the preceding amendment and waiver provisions.

Notwithstanding the foregoing, if any amendment, waiver or other modification affects only the rights of the Euro Notes or the CHF Notes, as applicable, the Holders of the other series of Notes shall not be required to consent thereto (and in such case, only the consent of a majority or 90%, as the case may be, in aggregate principal amount of the affected series of Notes shall be required to consent thereto). For the avoidance of doubt, it is understood and agreed that any matter described in the preceding paragraphs that by its terms applies only to the Euro Notes or the CHF Notes shall not be deemed to affect the rights of, or require the consent of, the Holders of the other series of Notes and shall require only the consent of a majority or 90% of the Holders of the Euro Notes or the CHF Notes, as the case may be.

Notwithstanding the preceding, without the consent of any Holder, the Issuer, the Trustee, the Security Agent (as applicable and to the extent each is a party to the relevant document) and the other parties thereto, as applicable, may amend or supplement the Indenture, the Notes, the Notes Guarantees, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement to:

- (1) cure any ambiguity, omission, defect or inconsistency therein;
- (2) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided, however*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the U.S. Internal Revenue Code);
- (3) provide for the assumption of the Issuer’s or a Guarantor’s obligations to Holders under the Notes and Notes Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer’s or such Guarantor’s assets, as applicable;
- (4) make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Indenture of any such Holder in any material respect;
- (5) conform the text of the Indenture, the Security Documents, the Notes or the Notes Guarantees to any provision of this “*Description of the Notes*” to the extent that such provision in this “*Description of the Notes*” was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents, the Notes or the Notes Guarantees;
- (6) enter into additional or supplemental Security Documents;
- (7) release any Notes Guarantee in accordance with the terms of the Indenture;
- (8) release the Collateral in accordance with the terms of the Indenture;
- (9) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;
- (10) allow any Guarantor to execute a supplemental indenture and/or a Notes Guarantee with respect to the Notes; or

- (11) evidence and provide the acceptance of the appointment of a successor Trustee or the Security Agent under the Indenture or evidence and provide the acceptance of the appointment of a Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

Additional or Amended Intercreditor Agreement

At the request of the Issuer, at the time of, or prior to, the incurrence of any Indebtedness that is permitted to share the Collateral or that is otherwise permitted to be incurred under the Indenture, the Issuer and the Security Agent will, subject to the terms of the Intercreditor Agreement (without the consent of the Holders) enter into an additional intercreditor agreement (each an "*Additional Intercreditor Agreement*") on terms substantially similar to the Intercreditor Agreement (or on terms more favorable to the Holders) or an amendment to or an amendment and restatement of the Intercreditor Agreement (which amendment does not adversely affect the rights of the Holders); *provided* that such Intercreditor Agreement or Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture will also provide that, at the written direction of the Issuer and without the consent of the Holders, the Trustee and the Security Agent may, subject to the terms of the Intercreditor Agreement, upon the written direction of the Issuer from time to time enter into one or more amendments and/or restatements of the Intercreditor Agreement or any such Additional Intercreditor Agreement to:

- (1) cure any ambiguity, omission, defect or inconsistency therein;
- (2) increase the amount of Indebtedness permitted to be incurred or issued under the Indenture of the types covered thereby that may be incurred by the Issuer or any Guarantors that is subject thereto (including the addition of provisions relating to new Indebtedness);
- (3) add Guarantors thereto;
- (4) further secure the Notes (including any Additional Notes); or
- (5) make any other such change thereto that does not adversely affect the rights of Holders of the Notes in any material respect,

provided that such Intercreditor Agreement or Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture will provide that each Holder, by accepting such Note, will be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement and Additional Intercreditor Agreement, to have authorized the Trustee and the Security Agent to become a party to any such Intercreditor Agreement and Additional Intercreditor Agreement, and any amendment referred to in the preceding paragraph and the Trustee or the Security Agent will not be required to seek the consent of any Holders to perform its obligations under and in accordance with this covenant.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder when:

- (1) either:
 - (a) all Notes that have been previously authenticated and delivered, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has

been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

- (b) all Notes that have not been previously delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee or an Agent selected by the Trustee for such purpose as trust funds in trust solely for the benefit of the Holders (i) cash in euros, non-callable euro-denominated European Government Obligations or a combination thereof (in the case of the Euro Notes) or (ii) cash in CHF or CHF-denominated Swiss Government Obligations or a combination thereof (in the case of the CHF Notes), in each case, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;
- (2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and
- (3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

Any payment on account of an amount that is payable in CHF or euro, as the case may be, which is made to or for the account of any Holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture, the Notes and the Notes Guarantee, as the case may be, only to the extent of the amount of CHF or euro, as the case may be, that such Holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of CHF or euro, as the case may be, that could be so purchased is less than the amount of CHF or euro, as the case may be, originally due to such Holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the Holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee within 30 days of becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture limits the right of the Trustee 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; however, if it acquires any conflicting, in its capacity as Trustee, interest it must eliminate such conflict within 90 days or resign as Trustee.

The Holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be

under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder has offered to the Trustee, and the Trustee has received, security and/or indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors will indemnify the Trustee for certain claims, liabilities and expenses incurred without fraud, negligence or willful misconduct on its part, arising out of or in connection with its duties.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange. There can be no assurance that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes on the Euro MTF Market of the Luxembourg Stock Exchange will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of Note, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement without charge by writing to Selecta Group B.V., Keizersgracht 484, 1017 Amsterdam, the Netherlands.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange shall so require, copies of the financial statements included in this Offering Memorandum may be obtained, free of charge, during normal business hours at the offices of the Listing Agent.

Governing Law

The Indenture, the Notes, the Notes Guarantees and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York, without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby. The Intercreditor Agreement will be governed by the laws of England and Wales. The Security Documents will be governed by and construed in accordance with the laws of various jurisdictions.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and each Guarantor, will appoint CT Corporation System at 111 Eighth Avenue, New York, NY 10011, USA, as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Substantially all of the assets of the Issuer and the Guarantors are outside the United States. As a result, any judgment obtained in the United States against the Issuer or any such Guarantor may not be collectable within the United States. See “*Service of Process and Enforcement of Civil Liabilities.*”

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

“*Acquired Debt*” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming, a Restricted Subsidiary; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*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 purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“*Applicable Premium*” means, with respect to any Notes on any redemption date, the greater of:

- (1) 1.0% of the principal amount of such Notes; or
- (2) with respect to any Euro Notes the excess of:
 - (a) the present value at such redemption date of (i) the redemption price of such Euro Notes at December 15, 2016 (such redemption price being set forth in the table appearing under the caption “—*Optional Redemption*”) plus (ii) all required interest payments due on such Euro Notes through December 15, 2016 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over
 - (b) the outstanding principal amount of such Euro Notes, or
- (3) with respect to any CHF Notes the excess of:
 - (a) the present value at such redemption date of (i) the redemption price of such CHF Notes at December 15, 2016 (such redemption price being set forth in the table appearing under the caption “—*Optional Redemption*”) plus (ii) all required interest payments due on such CHF Notes through December 15, 2016 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Swiss Government Bond Rate as of such redemption date plus 50 basis points; over
 - (b) the outstanding principal amount of such CHF Notes.

“*Asset Sale*” means:

- (1) the sale, lease, conveyance or other disposition of any assets by the Issuer or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described under the caption “—*Repurchase at the Option of Holders—Change of Control*” and/or the provisions described under the caption “—*Certain Covenants—Merger, Consolidation or Sale of Assets*” and not by the provisions described under the caption “—*Repurchase at the Option of Holders—Asset Sales*”; and
- (2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Issuer or any of its Restricted Subsidiaries of Equity Interests in any of the Issuer’s Subsidiaries (in each case, other than directors’ qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than the greater of €5.0 million and 0.35% of Total Assets;
- (2) a transfer of assets or Equity Interests between or among the Issuer and any Restricted Subsidiary;
- (3) an issuance of Equity Interests by a Restricted Subsidiary to the Issuer or to a Restricted Subsidiary;
- (4) the sale, lease or other transfer of accounts receivable, inventory, trading stock and other assets (including any real or personal property) in the ordinary course of business (including the abandonment, sale or other disposition of intellectual property that is, in the reasonable judgment of

the Issuer, no longer economically practicable to maintain or useful in the conduct of the business of the Issuer and its Restricted Subsidiaries taken as a whole);

- (5) licenses and sublicenses granted by the Issuer or any of its Restricted Subsidiaries of software or intellectual property in the ordinary course of business;
- (6) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;
- (7) the granting of Liens not prohibited by the covenant described under the caption “—*Certain Covenants—Liens*”;
- (8) the sale or other disposition of cash or Cash Equivalents;
- (9) a Restricted Payment that does not violate the covenant described under the caption “—*Certain Covenants—Restricted Payments*,” or a Permitted Investment;
- (10) the disposition 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;
- (11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person) related to such assets;
- (13) any sale or other disposition of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary, for so long as such entities are Unrestricted Subsidiaries;
- (14) any exchange of assets (including a combination of assets, cash and Cash Equivalents) for assets related to a Permitted Business of comparable or greater market value or usefulness to the business of the Issuer and its Restricted Subsidiaries as a whole, as determined in good faith by the Issuer;
- (15) 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;
- (16) any sale, transfer or other disposition 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 covenant described under the caption “—*Repurchase at the Option of Holders—Asset Sales*”; and
- (17) any sale, transfer or other disposition of Securitization Assets and related assets in connection with any Qualified Securitization Financing.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “*Beneficially Owns*” and “*Beneficially Owned*” have a corresponding meaning.

“*Board of Directors*” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Bund Rate*” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

- (1) “*Comparable German Bund Issue*” means the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to December 15, 2016 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to December 15, 2016; *provided, however*, that, if the period from such redemption date to December 15, 2016 is not equal to the fixed maturity of the German *Bundesanleihe* security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German *Bundesanleihe* securities for which such yields are given, except that if the period from such redemption date to December 15, 2016, is less than one year, a fixed maturity of one year shall be used;
- (2) “*Comparable German Bund Price*” means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;
- (3) “*Reference German Bund Dealer*” means any dealer of German *Bundesanleihe* securities appointed by the Issuer in good faith; and
- (4) “*Reference German Bund Dealer Quotations*” means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day preceding the redemption date.

“*Business Day*” means a day other than a Saturday, Sunday or other day on which banking institutions in London, Luxembourg, Stockholm, New York or Zurich or a place of payment under the Indenture are authorized or required by law to close.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the notes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“*Cash Equivalents*” means:

- (1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union, the United States of America, Switzerland, Canada, Japan or Taiwan (including, in each case, any

agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland, Canada, Japan or Taiwan, as the case may be, and which are not callable or redeemable at the Issuer's option, *provided* that such country (or agency or instrumentality) has long-term government debt rating of "Baa1" or higher by Moody's or "BBB+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency, as of the date of the investment;

- (2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof, Switzerland, Canada, Japan, Taiwan or any other jurisdiction in which the Issuer or any of its Restricted Subsidiaries are engaged in business; *provided* that (i) such bank or trust company has capital, surplus and undivided profits aggregating in excess of €250 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is at least "BBB –" or the equivalent thereof by S&P and at least "Baa3" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognized rating agency, as of the date of the investment or (ii) such bank is a bank with which the Issuer or any Restricted Subsidiary has a banking relationship at or about the Issue Date;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) of this definition entered into with any financial institution meeting the qualifications specified in clause (2) of this definition;
- (4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P on the date of the investment and, in each case, maturing within one year after the date of acquisition;
- (5) 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, demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits 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;
- (6) other short-term investments utilized by Restricted Subsidiaries in accordance with normal investment practices for cash management; *provided* that such deposits do not exceed €10.0 million (or the Euro-Equivalent thereof) with any single bank or €20.0 million (or the Euro-Equivalent thereof) in the aggregate at any date of determination thereafter; and
- (7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"Change of Control" means the occurrence of any of the following:

- (1) the direct or indirect 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 properties or assets of the Issuer and its Subsidiaries, taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than one or more Permitted Holders;
- (2) the adoption of a plan relating to the liquidation or dissolution of the Issuer; or
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" as defined above) other than one or more Permitted Holders becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Issuer measured by voting power rather than number of shares,

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

"Change of Control Offer" has the meaning assigned to that term in the Indenture governing the Notes.

“*Collateral*” means the rights, property and assets securing the Notes and the Notes Guarantees as described under the caption “—*Collateral*” and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Issuer and the Guarantors under the Notes, the Notes Guarantees and the Indenture.

“*Consolidated EBITDA*” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following with respect to such Person and its Restricted Subsidiaries for such period to the extent deducted in calculating such Consolidated Net Income, without duplication:

- (1) provision for taxes based on income, profits or capital; *plus*
- (2) Fixed Charges; *plus*
- (3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting) (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*
- (4) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary of such Person in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*
- (5) Management Fees; *plus*
- (6) any expenses, charges or other costs related to any issuance 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; *provided* that such payments are made at the time of such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), joint venture, disposition, recapitalization, Indebtedness permitted to be incurred by the Indenture, or the refinancing of any other Indebtedness (whether or not successful) and, in each case, deducted in such period in computing Consolidated Net Income; *plus*
- (7) all expenses incurred directly in connection with any early extinguishment of Indebtedness; *minus*
- (8) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (14) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business; *plus*
- (9) any non-recurring loss or charge; *minus*
- (10) any non-recurring gain,

in each case, on a consolidated basis and determined in accordance with IFRS. When Consolidated EBITDA is being calculated for the purpose of clause (1) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*,” it shall be calculated on a pro forma basis consistent with the calculation of Consolidated EBITDA for purposes of the Consolidated Senior Secured Leverage Ratio.

“*Consolidated Leverage*” means, with respect to any Person as of any date of determination, the sum without duplication of the total amount of Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis.

“*Consolidated Leverage Ratio*” means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for such Person’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date of determination.

In addition, for purposes of calculating the Consolidated EBITDA for such period:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (for purposes of this definition, the “*Calculation Date*”), or that are to be made on the relevant Calculation Date, will be given pro forma effect (as determined in good faith by the Issuer’s Chief Financial Officer or Chief Accounting Officer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the relevant Calculation Date, will be excluded;
- (3) any Person that is a Restricted Subsidiary on the relevant Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and
- (4) any Person that is not a Restricted Subsidiary on the relevant Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

“*Consolidated Net Income*” means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiaries), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided that*, with respect to such Person and its Restricted Subsidiaries for such period:

- (1) (a) any extraordinary, exceptional or unusual gain, loss or charge, (b) any asset impairment charges, the financial impacts of natural disasters (including fire, flood and storm and related events) or (c) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance, in each case shall be excluded;
- (2) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;
- (3) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption “—*Certain Covenants—Restricted Payments*,” any net income or loss of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) 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 and (b) restrictions permitted under the covenant “—*Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*,”) except that the Issuer’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this paragraph);
- (4) any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations shall be excluded;
- (5) any net gain or loss realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer) will be excluded;

- (6) any one-time non-cash charges or any amortization or depreciation resulting from purchase accounting (whether arising as a result of purchase accounting prior to or subsequent to the Issue Date) in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries will be excluded;
- (7) the cumulative effect of a change in accounting principles will be excluded;
- (8) any unrealized gains or losses in respect of Hedging Obligations 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 will be excluded;
- (9) any (a) one-time non-cash compensation charges or expenses arising from any grant of stock, and (b) non-cash costs and expenses realized in connection with or resulting from stock appreciation or similar rights, stock options or other equity interests or rights of officers, directors, employees or consultants, shall be excluded;
- (10) any goodwill or other intangible asset impairment charges will be excluded;
- (11) any unrealized foreign currency translation gains or losses will be excluded;
- (12) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded;
- (13) any capitalized interest on any Subordinated Shareholder Debt will be excluded; and
- (14) to the extent not already included in Consolidated Net Income of such Person and its Restricted Subsidiaries and not duplicative with anything set forth in the preceding clause (1), the amount of proceeds actually received from business interruption and other liability and/or casualty insurance and reimbursements of any expenses and charges pursuant to indemnification or other reimbursement provisions in connection with any Permitted Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture shall be included.

“*Consolidated Senior Secured Leverage*” means, as of any date of determination, the sum without duplication of the total amount of Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis; *provided, however*, that the pro forma calculation of Consolidated Senior Secured Leverage Ratio shall not give effect to (i) any Indebtedness incurred on the relevant Calculation Date as part of the same transaction or series of transactions pursuant to the provisions described in the second paragraph under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*” (other than clause (16) of such paragraph thereof) or (ii) the discharge on the relevant 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 the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*” (other than clause (16) of such paragraph thereof).

“*Consolidated Senior Secured Leverage Ratio*” means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Senior Secured Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for such Person’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date of determination.

In addition, for purposes of calculating the Consolidated EBITDA for such period:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (for purposes of this definition, the “*Calculation Date*”), or that are to be made on the relevant Calculation Date, will be given pro forma effect (as determined in good faith by the Issuer’s Chief Financial Officer or Chief Accounting Officer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the relevant Calculation Date, will be excluded;
- (3) any Person that is a Restricted Subsidiary on the relevant Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and
- (4) any Person that is not a Restricted Subsidiary on the relevant Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

“*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, in each case, 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 obligations 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 obligations of the ability of the primary obligor to make payment of such primary obligations against loss in respect thereof.

“*continuing*” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“*Credit Facilities*” means, one or more debt facilities, instruments or arrangements incurred by any Restricted Subsidiary (including the Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes debentures or other corporate debt instruments 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 trustees or other banks or institutions and whether provided under the Revolving Credit Facility Agreement 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 Facilities 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, issuers 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 Exchange Protection Agreement*” means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Designated Non-Cash Consideration*” means the Fair Market Value of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated

as “*Designated Non-Cash Consideration*” pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

“*Disinterested Director*” means, with respect to any transaction or series of related transactions, a member of the Board of Directors of the Issuer who does not have any direct or indirect financial interest in or with respect to such transaction or series of related transactions. A member of the Board of Directors of the Issuer shall not be deemed to have such financial interest by reason of such member’s holding Capital Stock of the Issuer, any Parent Entity or any options, warrants or other rights in respect of such Capital Stock.

“*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, on or prior to the six-month anniversary of the date that the Notes mature. 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 Sale 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 under the caption “—*Certain Covenants—Restricted Payments.*” For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Investors*” means Allianz Capital Partners GmbH, ACP-Beteiligungstreuhand GmbH and funds and limited partnerships advised by Allianz Capital Partners GmbH (“ACP”).

“*Equity Offering*” means a sale of Capital Stock (other than to the Issuer or any of its Subsidiaries) (1) that is a sale of Capital Stock of the Issuer (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions, or (2) the proceeds of which are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Issuer or any of its Restricted Subsidiaries.

“*Escrowed Property*” means the proceeds from the offering of any debt securities or other Indebtedness paid into segregated 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 account upon satisfaction of certain conditions or the occurrence of certain events. The term “*Escrowed Property*” 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 or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the “Currency Rates” section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Issuer) on the date of such determination.

“*European Government Obligations*” means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit; *provided* that such member state has a long-term government debt rating of “A1” or higher by Moody’s or “A+” or higher by S&P or the equivalent rating category of another internationally recognized rating agency.

“*Excluded Contributions*” means the net cash proceeds received by the Issuer after the Issue Date from:

(1) contributions to its Equity Interests; and

- (2) the sale (other than to a Subsidiary of the Issuer) of Capital Stock (other than Disqualified Stock) of the Issuer,

in each case, designated as “*Excluded Contributions*” pursuant to an Officer’s Certificate (which shall be designated no later than the date on which such Excluded Contribution has been received by the Issuer), 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 the caption “—*Certain Covenants—Restricted Payments*” hereof.

“*Fair Market Value*” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by any of the Issuer’s Chief Executive Officer, Chief Financial Officer or other responsible accounting or financial officer of the Issuer (it being understood that the discounted value of any Securitization Assets (or related assets) sold, conveyed or transferred in connection with any Qualified Securitization Financing may constitute “*Fair Market Value*” if such discount is on customary terms for comparable financings as determined in good faith by the Issuer’s Chief Executive Officer, Chief Financial Officer or other responsible accounting or financial officer of the Issuer).

“*Fixed Charge Coverage Ratio*” means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than incurrences or repayments of ordinary working capital borrowings) or issues, repurchases or redeems 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 (for the purpose of this definition, the “*Calculation Date*”), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by the Issuer’s Chief Financial Officer or a responsible financial or accounting officer of the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the pro forma calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the relevant Calculation Date as part of the same transaction or series of transactions pursuant to the provisions described in the second paragraph under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*” (other than clause (16) of such paragraph thereof) or (ii) the discharge on the relevant 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 the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*” (other than clause (16) of such paragraph thereof).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the relevant Calculation Date, or that are to be made on the relevant Calculation Date, will be given pro forma effect (as determined in good faith by the Issuer’s Chief Financial Officer or Chief Accounting Officer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the relevant Calculation Date, will be excluded;
- (3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the relevant Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the relevant Calculation Date;
- (4) any Person that is a Restricted Subsidiary on the relevant Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;
- (5) any Person that is not a Restricted Subsidiary on the relevant Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and
- (6) if any Indebtedness bears a floating rate of interest and such Indebtedness is to be given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the relevant 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 of the relevant Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

“*Fixed Charges*” means, with respect to any specified Person for any period, the sum, without duplication, of:

- (1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings; *plus*
- (2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*
- (3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*
- (4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*
- (5) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Issuer or a Restricted Subsidiary, *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.

“*guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

“*Guarantors*” means each of:

- (1) Selecta AG; Selecta Purchasing AG; Selecta Nordic Holding AB; Selecta Holding AB; Selecta AB; Selecta Holding S.A.S.; Selecta S.A.; Selecta Holding Limited; Selecta UK Limited; Selecta Holding GmbH; Selecta Deutschland GmbH; and
- (2) any Restricted Subsidiary of the Issuer that executes a Notes Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the

Notes Guarantee of such Person has been released in accordance with the provisions of the Indenture.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

“*IFRS*” means the international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;
- (3) representing reimbursement obligations in respect of letters of credit, bankers’ acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six-months after such property is acquired or such services are completed, unless being disputed in good faith; and
- (6) representing any Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under any agreement or arrangement that gives rise to such Hedging Obligation that would be payable by such Person at the termination of such agreement or arrangement as a result of the default of such Person),

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the notes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term “*Indebtedness*” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person to the extent guaranteed by such Person; *provided, however*, that in the case of Indebtedness secured by a Lien, the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination (as determined in good faith) by the Issuer and (b) the amount of such Indebtedness of such other Person.

The term “*Indebtedness*” shall not include:

- (1) Subordinated Shareholder Debt;
- (2) any lease of property which would be considered an operating lease under IFRS (as in effect on the Issue Date);
- (3) Contingent Obligations in the ordinary course of business;
- (4) 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 45 days thereafter;

- (5) for the avoidance of doubt, any contingent 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;
- (6) deferred or prepaid revenues including prepayments or deposits received from clients or customers, in each case, in the ordinary course of business; and
- (7) Indebtedness in respect of the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in respect of any standby letters of credit, rental guarantees, performance guarantees or bonds or surety bonds provided by or at the request of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business (including standby letters of credit, rental guarantees, performance guarantees or bonds or surety bonds in respect of such standby letters of credit, rental guarantees, performance guarantees or bonds or surety bonds or obligations under any license, permit or other approval (or guarantees given in respect of such obligations)) to the extent such standby letters of credit, rental guarantees, performance guarantees or bonds or surety bonds are not drawn upon or, if and to the extent drawn upon, are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than 30 days following receipt by such Person of a demand for reimbursement following payment on the standby letter of credits, rental guarantees, performance guarantees or bonds or surety bonds.

"Initial Public Offering" means the first Public Equity Offering of common stock or common equity interests of the Issuer or any Parent Entity (the *"IPO Entity"*) following which there is a Public Market.

"Initial Purchasers" means BNP Paribas, Goldman Sachs International and KKR Capital Markets Limited.

"Intercreditor Agreement" means the intercreditor agreement, dated on or about the Issue Date, made between, among others, the Security Agent, the agent for the Revolving Credit Facility, the Trustee and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

"Investment Grade Status" shall occur when the Notes are rated "Baa3" or better by Moody's and "BBB –" or better by S&P (or, if either entity ceases to rate the Notes, the equivalent investment grade credit rating from any other Rating Agency).

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the notes) prepared in accordance with IFRS. If the Issuer or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under the caption *"—Certain Covenants—Restricted Payments."* The acquisition by the Issuer or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described under the caption *"—Certain Covenants—Restricted Payments."* Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"IPO Market Capitalization" means an amount equal to (1) 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* (2) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"Issue Date" means June 20, 2014.

“*Lien*” means, with respect to any asset of a Person, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

“*Luxco*” means Selecta Group S.à r.l.

“*Management Advances*” means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Issuer or any Restricted Subsidiary:

- (1) in respect of travel, entertainment or moving-related expenses incurred in the ordinary course of business;
- (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), in the ordinary course of business and not exceeding €3.0 million in the aggregate outstanding at any time.

“*Management Fees*” means:

- (1) customary annual fees for the performance of monitoring services by any of the Equity Investors or any of their Affiliates for the Issuer or any Restricted Subsidiary; *provided* that such fees will not, in the aggregate, exceed €2.0 million per annum (exclusive of out-of-pocket expenses); and
- (2) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by any Equity Investors or any of their Affiliates for the Issuer or any of its Restricted Subsidiaries, which payments in respect of this clause (2) have been approved by a majority of the Disinterested Directors of the Issuer.

“*Market Capitalization*” means an amount equal to (a) 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* (b) 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.

“*Net Proceeds*” means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any Designated Non-Cash Consideration or other consideration received in non-cash form or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale and the sale of such Designated Non-Cash Consideration or other consideration received in non-cash form, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than the Issuer or any Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS.

“*Non-Recourse Debt*” means Indebtedness as to which neither the Issuer nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

“*Notes Guarantee*” means the guarantee by each of the Guarantors of the Issuer’s obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“*Offering*” means the issuance of the Notes.

“*Offering Memorandum*” means the offering memorandum in relation to the Notes.

“Officer” means, with respect to any Person, the Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President, Vice President, the Treasurer, the Secretary, Director or a member of the Board of Directors of such Person or any other person that the Board of Directors of such Person shall designate for such purpose.

“Officer’s Certificate” means a certificate signed by an Officer that meets the requirements of the Indenture.

“Parent Entity” means any direct or indirect parent company or entity of the Issuer.

“Permitted Business” means (1) any business, services or activities engaged in by the Issuer or any of its Restricted Subsidiaries on the Issue Date, and (2) 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.

“Permitted Collateral Liens” means:

- (1) Liens on the Collateral to secure the Notes (or the Notes Guarantees) (but not any Additional Notes (or any guarantee of Additional Notes)) issued on the Issue Date;
- (2) Liens on the Collateral to secure Indebtedness that is permitted by clause (1) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”; *provided* that, in each case, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secure the Notes and the Notes Guarantees on a senior or *pari passu* basis (and for the avoidance of doubt, such Indebtedness may receive priority as to enforcement proceeds from such Collateral); and *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement;
- (3) Liens on the Collateral to secure Indebtedness (a) that is permitted by clauses (4), (15) or (18) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*” or (b) that is permitted by clause (16) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*” (*provided* that at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred (A) the Issuer would have been able to incur €1.00 of additional Senior Secured Indebtedness pursuant to the first paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*” after giving effect to the incurrence of such Indebtedness, on a pro forma basis or (B) the Consolidated Senior Secured Leverage Ratio of the Issuer would not be greater than it was immediately prior to giving effect to such acquisition or other transaction on a pro forma basis) or that is Senior Secured Indebtedness that is permitted by the first paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”; *provided* that, in each case, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secure the Notes and the Notes Guarantees on a senior or *pari passu* basis; and *provided further* that each of the parties thereto or their representatives will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement;
- (4) Liens on the Collateral to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace or discharge, any Indebtedness which is secured by a Permitted Collateral Lien on the Collateral pursuant to the preceding clauses (1), (3)(b) or this clause (4); *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Notes Guarantees with priority with respect to the Permitted Refinancing Indebtedness substantially similar to that of the Indebtedness which is being exchanged, renewed, refunded, refinanced, replaced or discharged; *provided further* that each of the parties thereto and their representatives will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement;
- (5) Liens on the Collateral to secure obligations under Hedging Obligations (other than Hedging Obligations in respect of commodity prices) permitted by clause (8) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”; *provided* that, all property and assets securing such Hedging Obligations also secure the Notes and any Notes Guarantees on a senior or *pari passu* basis (and to the extent such Hedging Obligations relate to Indebtedness referred to in clauses (1) through (4) above, such

Indebtedness may receive priority as to enforcement proceeds from such Collateral); and *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement; and

- (6) Liens on the Collateral that are described in one or more of clauses (3), (6), (7), (8), (12), (13), (14), (16), (17), (18), (19), (20), (21), (27) and (31) of the definition of “Permitted Liens” and that, in each case, would not materially interfere with the ability of the Security Agent to enforce any Lien over the Collateral.

“*Permitted Holders*” means the Equity Investors, Senior Management and the Affiliates and Related Parties of the Equity Investors. Any Person or group whose acquisition of beneficial ownership constitutes (i) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (ii) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates and Related Parties, constitute an additional Permitted Holder.

“*Permitted Investments*” means:

- (1) any Investment in the Issuer or in a Restricted Subsidiary;
- (2) any Investment in cash and Cash Equivalents;
- (3) any Investment by the Issuer or any Restricted Subsidiary in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary of the Issuer; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described under the caption “—*Repurchase at the Option of Holders—Asset Sales*”;
- (5) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;
- (6) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;
- (7) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”;
- (8) Investments in the Notes (including any Additional Notes) and any other Indebtedness of the Issuer or any Restricted Subsidiary;
- (9) any guarantee of Indebtedness permitted to be incurred by the covenant described under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”;
- (10) any Investment existing on, or made pursuant to binding commitments existing on the Issue Date, and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased as required by the terms of such Investment as in existence on the Issue Date;
- (11) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described under the caption “—*Certain Covenants—Merger, Consolidation or Sale of Assets*” after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

- (12) pledges or deposits (a) with respect to leases or utilities provided to third parties in the ordinary course of business or (b) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”;
- (13) any Investment to the extent made using as consideration Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Entity;
- (14) Management Advances;
- (15) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed an amount equal to the greater of €30.0 million and 2.25% of Total Assets; *provided* that if an Investment is made pursuant to this clause (15) in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under the caption “—*Certain Covenants—Restricted Payments*,” such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of “Permitted Investments” and not this clause (15);
- (16) Investments in payroll, travel or 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; and
- (17) any investment made in connection with a Qualified Securitization Financing, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Securitization Financing or any related Indebtedness.

“*Permitted Liens*” means:

- (1) Liens in favor of the Issuer or any of the Restricted Subsidiaries;
- (2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary;
- (3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers’ compensation obligations, leases, performance bonds, guarantees, rental guarantees or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);
- (4) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*” covering only the assets acquired with or financed by such Indebtedness;
- (5) Liens existing on the Issue Date;
- (6) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as will be required in conformity with IFRS will have been made;
- (7) Liens imposed by law or by agreement having the same effect, such as carriers’, warehousemen’s, landlord’s, banks’ and mechanics’ Liens, in each case, incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries;
- (8) survey exceptions, easements 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 or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that 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 such Person;

- (9) Liens created for the benefit of (or to secure) the Notes and Notes Guarantees;
- (10) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”;
- (11) Liens to secure any Permitted Refinancing Indebtedness (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clauses (4) or (26) of this definition) permitted to be incurred under the Indenture; *provided, however*, that:
 - (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and
 - (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;
- (12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;
- (13) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under other applicable jurisdictions) in connection with operating leases in the ordinary course of business;
- (14) bankers’ Liens, rights of set-off or similar rights and remedies as to deposit accounts (including, but not limited to (i) any Lien created or subsisting over any asset held in any securities depository or any clearing house pursuant to the standard terms and procedures of the relevant securities depository or clearing house applicable in the normal course of trading and (ii) any Lien arising under the general terms and conditions of banks or saving banks (*Allgemeine Geschäftsbedingungen der Banken und Sparkassen*)), Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
- (15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person’s obligations in respect of bankers’ acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (17) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;
- (18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;
- (19) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any real property leased by the Issuer or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;
- (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 securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

- (22) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;
- (23) 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;
- (24) Liens on any proceeds loan made by the Issuer or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;
- (25) Liens on property at the time the Issuer or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Issuer or any Restricted Subsidiary; *provided* that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such acquisition and do not extend to any other property owned by the Issuer or any Restricted Subsidiary;
- (26) Liens incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with respect to obligations that do not exceed €20.0 million at any one time outstanding;
- (27) any interest or title of a lessor under any operating lease;
- (28) Liens on assets or property of a Restricted Subsidiary of the Issuer (other than a Guarantor) securing Indebtedness of such Restricted Subsidiary or another Restricted Subsidiary (other than a Guarantor);
- (29) Liens on Escrowed Property for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;
- (30) Liens encumbering cash deposits in bank accounts established to provide cash collateral to letters of credit, guarantees and similar instruments that were issued prior to the Issue Date;
- (31) Liens incurred in connection with a cash management program established in the ordinary course of business;
- (32) Permitted Collateral Liens;
- (33) Liens created or subsisting in order to secure any obligations incurred in order to comply with the requirements of section 8a of the German Partial Retirement Act (*Altersteilzeitgesetz*) or pursuant to section 7e of the Fourth Book of the German Social Security Code (SGB IV); and
- (34) Liens on Securitization Assets and related assets incurred in connection with any Qualified Securitization Financing (including Liens encumbering cash deposits in bank accounts established in connection with a Qualified Securitization Financing and Liens encumbering cash and Cash Equivalents collected from receivables that are part of or subject to a Qualified Securitization Financing).

“*Permitted Parent Payments*” means the declaration and payment of dividends or other distributions, or the making of loans, by the Issuer or any of its Restricted Subsidiaries to any Parent Entity, or the payment by the Issuer or any of its Restricted Subsidiaries in amounts on behalf of any Parent Entity, in amounts and at times required to pay:

- (1) franchise fees and other fees, taxes and expenses required to maintain the corporate existence of any Parent Entity;
- (2) general corporate overhead expenses of any Parent Entity to the extent such expenses are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries or related to the proper administration of such Parent Entity (including fees and expenses properly incurred in the ordinary course of business to auditors and legal advisors and payments in respect of services provided by directors, officers, consultants, or employees of any such Parent Entity) not to exceed €2.0 million in any 12-month period;
- (3) for so long as the Issuer or any of its Restricted Subsidiaries is a member of a group for tax purposes with any Parent Entity, payments to that Parent Entity in respect of an allocable portion of the tax liabilities of such group that is attributable to the Issuer or the relevant Restricted Subsidiary (“*Tax*”

Payments"); provided that the Tax Payments shall not exceed the lesser of (a) the amount of the relevant tax (including any penalties and interest) that the Issuer or the relevant Restricted Subsidiaries would owe if they were not part of a group for tax purposes, taking into account any carryovers and carrybacks of tax attributes (such as net operating losses) of the Issuer and such Restricted Subsidiary from other taxable years and (b) the net amount of the relevant tax that any Parent Entity actually owes to the appropriate taxing authority;

- (4) costs (including all professional fees and expenses) incurred by any Parent Entity in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any of its Restricted Subsidiaries, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder; and
- (5) fees and expenses of any Parent Entity incurred in relation to any public offering or other sale of Capital Stock or Indebtedness (whether or not completed) (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or any of its Restricted Subsidiaries; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any Parent Entity will 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.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); provided that:

- (1) the aggregate principal amount (or accreted value, if applicable), or, if issued with original issue discount, aggregate issue price, of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);
- (2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;
- (3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually, subordinated in right of payment to the Notes or any Notes Guarantee, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or such Notes Guarantee, as the case may be, on terms at least as favorable to the holders of the Notes or the Notes Guarantee, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;
- (4) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is secured by a Lien that ranks junior to Liens securing the Notes or any Notes Guarantee, Liens securing such Permitted Refinancing Indebtedness, if secured, rank junior to the Liens securing the Notes or such Notes Guarantee, as the case may be, and are subordinated on terms at least as favorable to the holders of the Notes or the Notes Guarantee, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and
- (5) if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer or by a Guarantor.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*PIK Loan*” means the PIK (payment-in-kind) loan in an amount equal to €220.0 million made available pursuant to a PIK loan facility agreement entered into between, among others, Luxco and the lenders thereunder.

“*PIK Proceeds Loan*” means the shareholder loan granted by Luxco to the Issuer, as borrower, out of the proceeds from the PIK Loan on or about the Issue Date.

“*Public Equity Offering*” means, with respect to any Person, a bona fide underwritten primary public offering of the shares of common stock or common equity interests of such Person, either:

- (1) pursuant to a flotation on the main market of the London Stock Exchange or any other nationally recognized regulated stock exchange or listing authority in a member state of the European Union; or
- (2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

“*Public Market*” means any time after:

- (1) a Public Equity Offering of the IPO Entity has been consummated; and
- (2) at least 20% of the total issued and outstanding shares of common stock or common equity interests of the IPO Entity has been distributed to investors other than the Permitted Holders or their Related Parties or any other direct or indirect shareholders of the Issuer as of the Issue Date.

“*Qualified Securitization Financing*” means any financing pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person or grant a security interest in, any Securitization Assets (and related assets) in any aggregate principal amount equivalent to the Fair Market Value of such Securitization Assets (and related assets) of the Issuer or any of its Restricted Subsidiaries; *provided that* (a) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by the Issuer’s Board of Directors or Senior Management) at the time such financing is entered into, (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by the Issuer’s Board of Directors or Senior Management) at the time such financing is entered into and (c) such financing shall be non-recourse to the Issuer or any of its Restricted Subsidiaries except to a limited extent customary for such transactions (as determined in good faith by the Issuer’s Board of Directors or Senior Management).

“*Rating Agency*” means either Moody’s or S&P or, in the event Moody’s or S&P no longer assigns a rating to the Notes, any other “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Issuer as a replacement agency.

“*Related Party*” means:

- (1) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual), of any Equity Investor; or
- (2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which consist of any one or more Equity Investors and/or such other Persons referred to in the immediately preceding paragraph.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Subsidiary*” means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary.

“*Revolving Credit Facility*” means the revolving credit facility governed by the Revolving Credit Facility Agreement.

“*Revolving Credit Facility Agreement*” means the revolving credit facility agreement, dated on or about the Issue Date, by and among the Issuer, the senior lenders named therein, the Security Agent and the agent named therein, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified,

renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

“S&P” means Standard & Poor’s Ratings Group.

“*Securitization Assets*” means any accounts receivable, inventory, royalty or revenue streams from sales of inventory subject to a Qualified Securitization Financing.

“*Securitization 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 the Issuer or any of its Restricted Subsidiaries in connection with any Qualified Securitization Financing.

“*Securitization Repurchase Obligation*” means any obligation of a seller of Securitization Assets in a Qualified Securitization Financing to repurchase Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defence, 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.

“*Security Agent*” means Deutsche Bank AG, London Branch, until a successor replaces it in accordance with the applicable provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and thereafter means the successor thereof.

“*Security Documents*” means the share pledges and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of the Holders of the Notes or in its capacity as a parallel debt creditor (as applicable) or notice of such pledge, assignment or grant is given.

“*Senior Management*” means the officers, directors and other members of the management of the Issuer of any of its Subsidiaries, or family members or relatives of any of the foregoing who are or become Senior Management in connection with estate planning for or inheritance from other members of Senior Management, as determined in good faith by the Issuer, or trusts, partnerships, limited liability companies or other entities for the benefit of any of the foregoing, or any of their heirs, executors, successors and legal representatives who, at any date, beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or Capital Stock of any Parent Entity.

“*Senior Secured Indebtedness*” means, with respect to any Person, (1) Indebtedness (other than Indebtedness of a type incurred under clauses (4), (6), (7), (8), (9) (without duplication of any Indebtedness included in this definition), (10), (11), (12), (13), and (14) of the second paragraph of the covenant under the caption “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”) of that Person and its Restricted Subsidiaries that is secured by a Lien and (2) Indebtedness of a Restricted Subsidiary of the Issuer that is not a Guarantor.

“*Significant Subsidiary*” means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Issuer or 10% of the Consolidated EBITDA of the Issuer.

“*Specified Change of Control Event*” means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that immediately prior to the occurrence of such event and immediately thereafter and giving *pro forma* effect thereto, the Consolidated Leverage Ratio of the Issuer would have been less than (a) prior to the 12-month anniversary of the Issue Date, 4.25 to 1.0; (b) on or after the 12-month anniversary and prior to the 24-month anniversary of the Issue Date, 4.00 to 1.0; or (c) on or after the 24-month anniversary of the Issue Date, 3.75 to 1.0. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date or the date of incurrence, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“Subordinated Shareholder Debt” means, collectively, any debt provided to the Issuer by any direct or indirect parent of the Issuer or any Permitted Holder or Related Party, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, 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 Debt; *provided* that such Subordinated Shareholder Debt:

- (1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Issuer (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);
- (2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the Stated Maturity of the Notes;
- (3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes;
- (4) is not secured by a Lien on any assets of the Issuer or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Issuer;
- (5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding-up or other disposition of assets of the Issuer at least to the same extent as the “Subordinated Liabilities” (as defined in the Intercreditor Agreement) are subordinated to the Notes under the Intercreditor Agreement and such lenders have acceded to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as “Subordinated Creditors” (as defined in the Intercreditor Agreement);
- (6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Issuer with its obligations under the Notes and the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents and any Credit Facility;
- (7) does not (including upon the happening of an event) constitute Voting Stock; and
- (8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Issuer,

provided, however, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Issuer, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

“Subsidiary” means, with respect to any specified Person:

- (1) any corporation, association or other business 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 and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and 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.

“*Swiss Government Bond Rate*” means the yield to maturity at the time of computation of direct obligations of the Swiss Confederation (*Staatsanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to December 15, 2016; *provided, however*, that if the period from the redemption date to December 15, 2016 is not equal to the constant maturity of a direct obligation of the Swiss Confederation for which a weekly average yield is given, the Swiss Government Bond 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 Swiss Confederation for which such yields are given, except that if the period from such redemption date to December 15, 2016 is less than one year, the weekly average yield on actually traded direct obligations of the Swiss Confederation adjusted to a constant maturity of one year shall be used.

“*Swiss Government Obligations*” means direct obligations of, or obligations guaranteed by, the Swiss Confederation (*Staatsanleihen*), and the payment for which the Swiss Confederation pledges its full faith and credit; provided that the Swiss Confederation has a long term government debt rating of “A1” or higher by Moody’s or “A+” or higher by S&P or the equivalent rating category of another internationally recognized rating agency.

“*Tax*” means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). “*Taxes*” and “*Taxation*” shall be construed to have corresponding meanings.

“*Total Assets*” means the consolidated total assets of the Issuer and its Restricted Subsidiaries calculated in accordance with IFRS, as shown on the most recent balance sheet of the Issuer for which internal financial statements are available (excluding the notes thereto).

“*U.S. Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended.

“*Unrestricted Subsidiary*” means any Subsidiary of the Issuer that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

- (1) has no Indebtedness other than Non-Recourse Debt;
- (2) except as permitted by the covenant described under the caption “—*Certain Covenants—Transactions with Affiliates*,” is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer; and
- (3) is a Person with respect to which neither the Issuer nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results.

“*Voting Stock*” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amounts of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

General

Certain defined terms used but not defined in this section have the meanings assigned to them in the Indenture as described in “*Description of the Notes.*”

Notes sold to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “**Rule 144A Global Note**”). Notes sold to non-U.S. persons outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “**Regulation S Global Note**” and, together with the Rule 144A Global Note, the “**Global Notes**”). The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the account of Euroclear and Clearstream.

Ownership of beneficial 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 and must be in accordance with applicable transfer restrictions set out in the Indenture and in any applicable securities laws of any state of the United States or of any other jurisdiction, as described under “*Notice to Investors.*” 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.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. Except under the limited circumstances described below, owners of Book-Entry Interests will not be entitled to receive definitive Notes in registered form (“**Definitive Registered Notes**”). Instead, Euroclear and Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities 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 nominee of the common depositary for Euroclear and/or Clearstream (or its respective 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.

The Euro Notes will be issued in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The CHF Notes will be issued in denominations of CHF150,000 and in integral multiples of CHF1,000 in excess thereof.

Neither of the Issuer nor the Trustee or any agent 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 (or its respective nominee), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit its participants’ accounts on a proportionate basis (with adjustments to prevent

fractions) or on such other basis as they deem fair and appropriate unless otherwise required by law or applicable stock exchange or depositary requirements.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the relevant Global Notes (including principal, premium, if any, interest and Additional Amounts, if any) to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depositary or its nominee for Euroclear and Clearstream. Euroclear or Clearstream will distribute such payments to or to the order of participants in accordance with their customary procedures. The Issuer will make payments of all such amounts free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “*Description of the Notes—Additional Amounts.*” If any such deduction or withholding is required to be made, then, to the extent described under “*Description of the Notes—Additional Amounts*” above, as the case may be, the Issuer will pay such Additional Amounts as may be necessary to ensure that the net amounts received by any holder of the relevant Global Notes or owner of Book-Entry Interests after such deduction or withholding are not less than the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee and the relevant Agents will treat the registered holders of the Global Notes (*i.e.*, the nominee of the common depositary for Euroclear or Clearstream) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective Agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear 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.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of the Notes will be paid to holders of Book-Entry Interests in such Notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of a Note (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Indenture, Euroclear and Clearstream, at the request of the holders of such Notes, reserve the right to exchange the Global Notes for Definitive Registered Notes, and to distribute such Definitive Registered Notes to their participants, as described in “*—Definitive Registered Notes.*”

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 a Note requires

physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will each bear a legend to the effect set forth under “*Offering and Transfer Restrictions*.” Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under “*Offering and Transfer Restrictions*.”

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Offering and Transfer Restrictions*” and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under “*Description of the Notes—Transfer and Exchange*” if required, only if the transferor first delivers to the relevant 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 “*Offering and 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 Registered Notes:

- (1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days; or
- (2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an “Event of Default” under and as defined in the Indenture and enforcement action is being taken in respect thereof under the Indenture.

In any such events described in clauses (1) or (2), the Issuer will issue Definitive Registered Notes, registered in the name or names of holders and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and certain certification requirements and based upon directions received from participants reflecting the beneficial ownership of the Book-Entry Interests). The Definitive Registered Notes will bear a restrictive legend with respect to certain transfer restrictions, unless that legend is not required by the Indenture governing the Notes or by applicable law.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such note by surrendering it to the registrar or a transfer agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided* that a Definitive Registered Note will only be issued in a denomination of €100,000 or in integral multiples of €1,000 in excess thereof, in the case of the Euro Notes, and CHF 150,000 or in integral multiples of CHF 1,000 in excess thereof, in the case of the CHF Notes. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the registrar or at the office of a transfer agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or the paying agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by the Issuer in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only in accordance with the Indenture and, if required, only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Offering and Transfer Restrictions*."

To the extent permitted by law, the Issuer, the Trustee and the relevant Agents will 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.

The Issuer will not impose any fees or other charges in respect of the Notes; however, holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the paying agent so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the

settlement system and may be changed at any time. Neither the Issuer nor any of the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the Initial Purchasers, the Trustee or the Agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in the European Union, the United States and the Netherlands and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, European Union, Dutch or United States law as in effect on the date of this offering memorandum and are subject to any change in such law that may take effect after such date. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to European Union, Dutch and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding the Dutch and United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

European Union Directive on the Taxation of Savings Income

On June 3, 2003, the EU Council of Economic and Finance Ministers adopted the European Union Savings Directive (Council Directive 2003/48/EC) effective from July 1, 2005 (the “**Directive**”). Under the Directive, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On March 24, 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from January 1, 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from January 1, 2015, in favor of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Certain United States Federal Income Tax Considerations

TO COMPLY WITH IRS CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY INVESTORS, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION AND MARKETING BY THE ISSUER AND INITIAL PURCHASERS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes issued pursuant to this offering, but does not purport

to be a complete analysis of all potential tax effects. The summary is limited to considerations relevant to a U.S. Holder (as defined below), except to the extent discussed in “—*Foreign Account Tax Compliance*,” and does not address the effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the “**IRS**”), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of the Notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of the Notes.

This discussion is limited to holders who hold the Notes as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing the Notes for cash at original issue and at their original “issue price” within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of the Euro Notes and the CHF Notes, as the case may be, is sold to the public for cash). This discussion does not address all U.S. federal income tax consequences relevant to a holder’s particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons liable for the alternative minimum tax;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the Notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations; and
- persons deemed to sell the Notes under the constructive sale provisions of the Code.

For purposes of this discussion, a “**U.S. Holder**” is a beneficial owner of a Note that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If an 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 depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding the Notes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Payments of Qualified Stated Interest

Payments of qualified stated interest on a Note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) 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. Qualified stated interest generally means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate. The stated interest on the Euro Notes and the CHF Notes will qualify as "qualified stated interest."

A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of qualified stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the euro or Swiss franc interest payment (determined based on the spot rate on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. Holder will not recognize foreign currency gain or loss on the receipt of such qualified stated interest, but may have exchange gain or loss attributable to the actual disposition of the euro or Swiss francs 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 (as ordinary income) the U.S. dollar value of the amount of qualified stated interest income in euro or Swiss francs that has accrued with respect to the Notes during an accrual period. The U.S. dollar value of such euro or Swiss franc denominated accrued qualified stated interest will be determined by translating such amount at the average spot rate for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate for the partial period within each taxable year. An accrual method U.S. Holder may elect to translate such accrued qualified stated interest income into U.S. dollars using the spot rate on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate on the last day of the taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued qualified stated interest, a U.S. Holder that has made the election described in the prior sentence may translate such interest using the spot rate on the date of receipt of the qualified stated interest. The above election will apply to other debt instruments held by an electing U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize foreign currency exchange gain or loss with respect to accrued qualified stated interest 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 or Swiss franc payment received (determined based on the spot rate on the date such qualified stated interest is received) in respect of such accrual period and the U.S. dollar value of qualified stated interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted into U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign Tax Credit

Qualified stated interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. There are significant complex limitations on a U.S. Holder's ability to claim foreign tax credits. U.S. Holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognize U.S. source gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount attributable to accrued but unpaid qualified stated interest, which will be taxable to the extent not previously included in income as described above under “—*Payments of Qualified Stated Interest*”) and such U.S. Holder’s adjusted tax basis in the Note.

The amount realized by a U.S. Holder is the sum of cash plus the fair market value of all other property received on the sale or other taxable disposition. If a U.S. Holder receives foreign currency on a sale or other taxable disposition of a Note, the amount realized will be translated into U.S. dollars based on the spot rate on the date of disposition. If the Notes are traded on an established securities market, a cash basis U.S. Holder and an electing accrual basis U.S. Holder will determine the U.S. dollar value of such foreign currency based on the spot rate in effect on the settlement date of the disposition. If an accrual basis U.S. Holder makes this election, the election must be applied consistently by such holder from year to year and cannot be revoked without the consent of the IRS. If the Notes are not traded on an established securities market (or, if the Notes are so traded, but an accrual basis U.S. Holder has not made the settlement date election), a U.S. Holder will recognize foreign currency exchange gain or loss (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 date of settlement) differs from the U.S. dollar value of the amount realized (based on the spot rate on the date of disposition).

A U.S. Holder’s adjusted tax basis in a Note will generally be its cost for the Note, reduced by any cash payments received on the Note (other than qualified stated interest). The cost of a Note purchased with foreign currency will be the U.S. dollar value of the purchase price determined based on the spot rate on the date of purchase.

A U.S. Holder will recognize foreign currency exchange gain or loss (taxable as ordinary income or loss) on the sale 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 of the Note on (i) the date of sale or other taxable disposition and (ii) the date on which the U.S. Holder acquired the Note. In addition, upon the sale or other taxable disposition of a Note, a U.S. Holder may realize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid qualified stated interest, which will be treated as discussed above under “—*Payments of Qualified Stated Interest*.” Any such foreign currency exchange gain or loss (including any exchange gain or loss with respect to accrued interest) will be realized only to the extent of the total gain or loss realized on the sale or other taxable disposition by a U.S. Holder, and will generally be treated as U.S. source income or loss.

Gain or loss in excess of foreign currency exchange gain or loss a U.S. Holder recognizes on the sale or other taxable disposition of the Notes generally will be U.S. source capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if a U.S. Holder has held the Notes for more than one year. For non-corporate U.S. Holders, long-term capital gains are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. A U.S. Holder should consult its own tax advisor regarding the deductibility of capital losses in its particular circumstances.

Disposition of Foreign Currency

A U.S. Holder will have a tax basis in any euro or Swiss francs received as payment of stated interest or any foreign currency received upon the sale or other taxable disposition of a Note equal to the U.S. dollar value thereof at the spot rate in effect on the date of receipt of such foreign currency. Any gain or loss realized by a U.S. Holder on a sale or other disposition of such foreign currency, including their exchange for U.S. dollars, will be ordinary income or loss generally not treated as interest income or expense and generally will be U.S. source income or loss for U.S. foreign tax credit purposes.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the Notes and to the proceeds of the sale or other disposition (including a redemption or retirement) of a Note paid to a U.S. Holder, unless such U.S. Holder is an exempt recipient and, when required, provides evidence of such exemption. A U.S. Holder that is not an exempt recipient may be subject to U.S. federal backup withholding at the applicable rate (currently 28%) with respect to payments on the Notes and the proceeds of a sale or other taxable disposition of the Notes, unless the U.S. Holder provides its taxpayer

identification number to the paying agent and certifies on IRS Form W-9, under penalties of perjury, that it is not subject to backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder may be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided the required information is furnished to the IRS in a timely manner.

Tax Return Disclosure Requirements

Treasury Regulations issued under the Code meant to require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount (e.g., \$50,000 in the case of an individual or trust), such as the receipt or accrual of interest or a sale or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. Holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Individuals that own "specified foreign financial assets" with an aggregate value in excess of \$50,000 on the last day of the tax year or more than \$75,000 at any time during the tax year (or such larger values as specified in applicable Treasury Regulations), generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at a U.S. financial institution.

U.S. Holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Foreign Account Tax Compliance

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 payments on certain debt instruments and the gross proceeds from the disposition of such debt instruments. However, the application of these rules is not clear. If the Issuer were treated as a foreign financial institution, debt instruments issued by it on or prior to the date that is six months after the date on which applicable final Treasury regulations are filed, generally would be "grandfathered" from FATCA unless "materially modified" (for U.S. federal income tax purposes) after such date. 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. 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 required or advisable with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

Certain Dutch Tax Considerations

General

The following is a general summary of certain Dutch tax considerations of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their tax advisors with regard to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Dutch national tax legislation and published regulations, whereby the terms "Dutch" and "the Netherlands" refer solely to the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

Withholding tax

All payments of principal and/or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on income and capital gains

Please note that the summary in this section does not describe the Dutch tax consequences for:

- (i) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in the Issuer under the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Dutch Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*)) and other entities that are, in whole or in part, not subject to or exempt from Dutch corporate income tax; and
- (iii) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Dutch Income Tax Act 2001).

Residents of the Netherlands

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Dutch corporate income tax purposes, any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Dutch corporate income tax at a rate of 20% with respect to taxable profits up to €200,000 and 25% with respect to taxable profits in excess of that amount.

If a holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Dutch income tax purposes (including the non-resident individual holder who has made an election for the application of the rules of the Dutch Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

- (i) the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Dutch Income Tax Act 2001); or
- (ii) the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the abovementioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed income of 4% of his/her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on January 1 of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes are not subject to Dutch income tax.

Non-residents of the Netherlands

A holder of Notes that is neither resident nor deemed to be resident of the Netherlands nor has made an election for the application of the rules of the Dutch Income Tax Act 2001 as they apply to residents of the Netherlands will not be subject to Dutch taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, provided that:

- (i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Dutch Income Tax Act 2001 and the Dutch Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- (ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

Gift and inheritance taxes

Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his/her death.

Non-residents of the Netherlands

No Dutch gift or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

- (i) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or
- (ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

For purposes of Dutch gift and inheritance taxes, amongst others, a person that holds the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Dutch gift tax, amongst others, a person not holding the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Value added tax ("VAT")

No Dutch VAT will be payable by the holders of the Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

Other documentary taxes and duties

No Dutch registration tax, stamp duty or any other similar documentary tax or duty will be payable by the holders of the Notes in respect of (i) the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

Certain Swiss tax considerations

The following discussion is a summary of certain material Swiss tax considerations relating to (i) Notes where the Holder is tax resident in Switzerland or has a tax presence in Switzerland or (ii) Notes where the Paying Agent, custodian or securities dealer is located in Switzerland. The discussion is based on legislation as of the date of this offering memorandum. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Notes. The tax treatment for each investor depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership,

disposition, lapse, exercise or redemption of Notes (or options embedded therein) in light of their particular circumstances.

Swiss Federal Withholding Tax

Payments by the Issuer, of interest on, and repayment of principal of, the Notes, will not be subject to Swiss federal withholding tax, provided that the Issuer is at all times resident and managed outside Switzerland for Swiss tax purposes.

On August 24, 2011, the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35% on any payment of interest in respect of a debt security to an individual resident in Switzerland or to a person resident outside of Switzerland. If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, it is possible that neither the Issuer nor any paying agent nor any other person would pursuant to the terms of the Notes be obliged to pay additional amounts with respect to any debt security as a result of the deduction or imposition of such withholding tax.

Swiss Federal Stamp Taxes

The issue and redemption of Notes by the Issuer are not subject to Swiss federal stamp duty on the issue of securities. Purchases or sales of Notes with a maturity in excess of 12 months where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss federal stamp duty act) is a party, or acts as an intermediary, to the transaction may be subject to Swiss federal stamp duty on dealings in securities at a rate of up to 0.3% of the purchase price of the Notes. Where both the seller and the purchaser of the Notes are non-residents of Switzerland or the Principality of Liechtenstein, no Swiss federal stamp duty on dealing in securities is payable.

Income Taxation on Principal or Interest

Notes held by non-Swiss holders

Payments by the Issuer of interest and repayment of principal to, and gain realized on the sale or redemption of Notes by, a holder of Notes who is not a resident of Switzerland and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Notes are attributable and who is not subject to income taxation in Switzerland for any other reason will not be subject to any Swiss federal, cantonal or communal income tax.

Notes held by Swiss holders as private assets

Notes without a “predominant one-time interest payment”: An individual who resides in Switzerland and privately holds a Note the yield-to-maturity of which predominantly derives from periodic interest payments and not from a one-time-interest-payment such as an original issue discount or a repayment premium, is required to include all payments of interest received on such Note in his or her personal income tax return for the relevant tax period and is taxable on the net taxable income (including the payment of interest on the Note) for such tax period at the then prevailing tax rates.

Notes with a “predominant one-time interest payment”: An individual who resides in Switzerland and privately holds a Note the yield-to-maturity of which predominantly derives from a one-time-interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments, is required to include in his or her personal income tax return for the relevant tax period any periodic interest payments received on the Note and, in addition, any amount equal to the difference between the value of the Note at redemption or sale, as applicable, and the value of the Note at issuance or secondary market purchase, as applicable, realized on the sale or redemption of such Note, and converted into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, and will be taxable on any net taxable income (including such amounts) for the relevant tax period. A holder of a Note may offset any value decrease realized by him or her on such a Note on sale or redemption against any gains (including periodic interest payments) realized by him or her within the same taxation period on the sale or redemption of other debt securities with a predominant one-time interest payment.

Capital gains and losses: Swiss resident individuals who sell or otherwise dispose of privately held Notes realize either a tax-free private capital gain or a non-tax-deductible capital loss. See the preceding paragraph for a summary of the tax treatment of a gain or a loss realized on Notes with a “predominant one-time interest payment.” See “*Notes held as Swiss business assets*” below for a summary on the tax treatment of individuals classified as “professional securities dealers.”

Notes held as Swiss business assets

Individuals who hold Notes as part of a business in Switzerland and Swiss-resident corporate taxpayers and corporate taxpayers residing abroad holding Notes as part of a permanent establishment or fixed place of business in Switzerland are required to recognize the payments of interest and any capital gain or loss realized on the sale or other disposition of such Notes in their income statement for the respective tax period and will be taxable on any net taxable earnings for such tax period. The same taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as “professional securities dealers” for reasons of, *inter alia*, frequent dealings and leveraged transactions in securities.

Taxes withheld by Switzerland for other countries

European Savings Tax

On October 26, 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland will adopt measures equivalent to those of the European Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments. The agreement came into force as of July 1, 2005.

In accordance with this agreement respectively the Swiss law implementing this agreement, Swiss paying agents have to withhold tax at a rate of 35% on interest payments made under the bonds to a beneficial owner who is an individual and resident of an EU member state, with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding.

Foreign Final Withholding Tax

The Swiss Federal Council recently signed treaties with the United Kingdom and Austria providing, *inter alia*, for a final withholding tax. The treaties entered into force on January 1, 2013 and might be followed by similar treaties with other European countries.

According to the treaties, a Swiss paying agent may levy a final withholding tax on capital gains and on certain income items deriving, *inter alia*, from Notes. The final withholding tax will substitute the ordinary income tax due by an individual resident of a contracting state on such gains and income items. In lieu of the final withholding, individuals may opt for a voluntary disclosure of the relevant capital gains and income items to the tax authorities of their state of residency.

Holders of Notes who might be in the scope of the abovementioned treaties should consult their own tax advisor as to the tax consequences relating to their particular circumstances.

CERTAIN ERISA CONSIDERATIONS

Unless otherwise provided in any supplement to this offering memorandum, the Notes should be eligible for purchase by employee benefit plans and other plans subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), and/or the provisions of Section 4975 of the Code and by governmental, church and non-U.S. plans that are subject to state, local, other federal law of the United States or non-U.S. law that is substantially similar to ERISA or the Code (“**Similar Law**”) subject to consideration of the issues described in this section. ERISA imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under “*Risk Factors*.”

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the “**Plans**”)) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a Plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, the Guarantors, the Trustee, the Paying Agent, the transfer agent, the registrar, the Initial Purchasers or any other party to the transactions referred to in this offering memorandum may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan, including but not limited to where the Issuer, the Guarantors, the Trustee, the Paying Agent, the transfer agent, the registrar, the Initial Purchasers or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption (“**PTCE**”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

In addition, the U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the “**Plan Asset Regulation**”), describing what constitutes the assets of a Plan with respect to the Plan’s investment in an entity for purposes of certain provisions of

ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the United States Investment Company Act of 1940, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in the form of debt may be considered an equity interest if it has substantial equity features. If the Group was deemed under the Plan Asset Regulation to hold plan assets by reason of a Plan's investment in any of the Notes, such plan assets would include an undivided interest in the assets held by the Group and transactions by the Group would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Code. The Plan Asset Regulation provides, however, that if equity participation in any entity by "Benefit Plan Investors" is not significant, then the "look-through" rule will not apply to such entity. The term "Benefit Plan Investors" is defined in the Plan Asset Regulation to include (1) any employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (2) any plan described in Section 4975(e)(1) of the Code, and (3) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan or plan's investment in the entity. Equity participation by Benefit Plan Investors in any entity is significant if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity (excluding the value of any interests held by certain persons, other than Benefit Plan Investors, exercising control over the assets of the entity or providing investment advice to the entity for a fee or any affiliates of such persons) is held by Benefit Plan Investors. If, as a result of any investment, 25% or more of the value of any class of equity interests in the Issuer is being held by Benefit Plan Investors, the applicable Notes may be redeemed by the Issuer. While there is little pertinent authority in this area and no assurance can be given, the Issuer believes that the Notes should not be treated as equity interests for the purposes of the Plan Asset Regulation and, therefore, the Plan Asset Regulation should not apply and any such redemptions would not be necessary.

Accordingly, except as otherwise provided in any supplement to this offering memorandum, each purchaser and subsequent transferee of any Notes will represent and warrant, on each day from the date on which the purchaser or transferee acquires such Notes (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Notes (or any interest therein), either that (a) it is not a Plan or any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include, the assets of any Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law or (b) its acquisition, holding and disposition of such Notes (or any interest therein) will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any Similar Law) for which an exemption is not available.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).

The sale of any Notes to a Plan is in no respect a representation by the Issuer, the Guarantors, the Trustee, the Paying Agent, the transfer agent, the registrar, the Initial Purchasers or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement dated June 12, 2014 (the “**Purchase Agreement**”), by and among the Issuers, the Guarantors and the Initial Purchasers, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, €550.0 million (equivalent) principal amount of Notes.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and our counsel. The Issuer has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, without having received prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities issued or guaranteed by the Issuer that are substantially similar to the Notes.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

The Notes and the Notes 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 “qualified institutional buyers” in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act. Resales of the Notes are restricted as described under “*Offering and Transfer Restrictions*.” Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under “*Offering and Transfer Restrictions*.” The Initial Purchasers have agreed that they will only offer or sell the Notes (1) to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S and (2) in the United States to qualified institutional buyers in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In addition, 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.

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 are a new issue of securities for which there currently is no market. The Issuer has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF.

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.

In connection with the Offering of the Notes, Goldman Sachs International (the “**Stabilizing Manager**”), or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the Offering of the Notes, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and

may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers expect to make offers and sales both inside and outside the United States through their selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the SEC.

Each of the Initial Purchasers has also agreed that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States, 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, the Group or the Notes in any jurisdiction where action for the purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resales of the Notes. Please see the section entitled “*Notice to Investors*” and “*Offering and Transfer Restrictions*.”

The Issuer has agreed, and the Guarantors will agree, to indemnify and hold harmless each Initial Purchaser against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that any Initial Purchaser may be required to make in respect thereof. The Issuer will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the offering of the Notes.

It is expected that delivery of the Notes will be made against payment therefor on or about the Issue Date as specified on the cover page of this offering memorandum, which will be the sixth business day (London business days) following the date of pricing of the Notes (such settlement being herein referred to as “**T+6**”). Under Rule 15(c)6-I under the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+6 (London business days), to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

From time to time, the Initial Purchasers and their respective affiliates have provided, may currently provide and may in the future provide, investment banking, commercial banking, financial advisory and other services to us, our affiliates and our shareholders. In addition, BNP Paribas Fortis SA/NV and/or its affiliates as well as certain fund vehicles managed by BNP Paribas and/or its affiliates are lenders under the Existing Credit Facilities. BNP Paribas and its affiliates are also providing certain other banking services to us, our affiliates and our shareholders. The Existing Credit Facilities will be repaid and cancelled as part of the Transactions. The Initial Purchasers or certain affiliates of the Initial Purchasers have received, and expect to receive, customary fees and commissions for these transactions. In addition, the Initial Purchasers or certain affiliates of the Initial Purchasers will act as lenders under the Revolving Credit Facility and the PIK Loan.

OFFERING AND 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.

Neither the Notes nor the Notes Guarantees have been registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, “**U.S. persons**” (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes only:

- to U.S. investors that we reasonably believe to be “qualified institutional buyers,” or “**QIBs**,” (as defined in Rule 144A under the U.S. Securities Act) in compliance with Rule 144A; and
- outside the United States, to non-U.S. persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act.

We use the terms “offshore transaction,” “U.S. person” and “United States” with the meanings given to them in Regulation S.

If you purchase Notes in this Offering, you will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein):

- You understand that the Notes are being offered 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 qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in a transaction complying with the provisions of Rule 904 of Regulation S under the U.S. Securities Act; or (iii) to the Company, in each case in accordance with any applicable securities laws, and that (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from it of the resale restrictions referred to in the legend below.
- You are not our “affiliate” (as defined in Rule 144 under the U.S. Securities Act), you are not acting on our behalf and you are either:
 - you are a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A; or
 - you are not a U.S. person (as defined in Regulation S under the U.S. Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing Notes in an offshore transaction in accordance with Regulation S.
- You acknowledge that none of the Issuer, the Guarantors, the Initial Purchasers or any person representing the Issuer, the Guarantors or the Initial Purchasers has made any representation to you with respect to the Issuer or the offer or sale of any of the Notes, other than by the Issuer and the Guarantors with respect to 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 the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning the Issuer, the Guarantors, the Indenture, the Notes, and the Notes Guarantees as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from the Issuer, the Guarantors and the Initial Purchasers.
- 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 or other securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to

your or their ability to resell such Notes pursuant to Rule 144A or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.

- 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 its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the “**Resale Restriction Termination Date**”) that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) only (i) to us, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, 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 under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and 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 (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.
- You represent and agree that either (a) you are not and for so long as you holds a Note (or any interest therein) will not be (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) a “plan” as defined in and subject to Section 4975 of the Code, (iii) an entity whose underlying assets include the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 of the Code, or (iv) a governmental, church or non-U.S. plan which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (b) your acquisition, holding and disposition of the Notes will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of such a governmental, church or non-U.S. plan, any such substantially similar state, local, other federal law of the United States or non-U.S. law, for which an exemption is not available.

Each purchaser acknowledges that each Note will contain a legend substantially in the following form:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, PLEDGED, ENCUMBERED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, “U.S. PERSONS” (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT TO (A) QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A OR (B) PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THE NOTE REPRESENTED HEREBY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) THAT IS SUBJECT TO TITLE I OF ERISA, (II) A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL LAW OF

THE UNITED STATES OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTE REPRESENTED HEREBY WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY SUCH SUBSTANTIALLY SIMILAR STATE, LOCAL, OTHER FEDERAL LAW OF THE UNITED STATES OR NON-U.S. LAW, FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

Each purchaser acknowledges that each Rule 144A Note will contain a legend substantially in the following form:

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- i) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.
- ii) You acknowledge that:
 - a) the Issuer, the Guarantors, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and
 - b) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
 - 1) you have sole investment discretion; and
 - 2) you have full power to make the foregoing acknowledgements, representations and agreements.
- iii) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

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 under “*Plan of Distribution.*”

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTES GUARANTEES AND THE COLLATERAL AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the Notes Guarantees and the security interests and a summary of certain insolvency law considerations in effect in (i) the Netherlands, the jurisdiction where the Issuer is organized and (ii) the jurisdiction where the Guarantors are organized. It is a summary only, and proceedings (bankruptcy, insolvency or similar events) could be initiated in such jurisdiction 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 and law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Notes Guarantees and the security interests in the Collateral. Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral

The Netherlands

Under Dutch law, the obligations of the Issuer, which is incorporated under Dutch law, may be affected by (a) the standards of reasonableness and fairness (*maatstaven van redelijkheid en billijkheid*); (b) force majeure (*niet-toerekenbare tekortkoming*) and unforeseen circumstances (*onvoorziene omstandigheden*); and (c) the other general defenses available to debtors under Dutch law in respect of the validity, binding effect and enforceability of the Notes. Other general defenses include claims that a security interest should be avoided because it was entered into through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or error (*dwaling*). Other impeding factors include dissolution of contract (*ontbinding*) and set-off (*verrekening*).

The validity and enforceability of the obligations of the Issuer under the Notes may be successfully contested by a Dutch company (or its administrator (*bewindvoerder*) in suspension of payments or its receiver (*curator*) in bankruptcy) on the basis of an *ultra vires* claim, which will be successful if both (i) the obligations of the company do not fall within the scope of the objects clause as set out in the company's articles of association (*doeloverschrijding*) and (ii) the company's counterparty knew or ought to have known (without inquiry) of this fact. In determining whether a transaction is in furtherance of the objects and purposes of a Dutch company, a court will consider (i) the text of the objects clause in the company's articles of association and (ii) all relevant circumstances including whether the granting of such security interest is in the company's corporate interests (*vennootschappelijk belang*) and to its benefit and whether the company's subsistence is jeopardized by the granting of such security interest. The mere fact that a certain legal act (*rechtshandeling*) is explicitly reflected in a Dutch company's objects clause may not be conclusive evidence that such legal act is not *ultra vires*.

A guarantee granted by a Dutch company and a security interest provided by a Dutch company may be suspended or avoided by the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the motion of (i) one or more holders of shares (or depository receipts issued for shares) in the Dutch company who, solely or jointly, represent: (a) if the issued capital does not exceed €22.5 million, at least one-tenth of the issued capital or a nominal value of €225,000 or such less amount as may be provided by the articles of association of the Dutch company, or (b) if the issued capital exceeds €22.5 million, at least one percent of the issued capital or, if the shares (or depository receipts) are admitted to trading on a regulated market or multilateral trading facility (or comparable system in a non-EEA member state), at least €20 million as at the end of the last trading date prior to the filing of the application, or such lesser amount as is provided in the articles of association, (ii) the Dutch company; (iii) the supervisory board, or (if the Dutch company has established a one-tier board) the non-executive directors, of the Dutch company; (iv) any person authorized to do so by the articles of association of the Dutch company or under an agreement with the Dutch company; or (v) the liquidator in bankruptcy in the event of the Dutch company's bankruptcy. A trade union and other entities entitled thereto in the articles of association of the relevant Dutch company may also submit a motion to the Enterprise Chamber for this purpose. The guarantee or security itself may further be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

Under Dutch law, any creditor of the Issuer or its receiver (*curator*) may nullify the issuance of the Notes, or any other transaction or legal act entered into by the Issuer in connection with the Notes, under certain circumstances, if (i) the issuance of the Notes, any other transaction or legal act entered into by the Issuer in connection with the Notes was conducted without prior existing legal obligation to do so (*onverplicht*), (ii) the creditor(s) concerned or, in the case of its/their bankruptcy, any creditor was

prejudiced as a consequence of such transactions or legal act (irrespective of whether a creditor's claim arose prior to or after such transactions) and (iii) at the time of the issuance of the Notes, or any other transaction or legal act entered into by the Issuer in connection with the Notes was conducted, the Issuer and, unless the transactions were conducted for no consideration (*om niet*), the counterparty knew or should have known that one or more of the entities' creditors (existing or future) would be prejudiced (*actio pauliana*). A receiver (*curator*) may nullify a transaction on behalf of and for the benefit of the joint insolvent debtor's creditors, and the burden of proof of the abovementioned elements of fraudulent conveyance in principle rests on the receiver. Knowledge of prejudice is however presumed by law for certain transactions performed within a "suspect period" of one year prior to an adjudication of bankruptcy. This is applicable for certain transactions only, the most important application being in cases where the obligations of the bankrupt materially exceed those of the other party, the satisfaction of existing obligations of the bankrupt which are not yet due, and acts between the bankrupt and its counterparty when the shares in both are held (indirectly) by the same shareholder or if the bankrupt and its counterparty are part of the same group of companies. The foregoing requirements for invoking fraudulent transfer provisions outside of a bankruptcy apply *mutatis mutandis* when invoking fraudulent transfer provisions during a bankruptcy. In addition, the receiver may challenge a transaction if it was conducted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (i) the transaction was conducted at a time when the counterparty knew that a request for bankruptcy had been filed, or (ii) if such transaction was conducted as a result of deliberation between the debtor and the counterparty with a view to giving preference to the counterparty over the debtor's other creditors. Consequently, the validity of any such transactions conducted by a Dutch legal entity may be challenged and it is possible that such a challenge would be successful.

In the event that any one or more of the Issuer, the Guarantors or any of their subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer and the Guarantors.

France

Limitation on Guarantees

The liabilities and obligations of each 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. 242-6 or L.244-1 of the French Commercial Code; and
- French corporate benefit rules.

Under French financial assistance rules, a company 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 or security interests, taken as a whole. A court could declare any guarantee or security document unenforceable and, if payment had already been made under the relevant guarantee or security document, require that the recipient return the payment to the relevant guarantor, if the court found that the French guarantor did not fulfill that criteria. 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.

With respect to certain inter-group transactions (including up-stream guarantees), French case law has recognized that such transactions can be in the corporate interest of the relevant company, in particular, where the following criteria are fulfilled:

- the existence of a genuine group of companies (taken as a whole, not just its shareholders) operating under a common strategy aimed at a common objective;
- the existence of common economic, social or financial interests of the group within the framework of a policy implemented by the group of companies;

- the transaction shall not be without due consideration and compensation and shall not change the existing balance between the respective obligations of the relevant companies;
- the obligations of the French Guarantor under the guarantee or security documents shall not exceed its financial capability.

Accordingly, each of the guarantees and the security interests by the French Guarantors and the amounts recoverable thereunder will be limited to amounts that represent either (i) the amount of debt that each such French Guarantor and the controlled subsidiaries of that French Guarantor can be deemed to have refinanced with the proceeds of the Notes through the intercompany loans or (ii) the amounts of the Notes proceeds on-lent, directly or indirectly, to such French Guarantor, and the controlled subsidiaries of that French Guarantor, via the Group's cash-pooling arrangements or otherwise, and outstanding on the date a payment is requested to be made by such French Guarantor under its Guarantee or a security interest is to be enforced. Any payment made by such French Guarantor under its Guarantee or a security document will reduce the maximum amount of its Guarantee. By virtue of this limitation, a French Guarantor's obligation under the Guarantee or a security document could be significantly less than amounts payable with respect to the Notes, or a French Guarantor may have effectively no obligation under its Guarantee or a security document.

In addition, if a French Guarantor receives, in return for issuing the guarantee or providing a security interest, 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.

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 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 sock 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.

Limitations on enforcement of security interests and "soulte"

Security interests governed by French law may only secure payment obligations and may only be enforced following a payment default (including following acceleration) and up to the secured amount that is due and remaining unpaid.

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) pursuant to a judicial process (x) by way of a sale of the pledged assets in a public auction (the proceeds of the sale being paid to the secured creditors) or (y) by way of the judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) by way of contractual foreclosure (*pacte comissoire*) 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 judge in the context of a judicial attribution or by a pre-contractually agreed expert in the context of a contractual foreclosure (*pacte comissoire*). In a proceeding regarding a judicial foreclosure (*attribution judiciaire*) or a contractual foreclosure (*pacte comissoire*), an expert is appointed to value the Collateral (in this case, the securities) and if the value of the Collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor a *soulte* equal to the

difference between the value of the securities 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 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.

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. Since such public auction procedures are not designed for a sale of a business as a going concern, however, it is possible that the sale price received in any such auction might not reflect the value of our business as a going concern.

Parallel Debt—Trust

Under French law, certain “accessory” security interests such as rights of pledge require that the pledgee and the creditor are the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary 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 bondholders 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 bondholders 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 bondholders 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).

None of the Parallel Debt and trust mechanism constructs have been generally recognized by French courts and to the extent that the Notes or security interests created under the Parallel Debt and/or trust constructs are successfully challenged by other parties, bondholders will not receive any proceeds from an enforcement of the Guarantees or security interests in the Collateral. In addition, the bondholders will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent.

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 a 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 under the Parallel Debt construction are successfully challenged by other parties, bondholders will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. The bondholders will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The concept of “trust” has been recognized by the French Tax Code 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°10-25533 Belvedere) 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 opened 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.

Fraudulent conveyance

French law contains specific provisions dealing with fraudulent conveyance both in and outside insolvency proceedings, the “*action paulienne*” provisions. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which such person guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such person’s or a third party’s obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant person 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 person or by any of the creditors of the relevant person outside insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings, and may be declared unenforceable against third parties if: (i) the person performed such acts without an obligation to do so; (ii) the creditor concerned or, in the case of the person’s insolvency proceedings, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of such person’s creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*à titre gratuit*), in which case such knowledge of the counterparty is not necessary for a successful challenge on the grounds of fraudulent conveyance. 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, bondholders may not enjoy the benefit of the Notes, the Notes Guarantees or the security interests in the Collateral and the value of any consideration that bondholders received with respect to the Notes, the security interests in the Collateral or the Notes Guarantees could also be subject to recovery from the bondholders and, possibly, from subsequent transferees. In addition, under such circumstances, bondholders might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

Assumptions as to the validity of the Intercreditor Agreement

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 opening 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.

Switzerland

Limitations on Guarantees and Security Interests granted by any Swiss subsidiaries

One or several of the Guarantors are incorporated under the laws of Switzerland (the “**Swiss Guarantors**”).

The granting of guarantees or security by the Swiss Guarantors is subject to certain restrictions in the distribution of corporate assets under Swiss corporate law. Therefore, in order to enable the Swiss

Guarantors to grant guarantees or security securing liabilities of the Issuer without the risk of violating such restrictions and to protect management from personal liability, it is standard market practice for guarantees granted by a stock corporation (*Aktiengesellschaft*) or limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated in Switzerland to contain so-called “limitation language.” Pursuant to such limitation language, the enforcement of the Guarantee or security granted by each of the Swiss Guarantors will be limited reflecting the requirement that payments under the Guarantee or enforcement of the security may not cause the Swiss Guarantor to incur a liability which would exceed its freely distributable equity at the time of the enforcement of the Guarantee or the security. The freely distributable equity capital is equal to the maximum amount which the relevant Swiss Guarantor can distribute to its shareholders as a dividend payment under Swiss law at that point in time. Presently, the freely distributable equity capital is equal to the balance sheet profits, and any reserves available for distribution at the time or times at which payment under the Guarantee is requested or the security shall be enforced. These limitations apply in relation to guarantees securing the performance of any obligations of any (direct or indirect) shareholder and/or any sister company of the Swiss Guarantors.

In addition, the enforcement of a Swiss Guarantor’s Guarantee or security granted may give rise to Swiss withholding taxes (of up to 35% at present rates, subject to applicable double taxation treaties) to the extent that the payment or enforcement of such Guarantee or security are regarded as a deemed dividend distribution. Under Swiss law, any obligation of a Swiss Guarantor to gross-up, indemnify or otherwise hold harmless the holders of the Notes for the deduction of Swiss withholding tax may not be valid and, thus, may prejudice the enforceability of anything to the contrary contained above under “*Description of the Notes—Additional Amounts*” or in the Indenture. In addition, any obligation to gross-up, indemnify or otherwise hold harmless the holders of the Notes for the deduction of Swiss withholding tax in connection with a Guarantee or security granted by a Swiss Guarantor would in any case be limited by the amount of the freely distributable equity of the Swiss Guarantor.

Fraudulent Transfer Provisions of General Applicability Including During Bankruptcy

Under Swiss insolvency laws, the insolvency administration may, under certain conditions, avoid transactions, such as, *inter alia*, the granting of or the payment under any guarantee or, if a payment has already been made under the relevant guarantee, require that the recipients return the amount received to the debtor’s estate. In particular, a transaction (which term includes the granting of a guarantee and the payment of debt) detrimental to the debtor’s other creditors may be avoided according to Swiss insolvency laws in the following cases if such acts result in damages to the creditors:

- The debtor has made a transaction being considered as a gift or a disposal of assets without any consideration, provided that the debtor made such transaction within the last year prior to the opening of formal insolvency proceedings (*Konkurseröffnung*). Similarly, transactions pursuant to which the debtor received a consideration which was disproportionate to its own performance, may be avoided.
- Certain acts are voidable if performed by the debtor within the last year prior to the opening of formal insolvency proceedings (*Konkurseröffnung*), provided that the debtor was already over-indebted at that time: (i) granting of security for existing claims, provided that the debtor was not previously obliged to grant such security, (ii) payment of a monetary obligation (*Geldschuld*) in any other way than by payment in cash (*Barschaft*) or other customary means of payment, and (iii) the payment of a debt not yet due. However, any avoidance action is dismissed if the beneficiary of the transaction can prove that it was not aware of the debtor’s over-indebtedness and, being diligent, could not know that the debtor had been over-indebted at that time.
- Furthermore, any acts performed within the last five years prior to, *inter alia*, the opening of formal insolvency proceedings (*Konkurseröffnung*) performed by the debtor with the intention to discriminate some creditors against others or to favor some creditors to others are voidable if such intention was, or exercising the requisite due diligence, must have been known to the debtor’s counterparty.

The same provisions apply in the event of a composition with creditors with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*), another insolvency proceeding under Swiss law that leads to a liquidation of the assets of the debtor. In a composition with creditors, the relevant hardening period of one and five years respectively is, depending on the nature of the relevant avoidable transaction, the one-year or five-years period preceding the grant of the moratorium (*Nachlassstundung*).

If any guarantee is avoided as summarized above or held unenforceable for any other reason, the claimant would cease to have any claim in respect of the guarantee and would have a claim solely under

the Notes and the remaining guarantees, if any. Any amounts obtained from transactions that have been avoided would have to be repaid.

Germany

The German Guarantors are incorporated in the form of a German limited liability company (*Gesellschaft mit beschränkter Haftung*, “**GmbH**”). Consequently, the grant of collateral by them is subject to certain provisions of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaft mit beschränkter Haftung*, “**GmbHG**”).

As a general rule, sections 30 and 31 of the GmbHG (“**Sections 30 and 31**”) prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbH’s net assets (*i.e.*, assets minus liabilities and liability reserves) is already less or would fall below the amount of its stated share capital (*Stammkapital*). The granting of guarantees, share pledges and other security by a GmbH in order to secure liabilities of a direct or indirect parent or sister company may be considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to grant guarantees and to create security interests to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain so-called “limitation language” in relation to subsidiaries in the legal form of a GmbH or a limited liability partnership (*Kommanditgesellschaft*) with a GmbH as its sole general partner (*Komplementär*) (“**GmbH & Co. KG**”) incorporated or established in Germany. Pursuant to such limitation language, the beneficiaries of the security interests agree, subject to certain exemptions, to require payments under the guarantee or, as the case may be, enforce the security interests against the German subsidiary only to the extent that such payment or, as the case may be, enforcement does not result in the GmbH’s (or, in case of a GmbH & Co. KG, its general partner’s) net assets falling below its stated share capital or, as the case may be, if the net assets are already below the amount of its stated share capital, to cause such amount to be further reduced. Accordingly, the Indenture, the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement and other relevant documents relating to the Notes Guarantees and the Collateral provided by the German Guarantors or other German security providers will contain such limitation language and the relevant Notes Guarantees and Collateral will be limited in the manner described.

German capital maintenance rules are subject to ongoing court decisions. Future court rulings may further limit the access of shareholders to assets of their subsidiaries constituted in the form of a GmbH or a GmbH & Co. KG, which can negatively affect the ability of the subsidiaries to make payments on the Notes Guarantees, of the secured parties to enforce the Collateral or of the beneficiaries of the Notes Guarantees to enforce the Notes Guarantees.

Certain Insolvency Law Considerations

European Union

The Issuer and several of the Guarantors are organized under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the “**E.U. Insolvency Regulation**”), which applies within the European Union, other than Denmark, the courts of the Member State in which a company’s “**center of main interests**” (as that term is used in Article 3(1) of the E.U. Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its “center 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 E.U. Insolvency Regulation throughout the European Union.

Although there is a presumption under Article 3(1) of the E.U. Insolvency Regulation that a company has its “center 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 E.U. Insolvency Regulation states that the “center 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 “center 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 "center 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 E.U. Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the E.U. Insolvency Regulation. If the "center of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the E.U. Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open 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 center 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 E.U. Insolvency Regulation. Where main proceedings in the Member State in which the company has its center 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 center 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 secondary 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 center 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.

France

Insolvency

We conduct a part of our business activity in France and, to the extent that the center of our main interests is deemed to be in France, we would be subject to French insolvency proceedings affecting creditors. French laws and proceedings affecting creditors include debt rescheduling pursuant to Article 1244-1 *et seq.* of the French Civil Code (*Code civil*), ad hoc agency proceedings (*mandat ad hoc*), conciliation proceedings (*procédure de conciliation*), safeguard proceedings (*procédure de sauvegarde*), accelerated financial safeguard proceedings (*sauvegarde financière accélérée*) and judicial 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 the protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Notes Guarantees granted by the French Guarantors and corresponding Security Interests.

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.

Under the European Council Regulation (EC) No.1346/2000 of May 29, 2000 on insolvency proceedings, 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 company 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 company is in France, French courts will take into account a broad range of factual elements.

Grace periods

In addition to pre-insolvency and 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 Articles 1244-1 *et seq.* of the French Civil Code, French courts may, in any civil 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 the payment dates of payment obligations over a maximum period of two years 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 which is set annually) or that payments made shall first be allocated to repayment of the principal. If a court order under Articles 1244-1 *et seq.* of the French Civil Code is made, it will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by the court. A creditor cannot contract out of such grace periods. When the debtor benefits from conciliation proceedings, these statutory provisions shall be read in combination with Article L.611-7 of the French Commercial Code (*Code de commerce*) (see “—*Conciliation proceedings*”).

Insolvency test

Under French law, a company is considered to be insolvent (*en état cessation des paiements*) when it is unable to pay its debts when they fall due with its available assets taking into account available credit lines, existing debt rescheduling agreements and moratoria.

Mandat Ad Hoc Proceedings

A French company facing difficulties may request the opening of a *mandat ad hoc* proceedings, the aim of which is to reach an agreement with the debtor's main creditors and stakeholders.

French law does not provide for any specific rule in respect of *mandat ad hoc* proceedings, except that these proceedings (i) are confidential by law and (ii) may only be initiated by the debtor company itself, in its sole discretion. *Mandat ad hoc* proceedings are not limited in time and are informal proceedings carried out under the supervision of the President of the relevant court (usually the Commercial Court (*Tribunal de commerce*)), which do not involve any stay of the proceedings. A company that is facing any type of difficulties (but which has not been insolvent (see “—*Insolvency test*”) for over 45 days) may request from the competent court the appointment of a *mandataire ad hoc*, whose name it can suggest. The *mandataire ad hoc*'s duties are determined by the court. Such *mandataire ad hoc* is usually appointed in order to facilitate negotiations with creditors but they cannot coerce the creditors into accepting any proposal. The agreement reached by the parties (if any) with the help of such *mandataire ad hoc* can be reported by the latter to the President of the court but is not approved by the court. The restructuring agreement between the company and its main creditors 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 company to recover their claims but, in practice, 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.

Conciliation Proceedings

A French company facing difficulties may request the opening of conciliation proceedings (*procédure de conciliation*), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders.

Points that conciliation proceedings have in common with *mandat ad hoc* proceedings are (i) confidentiality by law and (ii) they may only be initiated by the debtor company itself, in its sole discretion. Main differences include (i) the conditions to open conciliation proceedings, (ii) the limitation in time of conciliation proceedings, (iii) the right to petition the President of the Commercial Court for a grace period and (iv) the ability to acknowledge or approve the restructuring agreement.

A company may, in its sole discretion, apply for the opening of conciliation proceedings with respect to itself, provided it (i) is not insolvent (see “—*Insolvency test*”), or has been insolvent for fewer than 45 days and (ii) experiences current or predictable legal, economic or financial difficulties. 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 with all or part of its creditors and/or trade partners an agreement that ends its difficulties. *Conciliation* proceedings are confidential and may last up to five months. During the proceedings, creditors may continue to sue individually for payment of their claims but they usually in practice accept not to do so. In addition, the debtor retains the right to petition for a grace period, but will do so before the President of the Commercial Court.

This 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 company in respect of claims governed by the agreement.

The acknowledgement (*constatation*) of the 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.

The approval (*homologation*) by the court, upon debtor’s request, will make the conciliation proceedings public and have the following specific consequences:

- creditors who provided new money, goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will have priority of payment over all pre-proceeding and post-proceeding claims (other than certain post-proceeding 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 *cessation des paiements* (see “—*Insolvency test*”), and therefore the commencement date of the suspect period (see “—*Judicial Reorganization or 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.

A third party having granted a guarantee (*sûreté personnelle*) or a security interest (*sûreté réelle*) can benefit from the provisions of the approved or acknowledged agreement.

In the event of a breach of the agreement, any party to the agreement can petition the court for its termination. The commencement of subsequent insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims and security interests, with the exception of amounts already paid to them.

Conciliation proceedings, in the context of which a draft plan has been negotiated and is supported by a large majority of creditors without reaching unanimity, will be a mandatory preliminary step of the accelerated financial safeguard proceedings, as described below.

Safeguard Proceedings

A company may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided it (i) is not insolvent (*en état de cessation des paiements*) and (ii) experiences difficulties that it is not able to overcome. Creditors of the company do not attend the hearing before the court at which the opening of safeguard proceedings is requested. Following the opening of safeguard proceedings, a court-appointed administrator investigates the business of the company during an observation period, which may last up to 18 months, and helps the company elaborate a draft safeguard plan (*projet de plan de sauvegarde*) that it will submit to its creditors. One of the main consequences of the opening of safeguard proceedings is that creditors do not have effective control over the procedure, which remains in the hands of the company assisted by the court-appointed administrator (*administrateur judiciaire*) who will, being overseen by the court and pursuant to the terms of the opening judgment, exercise a control a posteriori over the decisions made by the debtor (“*mission de surveillance*”) or assist the debtor to make all or some of the management decisions (“*mission d’assistance*”).

During the safeguard proceedings, payment by the debtor of any debts incurred prior to the opening of the proceedings is prohibited, subject to limited exceptions such as set-off payments of interrelated

debts. For example, the bankruptcy judge can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the business or 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 opening of the proceedings (as well as the post-opening non-privileged debts) and are prohibited from engaging any individual lawsuits against the debtor for any payment default in relation to such debts (see “—*Status of creditors during safeguard proceedings, accelerated financial safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings*”) 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 arising after the commencement of the safeguard proceedings and which relate to expenses necessary for the business's ordinary activities during the observation period or are for the requirements of the proceedings, or are in consideration for a service rendered to the debtor during this period, must be paid as and when they fall due and, if such is not the case, they will be given priority of payment over debts incurred prior to the commencement of the safeguard proceedings (with certain limited exceptions, such as the “New Money Lien” (see “—*Conciliation Proceedings*”)).

The manner in which the liabilities will be settled, as provided for in the plan (debt remissions and payment times and/or conversion of debt into equity) must be submitted to the creditors during a consultation, prior to the plan being approved by the court. The rules governing consultation vary according to the size of the business.

“Ordinary” consultation: for a debtor whose accounts are not certified by a statutory auditor or prepared by a chartered accountant, and who does not have more than 150 employees or €20 million in turnover, the administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who, individually or collectively, obtains the agreement of each creditor who stated a claim, regarding the debt remissions and payment times proposed.

The French Commercial Code 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, varying treatment of 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 to make alternative proposals at the consultation stage (which generally breaks down into a short-term option, with debt remissions and rapid payment of the balance, and a long-term option with 100% repayment of the debts over ten years. The courts tend to impose a long-term solution).

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 are not consulted.

In the event of a consultation in writing, if a creditor does not respond within 30 days as from receipt of the letter from the creditors' representative, such creditor is deemed to have accepted the proposal. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the administrator and the monitors.

Within the framework of an ordinary consultation, if the creditors refuse the proposals that were submitted to them, the court that approves the turnaround plan can only obligate them to accept deferral of the payment of their receivables over a maximum period of ten years. All forgiveness of debt and/or conversion of debt into equity is contingent on individual acceptance.

Committee-based consultation: For a debtor that exceeds the aforementioned thresholds, or for a debtor who does not but with the authorization of the supervisory judge, the court-appointed administrator sets up two creditors' committees, 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) and their successive assignees having a claim against the debtor, and the other for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers. These committees will be consulted on the draft safeguard plan. In addition, any member of a committee may submit suggestions to the debtor and the court appointed administrator for drawing up a safeguard plan to be drafted by the debtor's management during the observation period. Bondholders and note holders are not part of the creditors' committee but are convened within a specific meeting of bondholders, as specified below.

The committees must announce whether they 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. The amounts of the claims secured by a trust (*fiducie*) constituted as a guarantee granted by the debtor are not taken into account. In addition, creditors for whom the plan does not provide any modification of their repayment schedule or 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.

If there are any holders of bonds including notes, they are required to vote on the plan during a general meeting of bondholders regrouping all holders of bonds and notes of the debtor (even if they relate to different issues, in particular with respect to subordination or security, and regardless of the law applicable to each issue) held for that purpose and approve the plan at the same two-thirds majority vote. There is no separate meeting per bond or note issue. Approval of the plan at the two-thirds majority shall, if the plan is approved by the court, bind all members of the committees and the holders of the Notes (including those who abstained or voted against the adoption of the plan). The plan submitted to the committees and the holders of the Notes, if any, must take into account subordination agreements entered into by the creditors before the opening of the proceedings, may treat creditors differently if it is justified by their differences in situation and may notably include rescheduling or canceling of debts, and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If, within the first six months of the observation period, the creditors' committees and the meeting of the holders of the Notes approve the plan, and subject to verification by the court that the interests of all creditors are sufficiently safeguarded and to a rescheduling of the claim of creditors that are not members of the committees or holders of the Notes (as discussed hereinafter), the court will approve 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. Creditors for whom the plan does not provide any modification of their repayment schedules or provides for a complete reimbursement in cash of their claims as soon as the plan is adopted or as soon as their claims are admitted do not need to be consulted on the plan.

For those creditors (which are outside the creditors' committee or the meeting of the holders of the Notes) who have not reached a negotiated agreement, the court can impose a uniform rescheduling of the repayment of their debts over a maximum period of ten years, except for debts with maturity dates of more than ten years, in which case the maturity dates shall remain the same. The court cannot obligate such creditors to waive any part of their claims or accept debt-for-equity swaps. 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 claims). As an exception, if the principal amount of a debt has not become due and payable in full on the first payment date set out in the plan approved by the Court, repayment of that debt will begin on the annual payment date set out in the plan which immediately follows the maturity date stipulated by the parties in the relevant document prior to the opening of the proceedings. On this date the principal will be paid in an amount equal to the amount the creditor would have received if it had been subject to the uniform payment terms imposed by the Court and set out in the plan. Future amounts paid to that creditor will be made in accordance with the uniform payment terms imposed to other creditors under the plan unless no uniform payment terms have been imposed by the court in which case, the amount of the following annuities to be paid will correspond to equal annual fractions of the remaining principal amount remaining.

In the event that the debtor company's proposed plan is not approved by both committees and the general meeting of holders of the Notes 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 in the time remaining until the end of the observation period. In such a case the rules applicable to all creditors are the same as the ones applicable to creditors that are not part of the committees and that are not holders of the Notes and, in particular, the court can only impose a uniform rescheduling of the repayment of the debts over a maximum period of ten years (as described above).

Creditors for whom the plan does not provide any modification of their repayment schedules or provides for a complete reimbursement in cash of their claims as soon as the plan is adopted or as soon as their claims are admitted do not need to be consulted on the plan.

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 by a private economic operator placed in the

same position, under normal market conditions. 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 commission where the heads of finance departments and the organizations and institutions concerned are represented. 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 opened against the Issuer, the holders of the Notes will be treated as holders of the Notes of the Issuer and will take part in the general meeting of holders of the Notes and the committees of the holders of the Notes, if any. Therefore, the holders of the Notes would not be a member of the credit institutions' committee but would vote on any draft plan proposed by the Issuer as members of the general meeting of holders of the Notes.

Holders of the Notes could, as members of the general meeting of holders of the Notes, veto such plan if they reach a blocking minority (i.e., their claims represent more than one-third of the claims of those creditors casting a vote in the meeting).

As a general matter, 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.

Accelerated Financial Safeguard Proceedings

Envisaged as a means of facilitating "pre-pack" bankruptcies in France, born from the "pre-pack" restructuring practice, accelerated financial safeguard proceedings ("**AFS**") are available to a debtor having prepared in conciliation proceedings a draft safeguard plan ensuring the continuation of his or her business as a going concern supported by enough of its financial creditors exclusively (i.e., members of the credit institutions' committee and holders of the Notes) to render likely its adoption (at the two-thirds majority applicable in safeguard proceedings) by the credit institutions' committee and the general meeting of the holders of the Notes, if any, within a maximum of two months of the opening of the proceedings.

Only financial creditors (e.g., creditors members of the credit institutions committee and holders of the Notes) are implicated in such a restructuring plan and consulted on the draft safeguard plan, and therefore an AFS filing does not affect or entail the suspension of payments to creditors other than financial creditors (e.g., suppliers of goods and services which continue to be paid according to their applicable contract terms and are not subject to the moratorium on enforcement action during the observation period). 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, they may be paid only after the judgment of the Commercial Court sanctioning the safeguard plan.

As with traditional safeguard proceedings, the plan adopted in the context of an AFS may notably provide for rescheduling, debt cancellation and/or conversion of debt into equity capital in the debtor company (debt-for-equity swaps requiring the relevant shareholder consent).

In order to file for an AFS, the debtor company must (i) be engaged in conciliation proceedings; (ii) justify the preparation of a draft safeguard plan ensuring the continuation of his or her business as a going concern supported by enough of its financial creditors to render likely its adoption by the credit institutions' committee and the meeting of the holders of the Notes in order to be adopted by the majority of two-thirds of the amount of claims held by the committee of credit institutions' members and by the general meeting of bondholders' members having expressed their vote within a maximum of two months of the AFS filing; in practice, an agreement on the draft safeguard plan is previously signed by lenders in order to prove their support; (iii) not be insolvent; (iv) face financial difficulties which it finds itself unable to overcome and (v) have (a) either more than 150 employees or a turnover greater than €20 million or (b) a total balance sheet exceeding (aa) €25 million or (bb) €10 million if they control another company (X) which has more than 150 employees, (Y) whose turnover for the previous financial year is greater than €20 million or (Z) whose total balance sheet exceeds €25 million. Therefore, based on currently applicable regulations, the Issuer is eligible for AFS proceedings.

Creditors, other than financial creditors, such as public creditors, the tax or social security administration and suppliers are not directly impacted by the AFS. Their debts will continue to be due and payable according to their contractual or legal terms.

Since the AFS proceedings are by nature accelerated proceedings, very tight deadlines are imposed. The Commercial Court must approve any restructuring plan within one month of the date on which the procedure has begun, although this deadline may be extended by up to a maximum of one additional month. If a plan is not adopted by the creditors and approved by the court within such deadlines, the court is obligated to terminate the proceedings.

Judicial Reorganization or Liquidation Proceedings

Judicial reorganization (*redressement judiciaire*) or liquidation proceedings (*liquidation judiciaire*) may be initiated against or by a company only if it is insolvent and, with respect to liquidation proceedings only, if the company's recovery is manifestly impossible. Note that the French Supreme Court held anti-constitutional (i) the opening of judicial reorganization proceedings by the Court at its own initiative (December 7, 2012 n°2012-286 QPC), (ii) the opening of judicial liquidation proceedings by the Court at its own initiative (March 7, 2014, n° 2013-368 QPC), and (iii) the termination of the safeguard plan and subsequent opening of judicial liquidation proceedings by the Court at its own initiative (March 7, 2014, n° 2013-372 QPC). The company is required to petition for insolvency 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 incurring civil liability.

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 up to 18 months before the date of the court order. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings see “—*Conciliation Proceedings*” above). The date of insolvency is important because it marks the beginning of the suspect period (or otherwise referred to as “hardening period”). Certain transactions undertaken during the suspect period may be void or voidable.

Under the judicial reorganization the administrator appointed by the Court will assist the debtor to make all or some of the management decisions (*mission d'assistance*) and may also be empowered by the Court to take over the management and control the company (*mission d'administration*). The opening of liquidation proceedings entails the relief of the debtor of the management.

The court order commencing the proceedings may order either the liquidation or the reorganization of the company. In the event of reorganization, an administrator is usually appointed by the court (*administrateur judiciaire*) to investigate the business of the company during an observation period, which may last up to 18 months, and makes proposals either for the reorganization of the company (by helping the debtor to elaborate a reorganization plan, which is similar to a safeguard plan), or the sale of the business in whole or in part or the liquidation of the company. However, it cannot be ruled out that further to the aforementioned decision from the French Supreme Court, the constitutionality of the conversion of a safeguard or judicial reorganization procedure into judicial reorganization or liquidation proceedings, when it is decided upon the court's own initiative, be challenged. Committees of creditors and meeting of the holders of the Notes 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 company. At the end of the observation period, the outcome of the proceedings is decided by the court.

Void and Voidable Transaction

“Void transactions” include transactions or payments entered into during the suspect 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 consideration, contracts under which the reciprocal obligations of the company significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner that is not commonly used in the ordinary course of business, any escrow ordered by a judicial decision if such decision is not final when reorganization or liquidation proceedings are commenced, security granted for debts previously incurred, any 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) and modifications to existing fiduciary transfers securing previous debts.

“Voidable transactions” include payments for due debts made from the date of insolvency, transactions for consideration and notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions made during the suspect period if the party dealing with the debtor

company knew that it was insolvent (see “—*Insolvency test*”). 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 suspect period.

Creditors’ Liability

Pursuant to article L. 650-1 of the French Commercial Code as interpreted by case law, where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may be held liable for the losses suffered as a result of facilities granted to the debtor only if the granting of such facilities was wrongful and, in the case of (i) fraud; (ii) interference with the management of the debtor or (iii) if 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 canceled or reduced by the court.

Status of creditors during safeguard proceedings, accelerated financial safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings

As a general rule, creditors domiciled in France whose claims arose prior to the commencement of the proceedings must file a claim with the court-appointed creditors’ representative (*mandataire judiciaire*) within two months of the publication of the court order in the BODACC (*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 barred, except if they can obtain that the bar be lifted which is subject to specific conditions, from receiving distributions made in accordance with the proceedings. Employees are not subject to such limits and are preferential creditors under French law.

From the date of the court order commencing the insolvency proceedings (safeguard proceedings, accelerated financial safeguard proceedings (subject to the below), judicial reorganization or liquidation proceedings), the company is prohibited from paying (i) debts outstanding prior to that date, subject to specified exceptions, which essentially concern the set-off of interrelated debts and payments made to recover assets for which recovery is justified by the continued operation of the business, *provided* that such payments are authorized by the bankruptcy judge and (ii) debts arising after the opening of the proceedings if such debts are not useful to the proceedings (post-opening, non-privileged debts). During this period, creditors may not pursue any legal action against the company with respect to any claim arising prior to the court order commencing the proceedings or, as the case may be, for the aforementioned post-opening, non-privileged debts if the objective of such legal action is:

- to obtain an order for or a payment of a sum of money by the company to the creditor (however, the creditor may require that a court fix the amount due); or
- to terminate a contract for non-payment of pre-petition amounts owed by the company or to enforce the creditor’s rights against any assets of the company, except where such asset, whether tangible or intangible, movable or immovable, is located in another EU Member State, in which case the rights *in rem* of creditors thereon would not be affected by the insolvency proceedings, in accordance with the terms of Article 5 of European Council Regulation (EC) No. 1346/2000 on insolvency proceedings.

In accelerated financial safeguard proceedings, however:

- debts owed to creditors other than banks, financial institutions or holders of the Notes should be paid in the ordinary course; and
- the debtor draws a list of the claims of its creditors having participated in the conciliation proceedings, which is certified by its statutory auditors (or in its absence, its accountant). Claims set in this list are deemed declared. Although such creditors are granted the faculty to file proofs of claim pursuant to 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 two or four months’ regular time limit as from the publication of the opening judgment in the BODACC) or modify the information relating to their claims as set forth in the list, should they consider it inaccurate. Those financial creditors who did not take part in the conciliation proceeding (but who would be party to the financial institutions’ committee or the meeting of the holders of the Notes) would have to file their proofs of claim within the aforementioned legal time limits.

Contractual provisions whereby a company's payment obligations are mandatorily accelerated upon the occurrence of (i) the opening of safeguard proceedings, accelerated financial safeguard proceedings or judicial reorganization proceedings, or (ii) insolvency (*cessation des paiements*), are deemed void and therefore not enforceable under French law. The opening of liquidation proceedings, however, automatically accelerates the maturity of all of a company's obligations unless the continued operation of the business with a view to the adoption of a "plan for the sale of the business" (*plan de cession*) is ordered by the Court (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.

Counterparties to a contract with the company are not allowed to terminate such contract on the sole basis of the opening of insolvency proceedings. The court-appointed administrator may elect to terminate ongoing contracts (*contrats en cours*) which he or she believes the debtor will not be able to continue to perform. On the contrary, he or she may require the continuation of such contracts provided that the company fully performs its post-petition contractual obligations, or may decide not to continue them. The Court can also set a time period during which the assets that it deems necessary to the continuation of the 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*) in judicial reorganization or liquidation proceedings with a temporary continuation of the business, the proceeds from the sale will be allocated for the payment of creditors according to their ranking.

If the court decides to order the judicial liquidation of the company, 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 conducted by the liquidator, vested with the power to represent the company and perform such 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, there are two possible outcomes of such liquidation scenario:

- an asset sale plan, which is governed by the same principles as above. In practice, where an asset sale plan is considered, the court will usually appoint a judicial administrator to manage the company and organize such sale of the business, or
- a sale of the assets one by one, 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 surveillance 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 disclosing the proposed price before such hearing (*procédure des plis cachetés*).

French insolvency law provides for a priority order for payment of certain insolvent company's preferential creditors, essentially as follows: employees, officials appointed by the insolvency court as required by the regulations relating to insolvency proceedings, creditors who, as part of an approved conciliation agreement, have provided new money or goods or services, certain secured creditors in the event of judicial liquidation proceedings, post-petition creditors, the French State, other prepetition secured creditors and pre-petition unsecured creditors.

When no due liabilities remain or when the liquidator has sufficient funds to pay off the creditors (*extinction du passif*), when continuation of the liquidation process becomes impossible due to insufficiency of assets (*insuffisance d'actif*), the Court terminates the proceedings.

Main modifications of French bankruptcy regime

French insolvency law will change as a result of Ordinance No. 2014-326 of March 12, 2014 relating to the reform of the prevention of corporate difficulties and of insolvency proceedings (the "**Ordinance No. 2014-326**"), which will come into force on July 1, 2014, it being specified that Ordinance No. 2014-326 will not apply to ongoing proceedings at this date. This reform will affect the current regime

explained above in relation to *mandat ad hoc* proceedings, *conciliation* proceedings, safeguard proceedings, accelerated safeguard proceedings, judicial reorganization and liquidation proceedings.

Ordinance No. 2014-326 provides in particular for the following modifications:

Out of court proceedings (mandat ad hoc and conciliation proceedings)

- extension of the benefit of the New Money Lien (see “—*Conciliation Proceedings*”) to creditors who agree to provide cash (other than by way of share capital increase), goods or services to a debtor “*in the course of conciliation proceedings*” giving rise to an agreement approved by the Court (“*accord homologué*”). Under current law, creditors can only benefit from the New Money Lien over new money which has been provided for in the conciliation agreement, which shall be approved (*homologué*) by the court; the new money being made available after the court’s judgment approving the conciliation agreement;
- in the event the opening of subsequent safeguard proceedings or judicial reorganization, 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, it being specified that this new provision shall not prevent these creditors from granting such delays or debt reductions;
- at the request of the debtor and after the participating creditors have expressed their opinion, the conciliator may be appointed with a mission to organize the partial or total sale of the company which would occur, if applicable, in the context of subsequent safeguard, judicial reorganization or liquidation proceedings;
- in case of acknowledgement (*constat*) of the agreement by the Court President or in case of approval (homologation) by the Court, it can, at the request of the debtor, appoint the conciliator as a court nominee monitoring the implementation of the agreement (*mandataire à l’exécution de l’accord*) during its execution;
- with respect to grace periods under Articles 1244-1 and subsequent of the French Civil Code, the judge having opening conciliation proceedings (i) may grant delays under such Articles even when the formal notice asking the debtor to pay was sent before conciliation proceedings (and not only during conciliation proceedings) and (ii) may, during the execution period of the conciliation agreement, impose payment deferrals to creditors (other than the tax and social security administrations) whose claims were not included in the conciliation agreement;
- two types of contractual provisions shall be deemed null and void: (i) any provision that modifies the conditions for the continuation of an ongoing contract by reducing the debtor’s rights or increasing its obligations simply by reason of the appointment of a *mandataire ad hoc* or of the opening of a conciliation proceedings or of a request submitted to this end and (ii) any provision forcing the debtor to bear, simply by reason of the appointment of a *mandataire ad hoc* or of the opening of conciliation proceedings, the fees of the counsel whom the creditor has retained in connection with these procedures for the portion exceeding the proportion to be set out by decree of the minister of justice.

In-court proceedings

- power granted to the creditors’ representative in safeguard proceedings to summon a shareholder to pay any outstanding amount due over the shares he subscribed ;
- the opening judgment of safeguard proceedings leads to the immediate maturity of the amount not paid up of the share capital;
- right granted to any creditor member of a committee to submit a draft safeguard plan, it being specified that these alternative plans are subject (i) to the preparation of a report for each alternative plan from the administrator and (ii) to the same two-thirds majority vote in each committee and by a two-thirds majority vote of the general meeting of the holders of the Notes (although the holders of the Notes are not permitted to present their own alternative plan) for their approval;
- at the request of the court-appointed administrator, extension of the deadline to vote on the plan by creditors and bondholders for a period of time which cannot exceed the observation period,
- each creditor member of a creditors committee and each note holder must, if applicable, inform the judicial administrator of the existence of any agreement which makes the exercise of its vote subject to

any conditions or whose purpose is the full or total payment by a third party of its claim as well as of any subordination agreement. The judicial administrator shall then submit to the creditor/note holder 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 judicial administrator may request that the matter be decided by the president of the applicable court in summary proceedings (*en référé*).

- creation of a new type of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*), besides the accelerated financial safeguard proceedings, including also non-financial creditors, it being specified that the competent court must approve any pre-approved restructuring plan by affected creditors within three months of the date on which the accelerated safeguard proceedings have been opened; such proceedings will be available to a debtor (i) who is under a conciliation proceeding, (ii) who publishes accounts certified by an auditor and meet certain thresholds (in terms of number of employees, revenues and total net assets) which are to be set by a decree which has yet to be published, or (iii) who publishes consolidated accounts. There is no condition for the debtor to be solvent at the time of making the request for the opening of such proceedings;
- the competent court will decide the opening of such proceeding upon review of a report prepared by a conciliator indicating the process of the conciliation proceedings and the chances for the restructuring plan to be adopted by the creditors. The competent court when ordering the opening of an accelerated safeguard proceedings will also order the establishment of creditors' committee if the debtor is not under an obligation to establish such committees;
- if no plan is adopted by the committees, at the request of the debtor, the judicial 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 within a short time frame lead to the company being insolvent.

Modifications interesting reorganization or judicial liquidation proceedings only

- If a company has lost more than half of its share capital (*fonds propres*) and this has not been reconstituted on terms set out by Articles L. 626-3, the administrator may request the appointment of a mandataire with power to call a meeting of the shareholders and to vote on the reconstitution of the share capital in the minimum amount, in place of the shareholders which have refused to reconstitute the share capital (*fonds propres*) in circumstances where the draft plan provides for a modification of the share capital in favor of one or more persons under the plan;
- following the decision from the French Supreme Court dated December 7, 2012 (n° 2012-286 QPC), repeal of the commencement of judicial reorganization proceedings by the Court at its own initiative;
- following the decision from the French Supreme Court dated March 7, 2014 (n° 2013-368 QPC), repeal of the commencement of judicial liquidation proceedings by the Court at its own initiative;
- in reorganization proceedings, in case the shareholders' equity has not been restored, the administrator may appoint a trustee (*mandataire en justice*) to vote in place of the shareholders refusing to vote to restore the shareholder's equity 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;
- the Court will no longer be able to commence judicial reorganization proceedings on its own initiative;
- the Court will no longer be able to commence judicial liquidation proceedings on its own initiative;
- simplification of the judicial liquidation proceedings (*liquidation judiciaire*), it being specified that the court may terminate the proceedings when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty to sell the assets. The court may also appoint a mandataire in charge of continuing ongoing lawsuits and allocate the amounts received from these lawsuits between the remaining creditors.

Germany

Insolvency

In the event of insolvency of a guarantor or provider of collateral organized under the laws of Germany and/or having its center of main interests in Germany any main insolvency proceedings would most likely be initiated in Germany. Such proceedings would then be governed by German law. The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*) may not be as favorable to creditors as the insolvency laws of other jurisdictions, including, *inter alia*, in respect of priority of creditors, the ability to obtain post-petition interest as well as security interests and the duration of the insolvency proceedings, and hence may limit the ability of creditors to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Germany.

German Insolvency Proceedings

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor and/or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event of illiquidity (*Zahlungsunfähigkeit*) of the debtor, meaning that the debtor is unable to pay its debts as and when they fall due. According to the relevant provision of the German Insolvency Code (*Insolvenzordnung*), a debtor is not considered over-indebted when its liabilities exceed the value of its assets (based on their liquidation values) if, given the circumstances, it is more likely than not (*überwiegend wahrscheinlich*) that the debtor's business can survive as a going concern.

If a limited liability company (*Gesellschaft mit beschränkter Haftung—GmbH*), a stock corporation (*Aktiengesellschaft—AG*), a European law stock corporation based in Germany (*Societas Europaea—SE*), any other limited liability company or any company not having an individual as personally liable shareholder finds itself in a situation of illiquidity and/or over-indebtedness, the managing director(s) of such company and, in certain circumstances its shareholders, are obliged to file for the opening of insolvency proceedings without undue delay but not later than three weeks after the mandatory insolvency reason occurred, *i.e.*, illiquidity and/or over-indebtedness. Non-compliance with these obligations exposes management to both severe damage claims as well as sanctions under criminal law.

In addition, imminent illiquidity (*drohende Zahlungsunfähigkeit*) is a valid insolvency reason under German law which exists if the company currently is able to service its payments obligations, but will presumably not be able to continue to do so at some point in time within a certain prognosis period. However, only the debtor, but not the creditors, is entitled (but not obligated) to file for the opening of insolvency proceedings if the debtor is likely not to be able to pay its debts as and when they fall due.

The insolvency proceedings are administered by the competent insolvency court which monitors the due performance of the proceedings. Upon receipt of the insolvency petition, the insolvency court may take preliminary protective measures to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings as far as these protective measures are reasonable to protect the debtor's assets and/or to ensure the continuation of the debtor's business. As part of such protective measures the court may appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*), unless the debtor has petitioned for debtor-in-possession proceedings (*Eigenverwaltung*)—an insolvency process in which the debtor's management generally remains in charge of administering the debtor's business affairs under the supervision of a preliminary trustee (*vorläufiger Sachwalter*)—with this petition not being obviously futile. The rights and duties of the preliminary administrator depend on the decision of the court. The duties of the preliminary administrator may be, in particular, to safeguard and to preserve the debtor's property (which includes the continuation of the business carried out by the debtor), to verify the existence of an insolvency reason and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. Depending on the decision of the court, even the right to manage and dispose of the business and assets of the debtor may pass to the preliminary insolvency administrator. During preliminary proceedings a "preliminary creditors' committee" (*vorläufiger*

Gläubigerausschuss) can be set up if the debtor satisfies two of the following three requirements: (i) a balance sheet total in excess of €4,840,000 (after deducting an equity shortfall if the debtor is over-indebted), (ii) revenue of at least €9,680,000 in the twelve-month period prior to the last balance sheet date and/or (iii) 50 or more employees. The preliminary creditors' committee will be able to participate in certain important insolvency court decisions. It will have, for example, the power to influence the following: the selection of a preliminary insolvency administrator or an insolvency administrator (*vorläufiger Insolvenzverwalter* and *Insolvenzverwalter*), orders for "debtor in possession" proceedings (*Anordnung der Eigenverwaltung*), and appointments of preliminary trustees (*vorläufiger Sachwalter*). In case the members of the preliminary creditors' committee unanimously agree on an individual, such suggestion is binding on the court (unless the suggested individual is not eligible, *i.e.*, not competent and/or not impartial). To ensure that the preliminary creditors' committee reflects the interests of all creditor constituencies, it shall include a representative of the secured creditors, one for the large and one for the small creditors as well as one for the employees.

The court orders the opening (*Eröffnungsbeschluss*) of formal insolvency proceedings (*eröffnetes Insolvenzverfahren*) if certain requirements are met, in particular if (i) the debtor is in a situation of impending illiquidity (if the petition has been filed by the debtor) or illiquidity and/or over-indebtedness and (ii) there are sufficient assets (*Insolvenzmasse*) to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open formal insolvency proceedings if third parties, for instance creditors, advance the costs themselves. In the absence of such advancement, the petition for opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*).

Upon the opening of formal insolvency proceedings, the right to manage and dispose of the business and assets of the debtor passes to the insolvency administrator (*Insolvenzverwalter*) (usually the same person who acted as preliminary insolvency administrator), who is appointed by the insolvency court, unless a debtor-in-possession (*Eigenverwaltung*) is ordered. In addition, the insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's operations, and satisfaction of these liabilities as preferential debts of the estate (*Masseschulden*) will be preferred to any insolvency liabilities created by the debtor prior to the opening of insolvency proceedings (including such portion of an *in rem* secured creditor's claim which exceeds the amount obtained through a disposal of the relevant collateral).

For the holders of the Notes, the most important consequences of the opening of German insolvency proceedings against the relevant Guarantor or any subsidiary subject to the German insolvency regime would be the following:

- the right to administer and dispose of the relevant Guarantor's or such subsidiary's assets would generally pass to the (preliminary) insolvency administrator (*vorläufiger Insolvenzverwalter*) as sole representative of the insolvency estate;
- if the court does not order debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by the relevant Guarantor's or such subsidiary's management after the opening of insolvency proceedings are null and void by operation of law;
- if, during the final month preceding the date of filing for insolvency proceedings, a creditor in the insolvency proceedings acquires through execution (*i.e.*, attachment) a security interest in part of the debtor's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of the insolvency proceedings;
- claims against the relevant Guarantor or such subsidiary may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*); and
- any person that has a right for separation (*Aussonderung*), *i.e.*, the relevant asset of this person does not constitute part of the insolvency estate, does not participate in the insolvency proceedings; the claim for separation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All creditors, whether secured or unsecured (unless they have a right to segregate an asset from the insolvency estate (*Aussonderungsrecht*)), who wish to assert claims against the debtor in person need to participate in the insolvency proceedings. German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the

German Insolvency Code (*Insolvenzordnung*). Any individual enforcement action brought against the debtor by any of its creditors is subject to an automatic stay once insolvency proceedings have been opened (and, if so ordered by a court, also between the time when an insolvency petition is filed and the time when insolvency proceedings commence). If, during the final month preceding the date of filing for insolvency proceedings, a creditor acquires through execution (*i.e.*, attachment) a security interest in part of the debtor's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon opening of the insolvency proceedings. Accordingly, unsecured creditors may file their claims in the insolvency proceedings and will be paid on a *pro rata* basis from the insolvency estate (to the extent sufficient assets are available). Secured creditors are generally not entitled to enforce their security interests after an insolvency petition has been filed to the extent the German Insolvency Code (*Insolvenzordnung*) authorizes the insolvency administrator to dispose of the relevant collateral (though, between the time when an insolvency petition is filed and the time when insolvency proceedings commence, such stay on enforcement requires a court order) outside of the insolvency proceedings. The insolvency administrator generally has the sole right to enforce security, *i.e.*, realize any moveable assets in his/the debtor's possession which are subject to preferential rights (for example, liens over movable assets (*Mobiliarsicherungsrechte*) or security transfer of title (*Sicherungsübereignung*)) as well as to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). Whether or not a secured creditor remains entitled, after the initiation of insolvency proceedings, to enforce security granted to it by the relevant debtor depends on the type of security. However, even if the law vests the right of disposal regarding the relevant collateral in the insolvency administrator, the secured creditor retains the right of preferred satisfaction with regard to the disposal proceeds (*Absonderungsrecht*). Consequently, the enforcement proceeds minus certain contributory charges for (i) assessing the value of the secured assets (*Feststellungskosten*) and (ii) realizing the secured assets (*Verwertungskosten*), which, in the aggregate, usually add-up to 9% of the gross enforcement proceeds plus VAT (if any) and are disbursed to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. The amounts related to remaining unencumbered assets of the debtor ("**excess proceeds**") will be allocated to the insolvency estate and would, after deduction of the costs of the insolvency proceedings (for example, fees for and expenses of the insolvency administrator and the insolvency court as well as the members of the creditors' committee), after satisfaction of certain preferential liabilities be distributed among the non-preferential unsecured creditors, including, to the extent their claims exceed the enforcement proceeds of the security interests, the holders of the Notes. If the relevant Guarantor or a subsidiary subject to German insolvency proceedings grant security over that Guarantor or subsidiary or its assets to creditors other than the holders of the Notes, such security may result in a preferred treatment of creditors secured by such security (however, the preferential treatment would be limited to the proceeds obtained through the disposal of the relevant collateral). The excess proceeds resulting from such collateral and after satisfaction of the secured creditors may not be sufficient to satisfy the claims of the holders of the Notes. In addition, it may take several years before an insolvency dividend, if any, is distributed to unsecured creditors. Claims of subordinated creditors in the insolvency proceedings (*nachrangige Insolvenzgläubiger*) are satisfied only after the claims of other non-subordinated creditors (including the unsecured insolvency claims) have been fully satisfied.

The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a moveable asset that is subject to this right. The insolvency administrator, however, must compensate the creditor for any loss of value resulting from such use.

An alternative distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and requires, in principle, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules. Under German insolvency laws, it is possible to implement a debt equity swap through an insolvency plan. However, it will not be possible to force a creditor into a debt to equity conversion if it does not consent to such debt to equity swap.

Realizing the value of the insolvency estate for distribution of the proceeds among the creditors is commonly achieved by disposing of the debtor's assets, or, as the case may be, by disposing of the debtor's business as a going concern. Through an insolvency plan, it is also possible to implement a debt-to-equity-swap. However, it will not be possible to force a creditor into a debt-to-equity conversion if it may also file for preliminary "debtor in possession" proceedings (*Schutzschirmverfahren*). In such a case and upon request of the debtor, the court will prohibit enforcement measures (other than those with respect to immoveable assets) and may implement other preliminary measures to protect the debtor

from creditor enforcement actions for up to three months if an independent expert testifies that the restructuring of the debtor's business is not obviously futile (*offensichtlich aussichtslos*) and that the debtor is not already illiquid. During such period, the debtor shall, together with its creditors and a preliminary trustee (*vorläufiger Sachwalter*), prepare an insolvency plan which ideally will be implemented in formal "debtor in possession" proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In case of a group of companies, each entity, from an insolvency law point of view, has to be dealt with separately (*i.e.*, there is no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather the claims of and vis-à-vis each entity have to be dealt with separately.

Other than secured and unsecured creditors, German insolvency law provides for certain creditors to be subordinated by law (in particular, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of funds or payment of a consideration), while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors. In an insolvency of a German borrower or issuer, loans or other debt instruments (including notes) granted by a direct or indirect shareholder of such borrower or issuer are subordinated, unless such shareholder is privileged. A shareholder is, for example, privileged if the shareholder's (direct or indirect) equity interest in the German borrower or issuer is no more than 10% and the shareholder does not take a managing role in the German borrower or issuer (so-called small shareholder's privilege—*Kleinbeteiligungsprivileg*).

Powers of attorney granted by the relevant debtor and certain other legal relationships cease to be effective upon the opening of insolvency proceedings. Certain executory contracts become unenforceable at such time unless and until the insolvency administrator opts for performance.

Hardening Periods and Fraudulent Transfer

Under the German Insolvency Code (*Insolvenzordnung*), an insolvency administrator may also challenge transactions which are deemed detrimental to insolvency creditors and which were effected prior to the commencement of insolvency proceedings. The administrator's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the commencement of insolvency proceedings.

In the event of insolvency proceedings with respect to the relevant Guarantor or security provider, which would be based on and governed by the insolvency laws of Germany, the payment of any amount to the holders of the Notes, guarantee provided by the respective Guarantor or the Collateral provided by the respective entity for the benefit of the holders of the Notes could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*) which, depending on the circumstances, extend to transactions during the ten-year period prior to the filing of the petition for commencement of insolvency proceedings. In the event such a transaction is successfully avoided (*angefochten*), the holders of the Notes would be under an obligation to repay the amounts received to the insolvency estate or to waive the respective Guarantee or security interest and you would have a general unsecured claim solely under the Notes without preference.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which term includes the provision of security or the repayment of debt) may be voided in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction for a debt (*Befriedigung*) if such act was taken (i) during the last three months prior to the filing of the petition for the opening of insolvency proceedings, provided that the debtor was illiquid (*zahlungsunfähig*, *i.e.*, unable to pay its debt when due) at the time when such act was taken and the creditor knew of such illiquidity (or of circumstances that imperatively suggest that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances imperatively suggesting such illiquidity or filing);
- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction to which such creditor was not entitled or which was granted or obtained in a form or at a

time to which or at which such creditor was not entitled to such security or satisfaction, if (i) such act was taken during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing; (ii) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time; or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that imperatively suggest such detrimental effect);

- any transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, provided it was entered into (i) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew of either the debtor's illiquidity or such filing at the time of the transaction;
- any act by the debtor without (adequate) consideration (for example, whereby a debtor grants security for a third party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;
- any act performed by the debtor during the ten years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing with the intent to prejudice the insolvency creditors and the other party knew of such intention at the time of such act;
- any act that provides security or satisfaction for a shareholder loan (*Gesellschafterdarlehen*) made to the debtor or an equivalent claim if (i) in the case of the provision of security, the act took place during the ten years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition; or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition; and
- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for commencement of insolvency proceedings or thereafter, and (ii) a shareholder of the debtor had granted security or was liable as a guarantor or surety (*Garant* or *Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor (for example, the relevant Guarantor) was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if it knew of the debtor's imminent illiquidity and that the transaction prejudiced the debtor's creditors. With respect to a "related party," there is a general statutory presumption that such party had "knowledge." The term "related party" includes, subject to certain limitations, in the case of debtors that are corporate persons, members of the management or supervisory board, shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and persons that are spouses, relatives or members of the household of any of the foregoing persons.

Furthermore, even in the absence of an insolvency proceeding, a third party creditor who has obtained an enforcement order but has failed to obtain satisfaction of its enforceable claims by a levy of execution, under certain circumstances, has the right to void certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). The conditions for avoidance under the German Code on Avoidance differ to a certain extent from the above described rules under the German Insolvency Code and the avoidance periods are calculated from the date when a creditor exercises its rights of avoidance in the courts.

In addition, under German law, a creditor who provided additional, or extended existing funding to a debtor or obtained security from a debtor may be liable in tort if such creditor was aware of the debtor's (impending) insolvency or of circumstances indicating such debtor's (impending) insolvency at the time such funding was provided or extended or such security was granted. The German Federal Supreme Court (*Bundesgerichtshof*) held that this could be the case if, for example, the creditor was to act with the

intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the debtor as the grantor of the guarantee or security was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

Parallel Debt

Under German law, certain “accessory” security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor of the secured claim be the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim. The holders of the Notes will not be party to the security documents relating to the Collateral. In order to permit the holders of the Notes to benefit from security under “accessory” Collateral, the Intercreditor Agreement will provide for the creation of a “parallel debt.” Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under, in particular, the Notes and the Notes Guarantees. The pledges governed by German law will directly secure the parallel debt only. The parallel debt procedure has not been tested in court under German law, and there is no certainty that it will eliminate or mitigate the risk of invalidity or unenforceability posed by German law.

The Netherlands

Insolvency Laws

The Issuer is incorporated under Dutch law. Accordingly, where the Issuer has its “center of main interests” or an “establishment in the Netherlands”, it may be subject to Dutch insolvency proceedings governed by Dutch insolvency laws, subject to certain exceptions as provided for in the EU Insolvency Regulation (no. 1346/2000/EC).

There are two applicable corporate insolvency regimes under Dutch law: (a) moratorium of payments (*surseance van betaling*), which is intended to facilitate the reorganization of a debtor’s debts and enable the debtor to continue as a going concern, and (b) bankruptcy (*faillissement*), which is primarily designed to liquidate and distribute the debtor’s assets to its creditors. Bankruptcy is the most commonly used insolvency regime and may result in the transfer of parts of the company as a going concern. A moratorium of payments almost always results in the debtor’s bankruptcy. Both insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*).

Only the debtor can make an application for a moratorium of payments, and only if it foresees that it will be unable to continue to pay its payable debts. Once the application has been filed, a court will immediately (*dadelijk*) grant a provisional moratorium of payments and appoint one or more administrators (*bewindvoerders*). A meeting of creditors is required to decide on the definitive moratorium of payments, but it will generally be granted, unless a qualified minority (i.e., more than one-quarter of the amount of claims held by creditors represented at the creditors’ meeting or more than one-third of the number of creditors of the amount of claims held by creditors) of the unsecured, non-preferential, creditors declare against it or if there is a valid fear that the debtor will try to prejudice the creditors during a moratorium of payments or if there is no prospect that the debtor will be able to satisfy its creditors in the (near) future. A moratorium of payments will only affect unsecured, non-preferential creditors.

Under Dutch law, a debtor can be declared bankrupt when it has ceased to pay its debts. Bankruptcy can be requested by a creditor of a claim when there is at least one other creditor. At least one of the claims (of the creditor requesting bankruptcy or the other creditor) needs to be due and payable. The debtor can also request the application of bankruptcy proceedings itself. Furthermore, the Public Prosecution Service (*het Openbaar Ministerie*) can request the application of bankruptcy proceedings for reasons of public interest (*openbaar belang*). In Dutch bankruptcy proceedings, a debtor’s assets are generally liquidated and the proceeds distributed to the debtor’s creditors according to the relative priority of those creditors’ claims and, to the extent certain creditors’ claims have equal priority, in proportion to the amount of such claims. Certain parties, such as secured creditors, will benefit from special rights. Secured creditors, such as pledgees and mortgagees, may enforce their rights separately from a moratorium of payments or bankruptcy and do not have to contribute to the liquidation costs; however, enforcement of the security interest might be subject to the following: (a) a statutory stay of execution of up to two months extendable by another period of up to two months imposed by court order pursuant to articles 63a of the Dutch Bankruptcy Act (*Faillissementswet*); (b) a receiver (curator) can force a secured party to foreclose its security interest within a reasonable time (as determined by the

receiver pursuant to Article 58(1) of the Dutch Bankruptcy Act), failing which the receiver will be entitled to sell the relevant rights or assets and distribute the proceeds to the secured party after a deduction of liquidation costs; and (c) excess proceeds of enforcement must be returned to the company's receiver and may not be offset against an unsecured claim of the company's secured creditor.

Unlike Chapter 11 proceedings under U.S. bankruptcy law, where both secured and unsecured creditors are generally barred from seeking to recover on their claims, moratorium of payment and bankruptcy proceedings against the Issuer would allow secured creditors (and in case of suspension of payments also preferential creditors (including tax and social security authorities)) to satisfy their claims by proceeding against the assets (that secure their claims) as if there were no bankruptcy or moratorium of payments. However, a statutory stay of execution of up to two months, extendable by another period of up to two months, may be declared applicable. Furthermore, certain preferred creditors have a preference by virtue of law. Unlike secured creditors, preferred creditors are not entitled to foreclose on assets of the bankrupt. They do have priority in the distribution of the proceeds of the bankrupt's assets.

Restrictions on the enforcement of security interests may apply. For instance, higher ranking rights must be respected. These may include secured creditors and tax and social security authorities. A statutory stay of execution of security rights and other rights of up to two months, extendable by another period of up to two months, may be imposed. Further, a receiver in bankruptcy can force a secured creditor to enforce its security interest within a reasonable period of time. If such time is not met, the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have a preferred claim in respect of the proceeds, meaning that the secured creditor will have to share in the bankruptcy costs, which may be significant. Excess proceeds of any enforcement must be returned to the bankrupt estate; they may not be set-off against an unsecured claim of the secured creditor. Such set-off may be allowed prior to the bankruptcy, although at that time it may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off.

Any pending executions of judgments against the debtor will be suspended by operation of law when moratorium of payments is granted and terminate by operation of law when bankruptcy is declared. In addition, all attachments on the debtor's assets will cease to have effect upon the moratorium of payments having become definitive, a composition having been ratified by the court or the declaration of bankruptcy (as the case may be) subject to the ability of the court to set an earlier date for such termination. Litigation pending on the date of the bankruptcy order is automatically stayed.

Both in a definitive moratorium of payments and bankruptcy, a composition (*akkoord*) may be offered to creditors. A composition will be binding for all unsecured and non-preferential creditors if it is: (i) approved by a simple majority (*gewone meerderheid*) of the number of creditors represented at the creditors' meeting, representing at least 50% of the amount of the claims that are acknowledged and conditionally admitted, and (ii) subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency law could preclude or inhibit the ability of the holders of the Notes to effect a restructuring and could reduce the recovery of a holder of Notes in a Dutch moratorium of payments proceeding or bankruptcy. Interest accruing after the date on which a moratorium of payments or bankruptcy is granted, cannot be claimed in a composition.

All unsecured, pre-bankruptcy claims will have to be verified in the insolvency proceedings in order to be entitled to vote and, in a bankruptcy liquidation, to be entitled to distributions. "Verification" under Dutch law means, in the case of a moratorium of payments, that the treatment of a disputed claim for voting purposes is determined and, in the case of a bankruptcy, the unsecured, pre-bankruptcy claims are submitted to a receiver for verification, and the receiver then makes a determination as to the claim's existence, ranking and value and whether and to what extent it should be admitted in the bankruptcy proceedings (for voting). In the situation of bankruptcy, creditors that wish to dispute the receiver's verification of their claims will be referred to a claim validation proceeding (*renvooiprocedure*) in order to establish the amount and rank of the disputed claim, while in moratorium of payments the court will decide how a disputed claim will be treated for voting purposes. These procedures could cause holders of Notes to recover less than the principal amount of their Notes or less than they could recover in a U.S. liquidation proceeding. The claim validation proceedings could also cause payments to the holders of Notes to be delayed. Interest on the Notes accruing after the bankruptcy order date cannot be admitted unless secured by a pledge or mortgage, in which case interest will be admitted *pro memoria*. To the extent that an interest is not covered by the proceeds of the security, the creditor may not derive any rights from the admission. No interest is payable in respect of unsecured claims as of the date of a bankruptcy.

Under Dutch law, it is uncertain as to whether security interests can be granted to a party other than the creditor of the claim which is purported to be secured by such security interests. As a consequence, the Intercreditor Agreement will provide for the creation of parallel debt (Parallel Debt) obligations in favor of the Security Agent mirroring the obligations of the Issuer and the Guarantors towards the holders of the Notes under or in connection with the Indenture (the Principal Obligations). The Dutch law security interests will be granted to the Security Agent as security for the Parallel Debt and will not directly secure the Principal Obligations. The Parallel Debt will be at all times 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. In respect of the security interest granted to secure the Parallel Debt, the holders of the Notes will not have direct security and will not be entitled to take enforcement actions in respect of such security except through the Security Agent. As a result, the holders of the Notes bear some risks associated with a possible insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt concept has not been tested under Dutch law and, to the extent that the security interests in the collateral created to secure the Parallel Debt are successfully challenged by other parties, holders of the Notes will not (directly) receive any proceeds from an enforcement of the security interests in the collateral.

Sweden

Insolvency proceedings under Swedish law

Under Swedish law, a debtor company may be subject to one of two types of insolvency proceedings, bankruptcy pursuant to the Swedish Bankruptcy Act (1987:672), as amended (the “**Swedish Bankruptcy Act**”), and reorganization pursuant to the Swedish Company Reorganization Act (1996:764), as amended (the “**Swedish Reorganization Act**”).

In addition, a Swedish party will in principle be subject to insolvency proceedings covered by the EU Insolvency Regulation if it has its center of main interest in Sweden. With regard to the parties incorporated under the laws of Sweden any insolvency proceedings applicable to such party 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, be governed by Swedish insolvency law (*lex concursus*).

The insolvency laws of Sweden may not be as favorable to creditors as the insolvency laws of other jurisdictions, including, *inter alia*, the priority of creditors, the ability to obtain post-petition interest as well as security interests and the duration of the insolvency proceedings. Hence, Swedish law may limit the ability of creditors to recover payments due on the Notes to an extent exceeding the limitations arising under the laws of other jurisdictions. The following sections include a brief and limited description of certain aspects of the insolvency laws of Sweden.

Bankruptcy pursuant to the Swedish Bankruptcy Act

General

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 (*Sw. konkursförvaltare*) is appointed by the court and will work in the interest of all creditors with the objective of realizing the debtor's assets and distributing the proceeds among the creditors. The purpose of bankruptcy proceedings is to wind up the company in such a way that the company's creditors receive as high a proportion of their claims as possible. The receiver in bankruptcy is required to safeguard the assets and can decide to continue the business or to close it down, depending on what is deemed preferable for all the 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 statutory rules. In the interim, the receiver will take over the management and control of the company and the company's directors and/or managing director will no longer be entitled to represent the company or dispose of the company's assets. All creditors (unless they have a right to separate an asset from the bankruptcy estate) wishing to assert claims against the company that is declared bankrupt need to participate in the bankruptcy proceedings.

Order of Priorities

When distributing the proceeds, the receiver must follow the mandatory provisions of the Swedish Rights of Priority Act (1970:979), as amended (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, preferential or secured creditors, where such preference follows by law, have the benefit of payment before other creditors. There are two types of preferential rights: specific and general preferential rights. Specific preferential rights are vested in certain specific property (see below) and give the creditor right to payment out of 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. General preferential rights cover all property belonging to the insolvent company’s estate in bankruptcy, which is not covered by specific preferential rights. Claims that do not carry any of the abovementioned preferential rights or exceed the value of the security provided for such claim (to the extent of such excess), are non-preferential and are of equal standing as against each other.

Limitations on Enforceability due to the Swedish Reorganization Act

General

The Swedish Reorganization Act provides companies facing economic difficulty with an opportunity to resolve these without being declared bankrupt. A petition for company reorganization may be presented by the debtor or a creditor of the debtor. Corporate reorganization proceedings may as a main rule continue for an initial period of three months from commencement but may, under certain conditions, be extended for up to one year.

Administrator

An administrator is appointed by the court and supervises the day-to-day activities and safeguards the interests of creditors. However, the debtor remains in full possession of the business except that, for important decisions such as paying a debt that has fallen due prior to the order of reorganization, granting security for a debt that arose prior to the order, undertaking new obligations or transferring, pledging or granting rights in respect of assets of a substantial value for the business, the consent of the administrator is required. However, the absence of such consent does not affect the validity of the transaction.

Reorganization Plan, Creditors Meeting and Creditor’s Committee

Upon an order by the court under the Swedish Reorganization Act, the administrator must notify the creditors of the reorganization proceedings and will draw up a reorganization plan specifying the proposed action to be taken to resolve the debtor’s problems. A creditors’ meeting will be held at which the creditors will be given the opportunity to express their opinions as to whether the reorganization should continue. Upon the request of any of the creditors, the court shall appoint a creditors’ committee of at most three persons. The administrator shall, if possible, consult with the creditors’ committee prior to taking any important decisions.

Moratorium

The corporate reorganization proceedings do not have the effect of terminating contracts with the debtor and, during the reorganization procedure, the debtor’s business activities continue as normal. However, the procedure includes a suspension of payments to creditors and the debtor cannot pay a debt that fell due prior to the order without the consent of the administrator and such consent may only be granted should there be exceptional reasons for doing so and any petition for bankruptcy in respect of the debtor will be stayed. A moratorium also applies to execution in respect of a claim or enforcement of security during corporate reorganization proceedings unless the security assets are in the physical possession of the secured creditor or any agent acting on behalf of such creditor, which is the case with a share pledge over the shares in a Swedish limited liability company where the share certificates of such company have been physically delivered to the 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 a binding proceeding.

Limitations on the Validity and Value of a Guarantee or Security Interest

Corporate Benefit Rules

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 (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) if 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, (i) the obligor of such obligation could be deemed unable to fulfill its obligation to indemnify the Swedish Company if the guarantee is utilized or the security enforced and/or (ii) a Swedish company provides any security interest or guarantee in respect of debt owed by a non-subsidiary of that Swedish company without receiving sufficient corporate benefit in return.

The guarantees and security provided by the Swedish Companies are limited in accordance with the above restrictions relating to corporate benefit and are subject to limitation language limiting the liability of such entities thereunder if required by the abovementioned restrictions relating to the distribution of assets.

Financial Assistance

The Swedish Companies Act also prohibits a Swedish Company from providing a guarantee or security interest for a loan that is provided to facilitate the acquisition of shares in the Swedish Company or any of its group companies (with the exception of its subsidiaries) and a Swedish limited liability company may not provide a guarantee or any security for the obligations of a parent or sister company, unless the parent company of the group, to which the company and such parent or sister company belongs, is domiciled within the EEA.

Establishing a security interest

General

In order to create a valid security interest under Swedish law, the property subject to such security interest must fulfill 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 enforcement event would therefore not be effective until an enforcement event has occurred and the security interests have been perfected. Such unperfected secured assets are vulnerable under applicable provisions of Swedish law of being set aside as a preference in any Swedish insolvency proceeding affecting the security provider. Thus, a security

provider must be effectively deprived of its right to control, deal with or dispose of the secured assets, and arrangements providing for the release of a security interest over an asset in connection with the disposal thereof or upon the occurrence of other circumstances would be at risk of impairing the validity of the security.

Shares

In the case of shares, the perfection of the pledge is achieved by transferring the share certificates endorsed in blank to the possession of the pledgee. The pledgee is not entitled to vote the shares but is, absent agreement to the contrary, entitled to any bonus shares and any new shares issued in rights issues. Unless the pledgee and the pledgor agree otherwise, the pledgor is entitled to all dividends until the bankruptcy date. The right to future dividends can however be pledged to the pledgee or to a third party.

Receivables and Claims in General

Pledges can also be granted and perfected in receivables and other claims. Security over receivables and claims are perfected by way of notification to the debtor of the underlying receivable. There is no requirement as to the form for such notification. However, in order to obtain the intended result, the pledgor or the pledgee should state that the receivable has been pledged to the pledgee. The notice must also effectively prohibit the debtor of the underlying receivable to make any payments to the pledgor.

The security over the trade receivables granted by Selecta AB will be unperfected until the pledgor may no longer receive and retain payments under the trade receivables and a perfection notice has been given to and acknowledged by the relevant debtor. According to the provisions of the relevant trade receivables pledge agreement, such notice will only be given when an acceleration event has occurred and is continuing.

Pledge over Insurances

Subject to any claims that have better priority under mandatory law, pledges can also be granted and perfected over insurance proceeds. Security over insurance proceeds is perfected by way of notification to the insurance company that the insurance proceeds have been pledged to the pledgee and that all insurance proceeds shall be paid to the pledgee. In order to obtain the intended result, the notice must effectively prohibit the pledgor from receiving any insurance proceeds.

The security over the insurance proceeds granted by Selecta AB will be unperfected until the pledgor may no longer receive insurance proceeds under the insurances and a perfection notice has been given to and acknowledged by the insurance company. According to the provisions of the relevant insurance pledge agreement, such notice will only be given when an acceleration event has occurred and is continuing.

Pledge over Trademarks

Pledges can also be granted and perfected over trademarks. Security over trademarks is perfected by way of registration with the Swedish Patent and Registration Office that the trademarks have been pledged to the pledgee.

Under the trademark security, the pledgor will be entitled to receive certain proceeds from the trademarks such as license fees and royalties and the pledgor's right to receive such proceeds may invalidate the security purported to be created under the trademark security in respect of such proceeds.

Challengeable Transactions

In Swedish bankruptcy and, if certain conditions are met, company reorganization proceedings, transactions can (in certain circumstances and subject to different time limits) be recovered. The goods or monies shall then be re-distributed to the bankruptcy estate or the company subject to company reorganization. Broadly, these transactions include, among others, 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 considerable compared to the value of the debtor's assets or which is made by using unusual means of payment.

In the majority of situations, a claim for recovery can be made concerning actions which were made during the three months preceding the commencement of the relevant insolvency proceedings, notably in relation to such granting of security where perfection is delayed. 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.

Foreign Currency

Swedish courts may award judgments in currencies other than Swedish kronor, but the judgment debtor has the right to pay judgment debt, even though denominated in a foreign currency, in Swedish kronor at the rate of exchange prevailing at the date of payment.

Security Agent

It is generally possible under Swedish law to grant security interests in favor of an agent acting on behalf of the secured parties.

However, it is not established by law or court precedent that a power of attorney or an appointment of an agent (including any agent for service of process), can be made irrevocable. Therefore, any powers of attorney or mandates of agency can be revoked and will terminate by operation of law and without notice at the bankruptcy or temporal demise of the party giving such powers.

Switzerland

Overview of Swiss Insolvency Proceedings

In the event of the insolvency of any one of the Swiss Guarantors, insolvency proceedings may be initiated in Switzerland and Swiss insolvency laws would govern those proceedings. The insolvency laws of Switzerland and, in particular, the provisions of the Swiss Federal Act on Debt Enforcement and Bankruptcy (DEBA, *Bundesgesetz über Schuldbetreibung und Konkurs*) may be less favorable to the interests of creditors than the insolvency laws of other jurisdictions, including in respect of priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and therefore may limit the ability of creditors to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Switzerland currently in force. Some parts of the relevant Swiss Federal Act on Debt Enforcement and Bankruptcy (*Bundesgesetz über Schuldbetreibung und Konkurs*)—especially concerning the composition proceedings (*Nachlassverfahren*)—have been amended recently, having entered into force on January 1, 2014.

Under Swiss insolvency laws, there is no group insolvency concept, which means there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In case of a group of companies, each entity has, from an insolvency laws point of view, to be dealt with separately. As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and against each entity have to be dealt with separately.

Under Swiss insolvency laws, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but rather require that the debtor or a creditor files a petition for the opening of insolvency proceedings based on an application for commencement of enforcement proceedings and the threat of insolvency (as discussed in the paragraphs below). Moreover, insolvency proceedings must be initiated by the debtor itself according to Swiss corporate law in the event of over-indebtedness (*Überschuldung*) or can be initiated by a creditor according to Swiss insolvency laws in the event that the debtor has obviously and permanently stopped paying its debts as and when they fall due or has acted fraudulently, or is attempting to act fraudulently to the detriment of its creditors. Furthermore, a debtor may also initiate insolvency proceedings if it declares itself insolvent (*zahlungsunfähig*) before a court. Generally, pursuant to the Swiss corporate law, a debtor is over-indebted when its liabilities exceed the value of its assets, which must be assessed pursuant to the accounting standards of the Swiss Code of Obligations and on the basis of a balance sheet to be drawn up (i) on the basis of the liquidation value of the debtor's

assets and (ii)—to the extent there is still a going concern scenario—based upon the going concern value. If the interim balance sheet shows that the creditors' claims are neither covered by assets valued at liquidation values nor at going concern values, the debtor's board of directors has to notify the insolvency court, provided that creditors of the debtor do not agree to subordinate their claims in the amount necessary to cover the overindebtedness (Art. 725 Swiss Code of Obligations). The debtor's board of directors is obliged to file for insolvency without delay and non-compliance with this obligation exposes the board of directors to damage claims and, in extreme cases, to sanctions under criminal law. Under certain circumstances, the auditors of an overindebted company are obliged to file for insolvency.

If a creditor wants to initiate insolvency proceedings it has to file an application for commencement of enforcement proceedings (*Betreibungsbegehren*) with the competent debt collection office (*Betreibungsamt*). With respect to unsecured claims, the competent debt collection office is located where the debtor is registered or resident. The debt collection office will then serve the debtor with the writ of payment (*Zahlungsbefehl*). There is no material assessment of the claim at this stage. The debtor may within ten days upon having been served with the writ of payment, file an objection (*Rechtsvorschlag*) to bring the procedure to a halt and obtain an individual stay of proceedings. No reasons need to be given for the objection. The collection office notifies the creditor of the objection.

For claims based on an enforceable judgment, the creditor can, without any further delay, file an application to lift this stay with the court (*Rechtsöffnungsbegehren*). For claims not based on an enforceable judgment, but on a certified and/or signed document evidencing the claim, provisional lifting of such stay can be applied for in summary proceedings (*provisorische Rechtsöffnung*). In the event the objection is set aside in these summary proceedings, the debtor may, within 20 days, bring an action in ordinary court proceedings for negative declaration that the creditor's claim does not exist (*Aberkennungsklage*).

The creditor may then ask the debt collection office to issue a writ of continuation (*Fortsetzungsbegehren*) in relation to an existing writ of payment having full force and effect. The competent insolvency office delivers this writ of continuation to the debtor. The insolvency court may take preliminary measures to secure property of the debtor in case this is requested by a creditor and required to secure the creditor's rights. Within 20 days from receipt of the threat of insolvency (*Konkursandrohung*), the creditor may petition the opening of insolvency proceedings. The competent insolvency court decides upon the insolvency without any delay, provided that there are no reasons which would lead to a suspension of the insolvency court's decision. In addition, the debtor has the right to file a request for a moratorium. The parties may file an appeal against any decision taken by the insolvency court.

The insolvency court orders the continuation of insolvency proceedings if certain requirements are met, in particular if there are sufficient assets to cover at least the costs of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only order to continue insolvency proceedings if third parties, for instance creditors, advance the costs of the insolvency proceedings themselves. In the absence of such advancement, the insolvency proceedings will be closed for insufficiency of assets (*Einstellung des Konkursverfahrens mangels Aktiven*). Alternatively, the insolvency office may request the insolvency court to resolve upon summary insolvency proceedings (*summarisches Konkursverfahren*), if the assets are not sufficient to cover the cost of ordinary insolvency proceedings and the actual facts of the case are not complicated. Also, in such case, creditors have the right to request ordinary insolvency proceedings.

Upon the opening of formal insolvency proceedings (*Konkurseröffnung*), the right to administer and dispose over the business and the assets of the debtor passes to the insolvency office (*Konkursamt*). The insolvency office has full administrative and disposal authority over the debtor's estate (*Konkursmasse*), provided that certain acts require the approval of the insolvency court. The creditors' meeting may appoint a private insolvency administration (*private Konkursverwaltung*) and, in addition, a creditors' committee (*Gläubigerausschuss*). In such case, the private insolvency administration will be competent to maintain and liquidate the debtor's estate. The creditors' committee has additional competences.

Insolvency results in the acceleration of all claims against a debtor (secured or unsecured), except for those secured by a mortgage on the debtor's real property, and the relevant claims become due upon insolvency. As a result of such acceleration, a creditor's bankruptcy claim consists of the principal amount of the debt (discounted at 5% if not interest bearing), interest accrued thereon until the date of insolvency, and (limited) costs of enforcement. Upon insolvency, interest ceases to accrue. Only

secured claims enjoy a preferential treatment insofar as interest that would have accrued until the collateral is realized will be honored if and to such extent as the proceeds of the collateral suffice to cover such interests.

All creditors, whether secured or unsecured (unless they have a segregation right (*Aussonderungsrecht*)), wishing to assert claims against the debtor need to participate in the insolvency proceedings. Swiss insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims separately, but can instead only enforce them in compliance with the restrictions of Swiss insolvency laws. Therefore, secured creditors are generally not entitled to enforce any security interest outside the insolvency proceedings. In the insolvency proceedings, however, secured creditors have certain preferential rights (*Vorzugsrechte*). Generally, entitlement to realize such security is vested with the insolvency administration.

Realization proceedings are governed by Swiss insolvency laws which provide for a public auction, or, subject to certain conditions, a private sale. Proceeds from enforcement are used to cover (i) enforcement costs, (ii) the claims of the secured creditors and (iii) any excess proceeds will be used to satisfy unsecured creditors.

Typically, liabilities resulting from acts of the insolvency administrator after commencement of formal insolvency proceedings constitute liabilities of the debtor's estate. Thereafter, all other claims (insolvency claims—*Konkursforderungen*), in particular claims of unsecured creditors, will be satisfied pursuant to the distribution provisions of Swiss insolvency laws, which provide for certain privileged classes of creditors, such as a debtor's employees. Certain privileges can further result for the government and its subdivisions based on specific provisions of federal law. All other creditors will be satisfied on a pro rata basis if and to the extent there are funds remaining in the debtor's estate after the security interests and privileged claims have been settled and paid in full.

As an alternative solution to insolvency, the debtor (or, under certain circumstances, a creditor) may seek a composition with creditors (*Nachlassverfahren*) by applying to the competent composition court (*Nachlassgericht*) for a moratorium (*Nachlassstundung*) and submitting, besides other documents, a tentative reorganization plan. The court immediately decides whether to grant the moratorium provisionally (*provisorische Stundung*) for a maximum period of four months or not. With its decision the court appoints a commissioner provisionally (*provisorischer Sachwalter*). In case during the period of the provisional moratorium a reorganization of the company or a composition agreement (*Nachlassvertrag*) appear promising, at a time before the provisional moratorium has expired, the court approves the moratorium definitely and appoints a commissioner (*Sachwalter*). The court may, where deemed necessary, also appoint a creditors' committee (*Gläubigerausschuss*) for the purpose of supervising the commissioner. The commissioner convokes a meeting of creditors (*Gläubigerversammlung*) which has to approve the draft composition agreement according to specific majority rules. The composition agreement (*Nachlassvertrag*) is subject to the approval of the composition court. The Swiss Federal Act on Debt Enforcement and Bankruptcy (*SchKG*) provides for three different types of composition agreements: The ordinary composition agreement (*ordentlicher Nachlassvertrag*), the composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) and the composition agreement in insolvency proceedings (*Nachlassvertrag im Konkurs*).

Security under Swiss Law

Other security (*rights in rem*) is enforced in accordance with the terms of the respective security agreement. Typically, the security agreements provide for the right of a security agent acting on behalf of the secured parties to enforce the security either by: (i) private realization (*Private Verwertung*) and set-off of the proceeds against the secured obligations, or (ii) official enforcement proceedings pursuant to the Swiss Federal Act on Debt Enforcement and Bankruptcy, in which case the right of objection pursuant to art. 41 DEBA (*Einrede der Betreibung auf Pfandverwertung*) is typically waived in the security agreements. In such case, the parties also typically agree in advance that a private sale (*Freihandverkauf*) will be admissible.

In the course of a private realization, the security agent acting on behalf of the secured parties may acquire any or all of the pledged assets (*Selbsteintritt*). In case of an assignment of claims for security purposes, the security agent will, on behalf of the secured parties, collect all assigned claims. Alternatively, it is often entitled to sell such assigned claims to third parties by way of a private sale

(*Freihandverkauf*) or acquire the assigned claims for its own account, in each case without having to initiate proceedings under the Swiss Federal Act on Debt Enforcement and Bankruptcy.

After an insolvency has been declared, however, assets which are subject to a pledge and similar security rights are considered to be part of the debtor's estate (*Konkursmasse*) and will be realized by the insolvency administration. Realization proceedings are governed by Swiss insolvency laws which provide for a public auction, or, subject to certain conditions, a private sale. Proceeds from enforcement are used to cover (i) enforcement costs, (ii) the claims of the secured creditors and (iii) any excess proceeds will be used to satisfy unsecured creditors.

Under Swiss law, certain "accessory" security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor be the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim. The holders of the Notes will not be party to the security documents relating to the collateral. In order for the holders of the Notes to benefit from "accessory" security interests and have a secured claim, the Security Documents and the Intercreditor Agreement will provide for the creation of a "parallel debt." Pursuant to the parallel debt, the security agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by Swiss law will directly secure the parallel debt. However, the parallel debt concept has not been tested in court under Swiss law, and there is no certainty that it will be recognized and held valid and enforceable under Swiss law.

United Kingdom

Certain of the Guarantors and providers of Collateral are incorporated in, maintain their respective registered offices in and conduct their business and the administration of their interests on a regular basis in and from England and Wales (each a "**U.K. Obligor**"). On the basis of these factors, an English court may conclude that the U.K. Obligors have their "center of main interests," within the meaning of the EU Insolvency Regulation, in England and therefore insolvency proceedings in England constituting "main insolvency proceedings" under article 3(1) of the EU Insolvency Regulation may be commenced in respect of a U.K. Obligor.

Overview of U.K. Insolvency Proceedings

Liquidation

Priority of Claims in a U.K. Liquidation

Upon liquidation of any U.K. Obligor, the order of priorities is such that debts due by it to any holders of fixed charges over U.K. assets are paid first out of the realization proceeds of assets subject to such fixed charges (subject to the prior payment of the costs of preservation and realization of the fixed charge assets). Where there are floating charges, liquidation expenses (discussed further below), preferential creditors, and unsecured creditors to the extent of the "ring-fenced" fund (discussed further below) may be paid out of the proceeds of realization of assets subject to those floating charges in priority to payments to creditors secured by virtue of those floating charges. Thereafter, any debts owing to holders of the floating charges would be paid to the extent they are secured by that charge. The categories of preferential debts include certain amounts payable in respect of occupational pension schemes relating to contributions due but unpaid and employee remuneration up to a specified amount. A certain part of the net proceeds of the realization of the assets covered by a floating charge (up to a maximum of £600,000, which are not preferential debts would be paid from the proceeds of realizations of unsecured assets (if any) and, after the secured liabilities have been met, from the proceeds of realization of relevant secured assets.

As discussed further below, certain of the security interests over U.K. assets expected to be created in favor of the security agent will be expressed as fixed charges, but there is no certainty that the security will take effect as a fixed charge and it may well take effect as a floating charge. Where no security is provided to secure the obligations of a U.K. Obligor, any principal debt or guarantee obligation of that U.K. Obligor will be unsecured.

Liquidation Expenses

The Insolvency Act 1986 (the "**U.K. Insolvency Act**") broadly states that in a liquidation of a company, where the assets available for payment of its general creditors (excluding any amount ring-fenced for unsecured debts as described above) are not sufficient to meet the liquidation expenses, certain

specified liquidation expenses can be claimed out of the realization proceeds of assets subject to a floating charge and, for these purposes, rank ahead of preferential debts and floating chargees' claims.

In the case of litigation expenses, this is subject to rules restricting the application of this provision to certain litigation expenses approved by the floating chargee and any preferential creditors or the court. Consequently, realizations by secured creditors upon the enforcement of floating charges securing any principal or guarantee obligation to the Noteholders could potentially be reduced by the amount of any liquidation expenses. If any fixed security is validly created, any claims of creditors holding such fixed security would rank ahead of any such liquidation expenses. The creditors holding the security would, however, pay the expenses of realizing their security directly to the liquidator or other person (such as a receiver or security trustee) who disposed of the secured assets on their behalf.

Administration

Administration is an insolvency procedure under the U.K. Insolvency Act pursuant to which a company may be reorganized or its assets realized under the protection of a statutory moratorium. A company may be put into administration either pursuant to a court order or via an out-of-court process. Broadly speaking (and subject to specific conditions), a company can be placed into administration at the application of, among others, the U.K. Obligor itself, its directors or one or more of its creditors (including contingent and prospective creditors). A holder of a qualifying floating charge over the assets of the U.K. Obligor also has the right to appoint an administrator. In addition, he has the right to intervene in an application made for administration proceeding by another person by nominating an alternative administrator or, in certain very specific circumstances, by blocking the appointment altogether by the appointment of an administrative receiver.

Broadly speaking, an interim moratorium comes into effect when an application for an administration order (in the case of court appointment) or a notice of intention to appoint an administrator (in the case of an out of court appointment) is made. At the commencement of the appointment of an administrator, a full statutory moratorium applies. Pursuant to both an interim and full moratorium of a U.K. Obligor, no creditor could take any action against that U.K. Obligor, including, among other things, commencing a legal process against the U.K. Obligor, winding up the U.K. Obligor or enforcing security or repossessing goods in the U.K. Obligor's possession under a hire purchase or similar agreement, without the permission of the court or (in the case of a full moratorium) the consent of the administrator.

However, certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral arrangement" (generally, cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003.

Subject to the above points, were a U.K. Obligor to enter administration, it is possible that the security granted by it may not be enforced while it is in administration. Similarly, whilst any principal debt or guarantee obligation owed by it would be accelerated or demanded, no meaningful enforcement action could be taken in respect of any failure to pay.

Expenses of the administration

Broadly speaking, expenses that qualify as expenses of the administration (and which include, among others, expenses properly incurred by the administrator in performing his functions in the administration and necessary disbursements incurred in the course of the administration) enjoy priority status, in a similar way to liquidation expenses (as described above) although the categories of expenses are slightly different. In particular, expenses of the administration can be claimed out of the realization proceeds of assets subject to a floating charge and, for these purposes, rank ahead of preferential debts and floating chargees' claims.

Administration can be used as a proceeding in which to make distributions to creditors like a liquidation in which case claims of creditors may be submitted to the administrator, although court approval generally will be required before he can make a distribution to unsecured creditors. Time limits may be set for receipt and processing of claims before interim dividends are paid.

Small Companies Moratorium

Certain “small companies” may, for the purposes of putting together proposals for a company voluntary arrangement, seek court protection from their creditors by way of a “moratorium” for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Business, Innovation and Skills may, by order, extend or reduce the duration of either period).

A “small company” is defined for these purposes by reference to whether the company meets certain criteria relating to a company’s balance sheet, total turnover and average number of employees in a particular period (although the Secretary of State for Business, Enterprise and Regulatory Reform may, by order, modify the moratorium eligibility qualifications and the definition of a “small company”).

During the period for which a moratorium is in force in relation to a small company, among other things, no winding up may be commenced (except in very limited circumstances, for example where the U.K. Secretary of State considers it to be in the public interest to do so) or administrator or administrative receiver appointed to that company, no security created by that company over its property may be enforced (except (i) with the leave of the Court or (ii) in the case of existence of eligible financial collateral arrangements under the Financial Collateral Arrangements (No 2) Regulations 2003 whereby the requirement to get a court order before enforcing security over small companies will not apply), no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the Court) and the company’s ability to make payments in respect of debts and liabilities existing at the date of the filing for the moratorium is curtailed. Certain small companies may, however, be excluded from being eligible for a moratorium (although the Secretary of State for Business, Innovation and Skills may, by regulations, modify such exclusions). As the law currently stands, companies that on the date of filing are party to an agreement which is or forms part of a capital market arrangement are excluded from being eligible for this small companies moratorium.

Disposal of secured assets while subject to insolvency proceedings

If a company is the subject of (i) a statutory moratorium as a result of either entering administration or (ii) the small companies moratorium, and either (x) the holder of security created by that company (other than financial collateral as above described) consents or (y) if the Court gives leave, the relevant company or its administrator may dispose of the secured property as if it were not subject to the security. In addition, an administrator can dispose of assets subject to a floating charge without seeking the consent of the chargeholder or the leave of the Court.

Where the property in question is subject to a security which was created as a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the security. Where the security in question is other than a floating charge, it shall be a condition of the chargee’s consent or the leave of the Court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security.

Possible challenges to security interests

Vulnerable transactions

Under English insolvency law, a liquidator or administrator of a company would have certain powers to apply to court to challenge transactions entered into by a U.K. Obligor if that U.K. Obligor is unable to pay its debts (as defined in the U.K. Insolvency Act) at the time of the transaction or becomes unable to pay its debts as a result of the transaction.

A transaction might be challenged in this way (as a transaction at an undervalue) if it involved the U.K. Obligor making a gift or otherwise entering into a transaction on terms that it received no consideration, or the U.K. Obligor received significantly less value than under the transaction it gave in return. Where an undervalue transaction is proved, the court has powers to make any order it thinks fit in order to restore the position to what it would have been had the U.K. Obligor not entered into that transaction. A court will

not intervene, however, if it is satisfied that the U.K. Obligor entered into the transaction in good faith and for the purposes of carrying on its business and if, at the time it did so, there were reasonable grounds for believing the transaction would benefit the U.K. Obligor. The court can set aside transactions at an undervalue entered into by the U.K. Obligor within a period of two years ending with the onset of its insolvency (as this date is more specifically defined in the U.K. Insolvency Act). In principle, both a Guarantee granted by a U.K. Obligor or any Collateral provided by it could be challenged as a transaction at an undervalue.

A transaction might also be challenged in this way (as a preference) where a U.K. Obligor has done something or suffered something to be done which has the effect of putting a creditor, surety or guarantor in a better position than the one that person would have been in the event of the U.K. Obligor going into insolvent liquidation. A court will not intervene however when the U.K. Obligor, in deciding to give the preference, was not, in deciding to give the act that amounted to a preference, influenced by a desire to put this person in a better position in the event of insolvent liquidation. If the preference is given to a person connected to the U.K. Obligor (other than an employee), the court can go back two years from the date of the onset of insolvency. If the person is not connected to the U.K. Obligor, the court can only look back and set aside those preferences entered into in the period of six months ending on the onset of the U.K. Obligor's insolvency.

Further, an administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by a U.K. Obligor up to three years before the day on which the U.K. Obligor entered into administration or went into liquidation. A transaction is "extortionate" if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

The U.K. Insolvency Act provides that, in certain circumstances, a floating charge granted by a company during the "relevant time" may be invalid in whole or in part if certain conditions are met. In the case of a floating charge which is created in favor of a person that is not connected to a U.K. Obligor, the relevant time is deemed to be the period of 12 months ending with the onset of the U.K. Obligor's insolvency provided that at the time the charge was granted the U.K. Obligor was unable to pay its debts or became unable to pay its debts as a result of the transaction in respect of which the floating charge was granted. If the floating charge is created in favor of a person connected to the U.K. Obligor, the relevant look back time is a period of two years ending with the onset of insolvency.

As a result of the rights to challenge described above, in the event that a U.K. Obligor becomes unable to pay its debts within a period of up to two years of the issuance of the Notes, an administrator or liquidator is appointed and the conditions contemplated in the relevant legal provisions are met, the provision of the relevant Notes Guarantees and Collateral may be challenged by a liquidator or administrator or a court may set aside the granting of the Notes Guarantees and Collateral as invalid.

Recharacterization of fixed security interests

There is a possibility that a court could find that the fixed security interests expressed to be created by the security documents governed by English law properly take effect as floating charges as the description given to them as fixed charges is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the U.K. Obligor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the holder of the security in practice. Where a U.K. Obligor is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

While recharacterization is a risk for all attempts to create fixed security, it is a particular risk in relation to attempts to create fixed security over receivables. This is because even if a company purports to grant fixed security over its receivables, it will likely retain, in practice, the ability to deal with its receivables in its discretion and without the consent of the chargee.

If any fixed security interests are recharacterized as floating security interests, the claims of (i) any unsecured creditors of the relevant U.K. Obligor in respect of that part of the U.K. Obligor's net property

which is ring fenced (see explanation about ring fencing above); and (ii) certain statutorily defined preferential creditors of the U.K. Obligor may have priority over the rights of the security agent to the proceeds of enforcement of such security. In addition, as mentioned above, the expenses of a liquidation or administration would also rank ahead of the claims of the security agent as floating charge holder.

Limitation on enforcement

The grant of a Guarantee or Collateral by any of the U.K. Obligors in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that the above do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with a U.K. Obligor in good faith, however the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each U.K. Obligor in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote the success of the U.K. Obligor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found to be abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Equitable share charge

The fixed charges over shares in companies incorporated in England and Wales granted by certain Guarantors are equitable charges, not legal charges. An equitable charge arises where a chargor transfers the beneficial interest in the shares to the chargee but retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

Account banks' right to set-off

With respect to the charges over cash deposits (each an "**Account Charge**") granted by a U.K. Obligor over any of its bank accounts, the banks with which some of those accounts are held (each an "**Account Bank**") may hold a right at any time (at least prior to them being notified of a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that U.K. Obligor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's rights to exercise netting and set-off with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant U.K. Guarantor) and the Account Bank has been formally notified of that fact, the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights, since the Account Bank will only be entitled to exercise its netting and set-off rights until such time as it is informed that the beneficial interest in the debt represented by the account credit balance has been transferred to a third party.

Transaction defrauding creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. An application to the court for an order to set aside the transaction may be made by an administrator, a liquidator and, subject to certain conditions, the U.K. Financial Conduct Authority and the U.K. Pensions Regulator. In addition, any person who is, or who is capable of being, prejudiced by the transaction may (with the leave of the court in the case of a company in administration or liquidation) also bring an application to set aside such transaction. The challenge must be made within 12 years (or in the case of claims for a sum of money, six years) from the date that the cause of action arose. The relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to

protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Issuer and the Guarantors are incorporated or organized under the laws of the Netherlands, Switzerland, Sweden, France, Germany and the United Kingdom. Security Documents will generally be governed by the laws of the jurisdictions where such assets are located or the laws of the jurisdiction of organization of the Issuer and/or pledged equity securities. The Intercreditor Agreement will be governed by the laws of England and Wales. The Indenture (including the Notes Guarantees) and the Notes will be governed by New York law. The directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Since the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers are located outside the United States, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. Federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which each of the Issuer and the non-U.S. Guarantors is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

The Netherlands

The Issuer is incorporated under Dutch law and has its registered seat in the Netherlands. None of the directors of the Issuer reside in the United States and all of the Issuer's assets are located outside of the United States. Civil liabilities based on the securities laws of the United States may not be enforceable in the Netherlands, either in an original action or in an action to enforce a judgment obtained in U.S. courts.

The United States and the Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any court in the United States, whether or not predicated solely upon U.S. securities laws, would not be enforceable in the Netherlands. In order to obtain a judgment which is enforceable in the Netherlands, the claim must be re-litigated before a competent Dutch court. A Dutch court will, under current practice, generally grant the same judgment without re-litigation on the merits (i) if that judgment results from legal proceedings compatible with Dutch notions of due process, (ii) if that judgment does not contravene public policy (*openbare orde*) of the Netherlands and (iii) if the jurisdiction of the relevant federal or state court in the United States has been based on internationally accepted principles of private international law. Subject to the foregoing and provided that service of process occurs in accordance with applicable treaties, investors may be able to enforce judgments in civil and commercial matters obtained from U.S. federal or state courts in the Netherlands. However, no assurance can be given that such judgments will be enforceable. In addition, it is doubtful whether a Dutch court would accept jurisdiction and impose civil liability in an original action commenced in the Netherlands and predicated solely upon U.S. federal securities laws.

According to Dutch law, a legal or natural person is upon certain conditions entitled to elect a domicile which is different from its physical or real domicile. However, our Dutch counsel is not aware of any statutory or case law confirming that the principle referred to in the foregoing sentence also includes the ability to validly elect a domicile outside the Netherlands for service of process purposes. Therefore, our Dutch counsel recommends that, in the event of initiating legal proceedings against a party domiciled or residing in the Netherlands, service of process is also effected upon it at its domicile or residence in the Netherlands.

Switzerland

Judgments obtained against any of the Swiss Guarantors outside of Switzerland (and, in particular, in the United States) may be recognized in Switzerland before a court of competent jurisdiction in

accordance with the proceeding set forth by the Swiss Federal Act on International Private Law (*Bundesgesetz über das internationale Privatrecht*) and the Swiss Federal Act on Civil Procedure (*Schweizerische Zivilprozessordnung*). Should the judgment concern a monetary payment or a security (*Geldzahlung oder Sicherheitsleistung*), the enforcement proceedings are additionally governed by the Swiss Federal Act on Debt Enforcement and Bankruptcy (*Bundesgesetz über Schuldbetreibung und Konkurs*).

Should a treaty concerning the recognition and enforcement of foreign judgments exist between Switzerland and the other country in question, the recognition and enforcement of the foreign judgment would primarily be subject to the provisions of this treaty. The United States and Switzerland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters.

In a proceeding based on the Swiss Federal Act on International Private Law (*Bundesgesetz über das internationale Privatrecht*) and the Swiss Federal Act on Civil Procedure (*Schweizerische Zivilprozessordnung*) regarding the recognition and/or the enforcement of a foreign judgment, a Swiss court generally would not reinvestigate the merits of the original matter decided by the foreign court. The recognition and enforcement of a foreign judgment by a Swiss court would be conditional upon a number of conditions including those set out in articles 25 *et seqq.* of the Swiss Federal Act on International Private Law (*Bundesgesetz über das internationale Privatrecht*), which include:

- the Swiss court determines that the foreign court had jurisdiction;
- the judgment of such foreign court has become final and non-appealable;
- the recognition of the foreign judgment is not manifestly contrary to the public policy (*schweizerischer Ordre public*);
- the counterparty has been properly served with process according to the law of the country of his/her/its domicile or ordinary residence (if in Switzerland, through judicial aid granted by the Swiss authorities) or the counterparty has unconditionally joined the proceedings;
- the proceedings leading to the judgment have respected the principles of a fair trial (as understood in Switzerland) and, in particular, that the counterparty has been granted the right to be heard and the possibility to properly defend his/her/its case; and
- no action between the same parties and on the same subject matter has been commenced or decided first in Swiss court and no judgment between the same parties and on the same subject matter has been first rendered by a foreign court, which judgment may be recognized in Switzerland.

Any judgment obtained against any of the Swiss Guarantors outside of Switzerland in any country bound by the provisions of the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (*Lugano-Übereinkommen*) would be recognized and enforced in accordance with the terms set forth in this convention.

Subject to the foregoing, purchasers of the Notes may be able to enforce judgments in civil and commercial matters obtained from foreign courts in Switzerland. It cannot, however, be assured that any attempts to enforce judgments in Switzerland will be successful.

Regarding judgments by U.S. courts involving punitive damages, it has to be pointed out that the recognition and enforcement of such punitive damages awards might be denied by Swiss courts as incompatible with Swiss public policy (*schweizerischer Ordre public*). Alternatively, a Swiss court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

Swiss civil procedure differs substantially from U.S. civil procedure in a number of respects. With respect to the production of evidence, for example, U.S. federal and state law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings, may prior to trial, compel the production of documents by adverse or third parties and the depositions of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. In Switzerland, no such pre-trial discovery process exists. Instead, a Swiss court would decide upon the claims for which evidence is required from the parties and the related burden of proof. It is doubtful whether a Swiss court would accept jurisdiction and impose civil liability if proceedings were commenced in Switzerland predicated solely upon United States federal or state securities laws. In addition, in an action brought in a Swiss court on the basis of United States federal or state securities

laws, the Swiss courts may not have the requisite power to grant the remedies sought. Awards of punitive damages awarded in original actions outside Switzerland may also not be enforceable in Switzerland.

Sweden

We have been advised by Swedish counsel that enforceability of a judgment rendered by a foreign court in civil and commercial matters, is generally considered conditional upon that enforceability of such judgment is expressly provided for under Swedish law or upon a treaty providing for the reciprocal recognition and enforcement of judgments. The United States and Sweden do not have a convention or treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters (although the United States and Sweden are both parties to the New York Convention on Arbitral Awards). This means that a judgment rendered by any federal or state court in the United States based on civil liability would not be directly enforceable in Sweden.

In order to enforce any such judgment 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 the Kingdom of Sweden. In such an action, a judgment rendered by any federal or state court in the United States may be regarded as evidence in respect of, for example, factual circumstances or the content of U.S. law.

France

Certain 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 Persons**”). Furthermore, most of the assets of the French Entities or the French Persons 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 entitlements connected with the Notes against the French Entities and/or the French Persons.

The French Entities have been advised by Latham & Watkins, their French counsel, that 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 January 6, 1978 on data processing, data files and individual liberties, as most recently modified by French Ordinance No. 2011 1012 of August 24, 2011) 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 Persons. 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.

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 on the ground that it was discretionary (*potestative*). 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.

Germany

The United States and Germany do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Germany.

Notwithstanding, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would generally be recognized by a German court upon all of the following:

- U.S. courts could take jurisdiction of the case in accordance with the principles on jurisdictional competence according to German law;
- the document introducing the proceedings was duly made known to the defendant in a timely manner that allowed for adequate defense;
- the judgment is not contrary to (i) any prior judgment which became *res judicata* rendered by a German court or (ii) any prior judgment which became *res judicata* rendered by a foreign court which is to be recognized in Germany and the procedure leading to the respective judgment is not in contradiction to any such prior judgment;
- the effects of its recognition will not be in conflict with material principles of German law, including, without limitation, fundamental rights under the constitution of Germany (*Grundrechte*). In this context, it should be noted that any component of a U.S. federal or state court civil judgment awarding punitive damages or any other damages which do not serve a compensatory purpose, such as treble damages, will not be enforced in Germany. They are regarded to be in conflict with material principles of German law;
- the reciprocity of enforcement of judgments is guaranteed; and
- the judgment became *res judicata* in accordance with the law of the place where it was pronounced.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an enforcement decision from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, there can be no assurance that those judgments will be enforceable. In particular, the obligations need to be of a specific kind and type for which an enforcement procedure exists under German law. Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation, moratorium as well as other similar laws affecting creditors' rights generally.

Furthermore, German civil procedure differs substantially from U.S. civil procedure in a number of aspects. With respect to the production of evidence, for example, U.S. federal and state law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

If the party in whose favor such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates. A German court may choose to re-hear the dispute and may render a judgment not in line with the judgment rendered by a federal or state court of the United States.

England and Wales

The following discussion sets out the position with respect to the enforceability of certain U.S. court judgments in England and Wales and is based upon advice provided to us by our English counsel. The United States and the United Kingdom do not have a treaty providing for the reciprocal recognition and enforcement of court judgments in civil and commercial matters. A judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities law, would not be directly enforceable in England and Wales but such judgment would be treated as constituting a cause of action against the judgment debtor in England and Wales and could be sued on summarily in the English courts. The English courts should enter judgment against the judgment debtor without re-examination of the merits of the original matter decided by a U.S. court provided:

- the relevant U.S. court had jurisdiction to give the judgment;

- the judgment is final and conclusive on the merits and is for a definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or otherwise based on a U.S. law that an English court considers to be a penal, revenue or other public law);
- the judgment is not for multiple damages (as defined by the Protection of Trading Interests Act 1980);
- the enforcement of such judgment would not contravene public policy in England and Wales;
- the enforcement of such judgment is not prohibited by statute (including, without limitation, if the amount of the judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained);
- the English proceedings were commenced within six years after the date of the judgment;
- before the date on which the U.S. court gave judgment, the issues in question had not been the subject of a final judgment of an English court or of a court of another jurisdiction whose judgment is enforceable in England; and
- the judgment has not been obtained by fraud or in proceedings, which are in breach of the principles of natural justice.

It is uncertain whether an English court would impose liability on a judgment debtor in an action predicated upon the U.S. federal securities law brought in England and Wales.

If an English court gives judgment for the sum payable under a U.S. judgment, the English judgment will be enforceable by methods generally available to the English courts for this purpose. These methods generally permit the court discretion to prescribe the manner of enforcement. In addition, it may not be possible to obtain an English judgment or to enforce that judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Latham & Watkins LLP as to matters of U.S. federal, New York state law, English law and German law, by Baker & McKenzie with respect to matters of Swiss law, by Latham & Watkins AARPI with respect to matters of French law, by Advokatfirman Vinge KB with respect to matters of Swedish law and by NautaDutilh with respect to Luxembourg and Dutch law.

Certain legal matters will be passed upon for the Initial Purchasers by Allen & Overy LLP with respect to matters of U.S. federal, New York state law, English law, French law, German law, Luxembourg law and Dutch law, by Homburger AG with respect to matters of Swiss law and by Advokatfirman Cederquist KB with respect to matters of Swedish law.

INDEPENDENT AUDITORS

The consolidated financial statements of Selecta Group B.V. and its subsidiaries as of and for the years ended September 30, 2011, 2012 and 2013 included in this offering memorandum have been audited by KPMG AG, independent auditors, as stated in their reports appearing herein.

AVAILABLE 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 the Initial Purchasers or us.

For so long as any of the Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(A)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon written request to the Issuer by any such holder or beneficial owner. We are not currently subject to the periodic reporting or other information requirements of the U.S. Exchange Act.

The additional documents and information specified in “*Listing and General Information*” herein and not included in this offering memorandum will be available to be inspected and obtained by holders at the specified office of the listing agent in Luxembourg during normal business hours on any weekday.

LISTING AND GENERAL INFORMATION

Admission to trading and listing

Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF, in accordance with the rules and regulations of the Luxembourg Stock Exchange.

Luxembourg listing information

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF and the rules and regulations of the Luxembourg Stock Exchange so require, notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is currently expected to be the *Luxemburger Wort*) or published on the Luxembourg Stock Exchange official website (www.bourse.lu) and copies of the following documents may be inspected and obtained free of charge at the specified office of the Luxembourg Listing Agent during normal business hours on any weekday (excluding holidays):

- the organizational documents of the Issuer and the Guarantors;
- the financial statements included in this offering memorandum;
- any annual and interim financial statements or accounts of the Issuer to the extent available;
- the Indenture (which includes the form of the Notes);
- the Security Documents; and
- the Intercreditor Agreement.

The Issuer will maintain a paying and transfer agent in Luxembourg for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF and the rules and regulations of the Luxembourg Stock Exchange so require. The Issuer reserves the right to vary such appointment and it will publish notice of such change of appointment in a newspaper of general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange official website (www.bourse.lu).

As of the date of this offering memorandum, the most recent audited consolidated financial statements available for the Group were as of and for the year ended September 30, 2013. As of the date of this offering memorandum, the most recent unaudited consolidated interim financial statements available for the Group were as of and for the six-month period ended March 31, 2014.

Clearing information

The Notes have been accepted through the facilities of Euroclear and Clearstream Banking. Certain trading information with respect to the Notes is set out below:

| | ISIN | Common Code |
|---------------------------------|--------------|-------------|
| Rule 144A Global Note | | |
| Euro Notes | XS1078234686 | 107823468 |
| CHF Notes | XS1078235147 | 107823514 |
| Regulation S Global Note | | |
| Euro Notes | XS1078234330 | 107823433 |
| CHF Notes | XS1078234926 | 107823492 |

No Material Change

Except as disclosed in this offering memorandum, there has been no material adverse change in the financial or trading condition of the Issuer or any of the Guarantors and no material change in the capitalization of the Issuer or any of the Guarantors since March 31, 2014, the date of Selecta Group B.V.'s most recent unaudited consolidated interim financial statements.

Legal and Arbitration Proceedings

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this offering memorandum which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

Approval

The Issuer and each of the Guarantors have obtained all necessary consents, approvals, authorizations or other orders for the issue of Notes and other documents to be entered into by the Issuer in connection with the issue of the Notes in Luxembourg. The creation and issuance of the Notes was authorized by the Issuer on or about June 12, 2014.

General Information

The Paying Agent is Deutsche Bank AG, London Branch.

The name of the Luxembourg Listing Agent is Deutsche Bank Luxembourg S.A.

The Trustee is Deutsche Trustee Company Limited, and its address is Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom. The Trustee will be acting in its capacity as trustee for the holders of the Notes and will provide such services to the holders of the Notes as described in the Indenture. Any change of the appointment of the Trustee will be published in a Luxembourg newspaper of general circulation (which is currently expected to be the *Luxemburger Wort*) or published on the Luxembourg Stock Exchange website (www.bourse.lu).

Issuer legal information

The Issuer accepts responsibility for the information contained in this offering memorandum. To the best of its knowledge, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

The Issuer is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands and was formed on September 18, 2006. The Issuer is registered with the trade register of the chambers of commerce under the number 34256233. The Issuer's registered business address is Keizersgracht 484, 1017EH Amsterdam, the Netherlands. The objects of the Issuer are: (i) to incorporate, to participate in any way whatsoever in, to manage and to supervise businesses and companies, (ii) to finance businesses and companies, (iii) to render advice and provide services to businesses and companies with which it forms a group and to third parties, (iv) to grant guarantees, to bind the Issuer and to pledge its assets for obligations of businesses and companies with which it forms a group and on behalf of third parties and (v) to perform any and all activities of an industrial, financial or commercial nature.

Financial year and accounts

The Issuer's financial year begins on October 1 and ends on September 30 of each year. The Issuer prepares and publishes annual audited financial statements. For so long as the rules and regulations of the Luxembourg Stock Exchange require, any future published financial statements prepared by the Issuer will be available, during normal business hours, at the offices of the Luxembourg Listing Agent.

Guarantor legal information

Selecta AG is a stock corporation (*Aktiengesellschaft*) organized under the laws of Switzerland. It is registered with the commercial register of the Canton of Berne under the number CH-217.0.530.704-2. The registered office of Selecta AG is located at Industrie Neuhof 78, 3422 Kirchberg, Switzerland. Selecta AG has a share capital of CHF 15,000,000, and its sole shareholder is Selecta Group B.V. The object of Selecta AG is the provision of catering services and the trade of vending machines.

Selecta Purchasing AG is a stock corporation (*Aktiengesellschaft*) organized under the laws of Switzerland. It is registered with the commercial register of the Canton of Zug under the number CH-170.3.022.397-0. The registered office of Selecta Purchasing AG is located at Hinterbergstraße 20, 6112 Steinhausen, Switzerland. Selecta Purchasing AG has a share capital of CHF 100,000, and its sole shareholder is Selecta AG. The object of Selecta AG is the purchase of

commodities and investment goods as well as raw materials and semi-finished products for Selecta Group and third parties.

Selecta Nordic Holding AB is a private limited liability company (*Sw. privat aktiebolag*) organized under the laws of Sweden. It is registered with the Swedish Companies Registration Office under the number 556729-1421. The registered office of Selecta Nordic Holding AB is located in 120 90 Stockholm, Sweden. Selecta Nordic Holding AB has a share capital of SEK 100,000, and its sole shareholder is Selecta AG. The object of Selecta Nordic Holding AB is to directly or indirectly conduct sales and marketing of beverages, meals and snacks either manually or through machines on working sites or public sites and to sell or rent vending machines and to offer marketing systems, purchasing coordination, education, product development and administrative systems in connection therewith and/or to own and hold shares in companies and other activities compatible therewith.

Selecta Holding AB is a private limited liability company (*Sw. privat aktiebolag*) organized under the laws of Sweden. It is registered with the Swedish Companies Registration Office under the number 556396-5952. The registered office of Selecta Holding AB is in 120 90 Stockholm, Sweden. Selecta Holding AB has a share capital of SEK 3,000,000, and its sole shareholder is Selecta Nordic Holding AB. The object of Selecta Holding AB is to directly or indirectly conduct sales and marketing of beverages, meals and snacks either manually or through machines on working sites or public sites and to sell or rent vending machines and to offer marketing systems, purchasing coordination, education, product development and administrative systems in connection therewith and/or to own and hold shares in companies and other activities compatible therewith.

Selecta AB is a private limited liability company (*Sw. privat aktiebolag*) organized under the laws of Sweden. It is registered with the Swedish Companies Registration Office under the number 556069-3318. The registered office of Selecta AB is located in 120 90 Stockholm, Sweden. Selecta AB has a share capital of SEK 500,000, and its sole shareholder is Selecta Holding AB. The object of Selecta AB is to directly or indirectly conduct sales and marketing of beverages, meals and snacks either manually or through machines on working sites or public sites and to sell or rent vending machines and to offer marketing systems, purchasing coordination, education, product development and administrative systems in connection therewith and/or to own and hold shares in companies and other activities compatible therewith.

Selecta Holding Limited is a private company limited by shares organized under the laws of England and Wales. It is registered with the Companies House of England and Wales under the number 06279842. The registered office of Selecta Holding Limited is located at Unit 2, Cartel Business Centre, Wade Road, Basingstoke, Hampshire RG24 8FW, United Kingdom. Selecta Holding Limited has a registered share capital of GBP 315,000.01, and its sole shareholder is Selecta AG. The object of Selecta Holding Limited is the carrying on of business as a general commercial company.

Selecta UK Limited is a private company limited by shares organized under the laws of England and Wales. It is registered with the Companies House of England and Wales under the number 00157122. The registered office of Selecta UK Limited is located at Unit 2, Cartel Business Centre, Wade Road, Basingstoke, Hampshire RG24 8FW, United Kingdom. Selecta UK Limited has a registered share capital of GBP 31,180,000, and its sole shareholder is Selecta Holding Limited. The object of Selecta UK Limited include the manufacturing, vending and dealing in beverages, candy, chocolate and cigarettes.

Selecta Holding GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is registered with the commercial register of the local court of Königstein im Taunus under the number HRB 7363. The registered office of Selecta Holding GmbH is located at Königsteiner Straße 10, 65812, Bad Soden am Taunus, Germany. Selecta Holding GmbH has a share capital of DEM 1,000,000 (€511,292), and its sole shareholder is Selecta AG. The object of Selecta Holding GmbH is the holding of participations in companies whose objects are the provisions of snacks or related fields as well as the sale and lease of beverage vending machines and other vending machines, the trade and sale of machine-filling products, operation of machines and machine full-service as well as all commercial operations in connection therewith and the acquisition and disposal of real estate and real property. A further object of Selecta Holding GmbH is the provision of snacks or related fields as well as the sale and lease of beverage vending machines and other vending machines, the trade and sale of machine-filling products, operation of machines and machine full-service as well as commercial operations in connection therewith.

Selecta Deutschland GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany. It is registered with the commercial register of the local court of Königstein im Taunus under the number HRB 7368. The registered office of Selecta Deutschland GmbH is located at Königsteiner Straße 10, 65812 Bad Soden am Taunus, Germany. Selecta Deutschland GmbH has a share capital of DEM 2,027,000 (€1,036,389), and its sole shareholder is Selecta Holding GmbH. The object of Selecta Deutschland GmbH is the implementation of company catering as well as the sale and lease of beverage vending machines and other vending machines, the trade and sale of machine-filling material products, operation of machines and machine full-service as well as all commercial operations in connection therewith.

Selecta Holding S.A.S. is a simplified joint stock company with a single shareholder (*société par actions simplifiée unipersonnelle*) organized under the laws of France. It is registered with the commercial register under the number RCS Paris 498 498 443. The registered office of Selecta Holding S.A.S. is located at 18 rue Goubet, 75019 Paris, France. Selecta Holding S.A.S. has a share capital of €213,923.00, and its sole shareholder is Selecta AG. The object of Selecta Holding S.A.S. is the acquisition of shareholding interests in any businesses or companies, regardless of their legal nature or purpose, by way of acquisition of shares, subscription, contribution or otherwise; the management of minority interests, controlling interests of listed or non-listed companies, and any other securities; the assistance to the companies of its group in the commercial, administrative, management, growth strategies, marketing, financial, negotiation areas and, more generally, with any business consulting services; the acquisition, the management, the administration, the development, the conversion, the leasing of any buildings or real estate properties; the management of its securities portfolio, the investment of its available funds; any brokerage or commission activities or any services, studies, service provision and advice relating to financial, economic or commercial matters; and, more generally, any financial, commercial, industrial, real estate or other transactions that may be directly or indirectly related to the corporate purpose described above, or to any similar or related corporate purposes likely to foster its growth or development.

Selecta S.A. is a joint stock company (*société anonyme*) organized under the laws of France. It is registered with the commercial register under the number RCS Paris 552 014 201. The registered office of Selecta S.A. is located at 18 rue Goubet, 75019 Paris, France. Selecta S.A. has a share capital of €3,323,044, and Selecta Holding S.A.S. holds 99.9% of Selecta S.A.'s shares. The object of Selecta S.A. is (i) the study, purchase or sale, hire-purchase, operation services provision of any automatic or non-automatic devices used for the manufacturing, conditioning and distribution of any solid or liquid products, the purchase and sale of raw materials, and any operation concerning automatic devices, (ii) the creation or purchase and operation of any businesses, company or institutions of the same nature; and (iii) more generally, any industrial, commercial or financial, real-estate or other transactions that may be directly or indirectly related to the corporate purpose or that is likely to foster its growth or development.

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**Selecta Group B.V. and its subsidiaries,
Amsterdam (The Netherlands)**
***Condensed consolidated interim financial statements
for the period ended 31 March 2014***

1. Consolidated Financial Statements

1.1. Consolidated statement of profit or loss

| | Notes | Half-year ended 31 March 2014 | Half-year ended 31 March 2013 |
|---|-------|----------------------------------|----------------------------------|
| | | € (000's) | € (000's) |
| Revenue | 3 | 349'006 | 374'220 |
| Materials and consumables used | | (109'663) | (115'983) |
| Employee benefits expense | | (110'350) | (119'608) |
| Depreciation, amortisation and impairment expense | | (42'647) | (46'688) |
| Other operating expenses | | (74'734) | (87'607) |
| Profit before interest and income tax | | 11'612 | 4'334 |
| Finance costs | | (15'711) | (13'049) |
| Finance income | | 72 | — |
| Loss before income tax | | (4'027) | (8'715) |
| Income taxes | | (685) | (370) |
| Loss for the period | | (4'712) | (9'085) |

1.2. Consolidated statement of comprehensive income or loss

| | Half-year ended 31 March 2014 | Half-year ended 31 March 2013 |
|---|----------------------------------|----------------------------------|
| | € (000's) | € (000's) |
| Net profit (loss) for the period | (4'712) | (9'085) |
| Actuarial gain/(loss) on post-employment benefit obligations | 1'001 | 1'563 |
| Income tax relating to post employment benefit obligations | (265) | (414) |
| Items that will not be reclassified to the consolidated statement of profit or loss | 736 | 1'149 |
| Foreign exchange gain/(loss) | 899 | 2'653 |
| Items that are or may subsequently be reclassified to the consolidated statement of profit or loss | 898 | 2'653 |
| Net profit/(loss) recognised in other comprehensive income | 1'635 | 3'802 |
| Total comprehensive income/(loss) | (3'077) | (5'283) |

1.3. Consolidated balance sheet

| | Notes | 31 March 2014 € (000's) | 30 September 2013 as restated* € (000's) | 1 October 2012 as restated* € (000's) |
|--|-------|-------------------------------|---|--|
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 4 | 163'139 | 166'780 | 197'500 |
| Goodwill | 5 | 483'128 | 483'128 | 483'128 |
| Other intangible assets | 6 | 486'868 | 498'411 | 526'123 |
| Deferred income tax assets | | 9'816 | 12'052 | 7'661 |
| Non-current financial assets | | 2'372 | 2'305 | 2'478 |
| Total non-current assets | | 1'145'323 | 1'162'676 | 1'216'890 |
| Current assets | | | | |
| Inventories | | 39'837 | 36'435 | 36'191 |
| Trade receivables | | 39'843 | 38'226 | 43'151 |
| Other current assets | | 31'995 | 31'184 | 31'511 |
| Cash and cash equivalents | | 90'990 | 95'498 | 61'622 |
| Total current assets | | 202'665 | 201'343 | 172'475 |
| Total assets | | 1'347'988 | 1'364'019 | 1'389'365 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Issued capital | 1.4/8 | 278'644 | 278'644 | 278'644 |
| Additional paid-in capital | 1.4/8 | 220'529 | 220'529 | 220'529 |
| Currency translation reserve | 1.4 | (85'760) | (86'659) | (95'091) |
| Retained earnings | 1.4 | (199'677) | (195'701) | (198'513) |
| Equity attributable to equity holders of the parent | | 213'736 | 216'813 | 205'569 |
| Total equity | | 213'736 | 216'813 | 205'569 |
| Non-current liabilities | | | | |
| Borrowings and other financial liabilities | 7/9 | 803'990 | 800'289 | 822'490 |
| Deferred income tax liabilities | | 135'650 | 138'878 | 146'719 |
| Non-current finance lease liabilities | | 7'768 | 5'687 | 4'090 |
| Retirement benefit obligations | | 14'314 | 14'221 | 20'748 |
| Provisions | | 6'686 | 6'605 | 8'446 |
| Total non-current liabilities | | 968'408 | 965'680 | 1'002'493 |
| Current liabilities | | | | |
| Trade payables | | 80'173 | 76'752 | 86'412 |
| Current finance lease liabilities | | 3'596 | 2'308 | 1'444 |
| Current financial liabilities | 7/9 | 9'257 | 18'414 | 20'720 |
| Other liabilities | | 69'487 | 78'044 | 68'361 |
| Provisions | | 1'048 | 1'611 | — |
| Current income tax liabilities | | 2'283 | 4'397 | 4'366 |
| Total current liabilities | | 165'844 | 181'526 | 181'303 |
| Total liabilities | | 1'134'252 | 1'147'206 | 1'183'796 |
| Total equity and liabilities | | 1'347'988 | 1'364'019 | 1'389'365 |

* See Note 2.6

1.4. Statement of changes in consolidated equity

| | Share capital € (000's) | Share premium € (000's) | Additional paid-in capital € (000's) | Total issued capital € (000's) | Currency translation reserve € (000's) | Retained earnings € (000's) | Equity attributable to equity holders of the parent € (000's) | Non controlling interest € (000's) | Total equity € (000's) |
|--|-------------------------------|-------------------------------|---|---|---|-----------------------------------|--|---|------------------------------|
| Balance at 30 September 2012 as previously reported . . | 187 | 278'457 | 220'529 | 499'173 | (95'091) | (199'552) | 204'530 | — | 204'530 |
| Impact of restatement* | — | — | — | — | — | 1'039 | 1'039 | — | 1'039 |
| Balance at 1 October 2012 as restated* | 187 | 278'457 | 220'529 | 499'173 | (95'091) | (198'513) | 205'569 | — | 205'569 |
| Other comprehensive income | — | — | — | — | 2'653 | 1'149 | 3'802 | — | 3'802 |
| Net profit/(loss) | — | — | — | — | — | (9'085) | (9'085) | — | (9'085) |
| <i>Total comprehensive income</i> | <i>—</i> | <i>—</i> | <i>—</i> | <i>—</i> | <i>2'653</i> | <i>(7'936)</i> | <i>(5'283)</i> | <i>—</i> | <i>(5'283)</i> |
| Balance at 31 March 2013 | 187 | 278'457 | 220'529 | 499'173 | (92'438) | (206'449) | 200'286 | — | 200'286 |
| Balance at 30 September 2013 as reported | 187 | 278'457 | 220'529 | 499'173 | (86'659) | (196'562) | 215'952 | — | 215'952 |
| Impact of restatement* | — | — | — | — | — | 861 | 861 | — | 861 |
| Balance at 30 September 2013 as restated | 187 | 278'457 | 220'529 | 499'173 | (86'659) | (195'701) | 216'813 | — | 216'813 |
| Other comprehensive income | — | — | — | — | 899 | 736 | 1'635 | — | 1'635 |
| Net profit/(loss) | — | — | — | — | — | (4'712) | (4'712) | — | (4'712) |
| <i>Total comprehensive income</i> | <i>—</i> | <i>—</i> | <i>—</i> | <i>—</i> | <i>899</i> | <i>(3'976)</i> | <i>(3'077)</i> | <i>—</i> | <i>(3'077)</i> |
| Balance at 31 March 2014 | 187 | 278'457 | 220'529 | 499'173 | (85'760) | (199'677) | 213'736 | — | 213'736 |

* See Note 2.6

1.5. Consolidated cash flow statement

| | Notes | Half-year ended 31 March 2014 € (000's) | Half-year ended 31 March 2013 € (000's) |
|---|------------|---|---|
| Cash flows from operating activities | | | |
| Net loss before income tax | 1.1 | (4'027) | (8'715) |
| Depreciation, amortization and impairment | 1.1 | 42'647 | 46'688 |
| (Profit) on disposal of property, plant and equipment | | (2'594) | (749) |
| Net finance costs | | 15'829 | 13'049 |
| Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation): | | | |
| (Increase)/Decrease in inventories | | (3'430) | (1'398) |
| (Increase)/Decrease in trade receivables | | (4'934) | (5'612) |
| (Increase)/Decrease in other current assets | | 2'187 | (632) |
| Increase/(Decrease) in trade payables | | 3'647 | (17'187) |
| Increase/(Decrease) in other liabilities | | (6'447) | 10'380 |
| Other non-cash items | | (68) | 265 |
| Income taxes (paid)/received | | (3'734) | (1'803) |
| Net cash generated from operating activities | | 39'076 | 34'286 |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | 4 | (25'263) | (19'265) |
| Proceeds from sale of property, plant and equipment | | 4'586 | 3'001 |
| Purchases of intangible assets | | (1'123) | (1'118) |
| Interest received | | 72 | — |
| Net cash used in investing activities | | (21'728) | (17'382) |
| Cash flows from financing activities | | | |
| Repayments of borrowings | 7 | (8'100) | (9'363) |
| Interest paid | | (13'808) | (11'173) |
| Net cash used in financing activities | | (21'908) | (20'536) |
| Net (decrease)/increase in cash and cash equivalents | | (4'560) | (3'632) |
| Cash and cash equivalents at the beginning of the year | 1.3 | 95'498 | 61'622 |
| Exchange gains/(losses) on cash and cash equivalents | | 52 | (882) |
| Cash and cash equivalents at the end of the period | 1.3 | 90'990 | 57'108 |

Notes to the condensed consolidated interim financial statements

31 March 2014

2. Summary of significant accounting policies

2.1. General information

Selecta Group BV (“the Company”) is a limited company incorporated and domiciled in Amsterdam, the Netherlands. The Company and its subsidiaries are collectively referred to herein as “the Group” or “the Selecta Group”. The Group is a European provider of food and beverage vending machine solutions. These condensed consolidated interim financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V.

2.2. Accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 September 2013.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2013.

2.3. New and revised/amended standards and interpretations

The Group has applied the following new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS) as from 1 October 2013.

IFRS 10—Consolidated Financial Statements

This standard provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. It was applied retrospectively in compliance with the transitional provisions and did not have material impact on the Group’s Financial Statements.

IFRS 11—Joint Arrangements

This standard establishes principles for the financial reporting by parties to a joint arrangement. It was applied retrospectively with the transitional provisions and did not have material on the Group’s Financial Statements.

IFRS 12—Disclosure of Interests in Other Entities

This standard combines, enhances and replaces disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group will modify its disclosures accordingly at year-end.

IFRS 13—Fair Value Measurement

This standard applies to situations where other IFRSs require or permit fair value measurements. It defines fair value, sets out in a single IFRS a framework for measuring fair value and requires certain disclosures about fair value measurements. It was applied prospectively, in accordance with the transitional provisions and did not have a material impact on the Group’s Financial Statements.

Notes to the condensed consolidated interim financial statements (continued)

31 March 2014

2. Summary of significant accounting policies (continued)

IAS 19 Revised 2011—Employee Benefits

The main changes required by IAS 19 revised (“IAS 19R”) are as follows:

Full recognition of deficit or surplus on the balance sheet

The option to defer the recognition of actuarial gains and losses, known as the ‘corridor method’ was eliminated. Since Selecta Group already recognised actuarial gains and losses directly in other comprehensive income before IAS 19 Revised became effective, this amendment had no impact on the Group’s financial statements.

Introduction of net interest on the net defined benefit liability or asset

Under IAS 19, the expected return on plan assets is based on the expected rate of return on the investments in the plan. This method was replaced by the introduction of net interest on the net defined benefit liability or asset.

The expected return under IAS 19 depends on the actual investment portfolio and is typically not equal to the discount rate applied for the determination of the scheme liabilities. The net interest income under IAS 19R is determined based on this discount rate rather than the expected rate of return.

Change in the presentation of the defined benefit cost

Under IAS19R, the defined benefit cost comprises service cost, net interest and remeasurements. Service cost (current and past service cost and gains and losses on curtailments and settlements) and net interest are recognised in profit or loss, while remeasurements (actuarial gains and losses, any changes in the effect of the asset ceiling and the difference between (expected) net interest income and the actual return) are recognised in other comprehensive income for retirement benefits and in profit or loss for other long-term employee benefits.

Introduction of more extensive disclosure requirements in the financial statements

IAS19R introduced more extensive disclosure requirements relating to the characteristics, risks and amounts in the financial statements regarding defined benefit plans, as well as the effect of defined benefit plans on the amount, timing and uncertainty of the entity’s future cash flows. The Group will present these additional disclosures for the first time in the annual financial statements.

Recognition of past service costs in the period of a plan amendment

Past service costs are recognised in the period of a plan amendment and unvested benefits are no longer be spread over a future period until the benefits become vested.

IAS 19 Revised 2011 has been applied retrospectively in compliance with the transitional provisions of the standard. The impact on the prior period financial statements has been disclosed in note 2.6.

2.4. Foreign exchange rates

The foreign currency rates applied against the Euro as of 31 March 2014 were as follows:

| | | Balance sheet | Income statement |
|-------------------------------|-----|------------------|---------------------|
| Czech Koruna | CZK | 27.43 | 27.14 |
| Danish Krone | DKK | 7.47 | 7.46 |
| Great Britain Pound | GBP | 0.83 | 0.83 |
| Hungarian Forint | HUF | 307.41 | 303.86 |
| Norwegian Kroner | NOK | 8.25 | 8.30 |
| Swedish Krona | SEK | 8.94 | 8.86 |
| Swiss Franc | CHF | 1.22 | 1.22 |

Notes to the condensed consolidated interim financial statements (continued)

31 March 2014

2. Summary of significant accounting policies (continued)

2.5. Statement of seasonality of interim operations

Whilst the business of Selecta fluctuates from month to month, the impact between the first and second six months is limited, and in addition seasonal fluctuations across the months offset each other to a certain degree at group level.

2.6. Restatement of prior years' consolidated financial statements

IAS 19 Revised

IAS 19 Revised became effective for the financial year beginning 1 October 2013. The Group has adopted IAS 19 Revised retrospectively and has restated the comparative periods included in these interim financial statements.

The quantitative impact of the above restatements is reflected accordingly in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet and statement of changes in consolidated equity.

The following tables summarise the impact of the above changes on the Group's primary financial statements. There is no impact of the restatement on the consolidated statement of profit or loss and consolidated statement of comprehensive income since these are the first interim financial statements prepared in accordance with IAS 34.

Consolidated balance sheet as at 1 October 2012

| | <u>As reported</u> | <u>Restatement</u> | <u>As restated</u> |
|---|--------------------|--------------------|--------------------|
| | € (000's) | € (000's) | € (000's) |
| Assets | | | |
| Deferred income tax assets | 8'035 | (374) | 7'661 |
| Total non-current assets | 1'217'264 | (374) | 1'216'890 |
| Total assets | 1'389'739 | (374) | 1'389'365 |
| Equity and liabilities | | | |
| Retained earnings | (199'552) | 1'039 | (198'513) |
| Equity attributable to equity holders of the parent | 204'530 | 1'039 | 205'569 |
| Total equity | 204'530 | 1'039 | 205'569 |
| Retirement benefit obligations | 22'161 | (1'413) | 20'748 |
| Total non-current liabilities | 1'003'906 | (1'413) | 1'002'493 |
| Total liabilities | 1'185'209 | (1'413) | 1'183'796 |
| Total equity and liabilities | 1'389'739 | (374) | 1'389'365 |

Notes to the condensed consolidated interim financial statements (continued)

31 March 2014

2. Summary of significant accounting policies (continued)

Consolidated balance sheet as at 30 September 2013

| | As reported € (000's) | Restatement € (000's) | As restated € (000's) |
|---|--------------------------|--------------------------|--------------------------|
| Assets | | | |
| Deferred income tax assets | 12'639 | (587) | 12'052 |
| Total non-current assets | 1'163'263 | (587) | 1'162'676 |
| Total assets | 1'364'606 | (587) | 1'364'019 |
| Equity and liabilities | | | |
| Retained earnings | (196'562) | 861 | (195'701) |
| Equity attributable to equity holders of the parent | 215'952 | 861 | 216'813 |
| Total equity | 215'952 | 861 | 216'813 |
| Retirement benefit obligations | 15'669 | (1'448) | 14'221 |
| Total non-current liabilities | 967'128 | (1'448) | 965'680 |
| Total liabilities | 1'148'654 | (1'448) | 1'147'206 |
| Total equity and liabilities | 1'364'606 | (587) | 1'364'019 |

Statement of changes in consolidated equity

| | As reported € (000's) | | Restatement € (000's) | As restated € (000's) | |
|--------------------------------------|--------------------------|--|--------------------------|--------------------------|--|
| | Retained earnings | Equity attributable to equity holders of the parent and total equity | | Retained earnings | Equity attributable to equity holders of the parent and total equity |
| 2012 | | | | | |
| Balance at 30 September | (199'552) | 204'530 | 1'039 | (198'513) | 205'569 |
| 2013 | | | | | |
| Net profit/(loss) | 397 | 397 | (129) | 268 | 268 |
| Other comprehensive income | 2'593 | 11'025 | (49) | 2'544 | 10'976 |
| Balance at 30 September | (196'562) | 215'952 | 861 | (195'701) | 216'813 |

3. Revenue

| | Half-year ended 31 March 2014 € (000's) | Half-year ended 31 March 2013 € (000's) |
|---|---|---|
| Revenue from publicly accessible points of sale | 72'163 | 84'062 |
| Revenue from privately placed points of sale | 228'684 | 242'901 |
| Revenue from trade sales of machines and products | 32'293 | 30'819 |
| Other revenue | 15'866 | 16'438 |
| Total revenue | 349'006 | 374'220 |

Other revenue includes revenue from the rendering of technical services and rental income from machines placed at client sites under a rental contract.

Notes to the condensed consolidated interim financial statements (continued)

31 March 2014

4. Property, plant and equipment

Property, plant and equipment consists primarily of vending equipment.

Additions of property, plant and equipment in six months period ended 31 March 2014 amount to € 25.3 million.

Net book values of disposals of property, plant and equipment in six months period ended 31 March 2014 amount to € 2.0 million.

As at 31 March 2014 commitments in respect of capital expenditure amounted to nil (30 September 2013: € nil, 30 September 2012: € 14.2 million).

Certain of the Group's property, plant and equipment have been pledged to secure the borrowings of the Group. See note 10 for further details of pledged assets.

5. Goodwill

| | Total |
|---|----------------|
| | € (000's) |
| Balance at 30 September 2011 | 485'075 |
| Change in consolidation scope (see note 11) | (1'947) |
| Balance at 30 September 2012 | 483'128 |
| Balance at 30 September 2013 | 483'128 |
| Balance at 31 March 2014 | 483'128 |

During the financial year ended 30 September 2013 the carrying value of the Group, including goodwill, has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

In respect to the half year ended ended 31 March 2014 management has reviewed whether there are any indications of impairment which would trigger the requirement to perform an impairment test at 31 March 2014 and concluded that there are no such indications of impairment.

6. Other intangible assets

Other intangible assets consists primarily of trademarks and customer contracts.

The trademark recognised by the Group represents the brand name and has an indefinite useful life. Therefore this trademark is tested for impairment annually.

During the financial year ended 30 September 2013 in undertaking the impairment test, the Group has used the same projections and parameters as used in the goodwill impairment test, and has included in the calculation of the WACC an asset specific risk premium of 0.5%. Based on these factors, the recoverable amount exceeded the carrying amount and therefore no impairment is required to be booked.

In respect to the half year ended ended 31 March 2014 management has reviewed whether there are any indications of impairment which would trigger the requirement to perform an impairment test at 31 March 2014 and concluded that there are no such indications of impairment.

The customer contracts recognised by the Group are resulting from the acquisition by the Group of customer contracts in the business combination, have a finite useful life and are amortised over the determined life time of 15 years.

Notes to the condensed consolidated interim financial statements (continued)

31 March 2014

7. Borrowings and other financial liabilities

| | 31 March 2014 | 30 September 2013 | 30 September 2012 |
|---|------------------|----------------------|----------------------|
| | € (000's) | € (000's) | € (000's) |
| Borrowings at amortised cost | 813'247 | 818'702 | 843'210 |
| Total borrowings and other financial liabilities | 813'247 | 818'702 | 843'210 |

The maturity of the borrowings and other financial liabilities is as follows:

| | 31 March 2014 | 30 September 2013 | 30 September 2012 |
|---|------------------|----------------------|----------------------|
| | € (000's) | € (000's) | € (000's) |
| Less than one year | 9'257 | 18'413 | 20'720 |
| After one year but not more than five years | 803'990 | 800'289 | 822'490 |
| Total more than one year | 803'990 | 800'289 | 822'490 |
| Total borrowings and other financial liabilities | 813'247 | 818'702 | 843'210 |

Long-term financial liabilities include amounts due to banks and other financial institutions. Interest rates on these amounts, which are primarily denominated in EUR, CHF, GBP and SEK, average approximately 3.9% as of 31 March 2014 (30 September 2013: 4.0%, 30 September 2012: 4.0%).

Total borrowings and other financial liabilities by currency

| | 31 March 2014 | | | 30 September 2013 | | |
|------------------------|---------------|---------------|---------------|-------------------|---------------|---------------|
| | € million | in % | Interest rate | € million | in % | Interest rate |
| EUR | 251.4 | 30.9% | 4.2% | 249.1 | 30.4% | 4.0% |
| CHF | 364.3 | 44.8% | 2.9% | 361.7 | 44.2% | 2.9% |
| GBP | 68.9 | 8.5% | 5.3% | 76.7 | 9.4% | 5.0% |
| SEK | 128.6 | 15.8% | 5.7% | 131.2 | 16.0% | 6.4% |
| Total | 813.2 | 100.0% | 3.9% | 818.7 | 100.0% | 4.0% |

Total rate structure of borrowings and other financial liabilities

| | 31 March 2014 | 30 September 2013 | 30 September 2012 |
|---|------------------|----------------------|----------------------|
| | € million | € million | € million |
| Financial liabilities at variable rates | 813.2 | 818.7 | 843.2 |
| Total | 813.2 | 818.7 | 843.2 |

Details of borrowing facilities

The borrowings were received in connection with the financing of the acquisition of the Group by CH Jupiter AG and its subsidiaries and issued in GBP, CHF, EUR and SEK. The lenders are a syndicate of banks.

A revolving credit facility of GBP 25 million and a Capex facility of GBP 55 million were also provided by the bank syndicate as part of the financing of the Group. At 31 March 2014 the Group has drawn amounts of GBP 7.7 million under the Capex facility (30 September 2013: GBP 15.4 million, 30 September 2012: GBP 32.1 million), and has no outstanding drawings under the revolving credit facility (30 September 2013: nil, 30 September 2012: nil).

Notes to the condensed consolidated interim financial statements (continued)

31 March 2014

7. Borrowings and other financial liabilities (continued)

The amounts of the borrowing facilities made available to the Group under the original facilities agreements are as follows:

| Currency | Borrower | Date of Maturity | LIBOR margin | (000's) |
|---|---------------------------|------------------|--|---------|
| Term Loan Facility | | | | |
| GBP . . . | Selecta Holding Ltd. | 2 July 2015 | Maximum 2.3750% p.a. depending on debt cover ratio | 22'000 |
| CHF . . . | Selecta AG | | | 638'035 |
| EUR . . . | Selecta Holding B.V. | | | 7'412 |
| EUR . . . | Selecta Holding S.A.S. | | | 155'661 |
| SEK . . . | Selecta Nordic Holding AB | | | 774'072 |
| Second Lien Facility | | | | |
| GBP . . . | Selecta Holding Ltd. | 2 January 2017 | 4.00% p.a. | 15'000 |
| EUR . . . | Selecta Holding B.V. | | | 4'447 |
| EUR . . . | Selecta Holding S.A.S. | | | 71'160 |
| SEK . . . | Selecta Nordic Holding AB | | | 299'866 |
| Mezzanine Facility | | | | |
| GBP . . . | Selecta Holding Ltd. | 2 July 2017 | 3.75% p.a. cash margin and 4.25% PIK margin (to be paid at maturity) | 30'000 |
| EUR . . . | Selecta Holding B.V. | | | 4'447 |
| EUR . . . | Selecta Holding S.A.S. | | | 40'027 |
| SEK . . . | Selecta Nordic Holding AB | | | 209'209 |
| Revolving and Acquisition/ Capex Facility | | | | |
| GBP ⁽¹⁾ . . | Any borrower except for | 2 July 2014 | Maximum 2.00% p.a. depending on debt cover ratio | 25'000 |
| GBP ⁽¹⁾ . . | Selecta Holding S.A.S. | | | 55'000 |

(1) these facilities may be drawn in GBP, EUR, SEK or CHF

Under the terms of the Group's Senior Facilities Agreement and Mezzanine Facilities Agreement, the Group is obliged to meet certain financial covenants on a quarterly basis. The financial covenants and their underlying calculations are as follows:

- Cashflow cover: represents the ratio of Consolidated Cash Flow of the last twelve months to Net Debt Service of the last twelve months.
- Debt cover: the ratio of Consolidated Total Net Debt at the end of the quarter to Consolidated EBITDA of the last twelve months.
- Interest cover: the ratio of Consolidated EBITDA of the last twelve months to Consolidated Net Finance Charges of the last twelve months.

In addition, the Agreements impose a limit on the maximum Capital Expenditure which may be incurred during the course of a financial year, and if in any financial year the amount of Capital Expenditure spent is less than the maximum amount permitted for that financial year, the maximum spend for the following year is increased by the amount of such underspend.

The Group has complied with all of its covenant obligations in both the current and all previous financial years.

In connection with the acquisition of the Group and the financing of the acquisition by the bank syndicate, Selecta AG pledged shares of certain of its subsidiaries to the bank syndicate as security.

Notes to the condensed consolidated interim financial statements (continued)

31 March 2014

8. Share capital and additional paid-in capital

The Group's share capital consists of 187'000 fully paid ordinary shares (30 September 2013: 187'000, 30 September 2012: 187'000) with a nominal value of € 1 per share.

| | Number of shares | Share capital € (000's) | Share premium € (000's) | Additional paid-in capital € (000's) |
|--|---------------------|----------------------------|-------------------------------|---|
| Balance at 30 September 2012, 2013 and at 31 March 2014 | 187'000 | 187 | 278'457 | 220'529 |

Fully paid ordinary shares carry one vote per share and a right to dividends.

9. Financial instruments

Derivative Financial Instruments

The group does not have any outstanding derivative financial instruments at 31 March 2014 (30 September 2013 and 30 September 2012: nil)

Categories of financial instruments

| | 31 March 2014 € (000's) | 30 September 2013 € (000's) | 30 September 2012 € (000's) |
|---|-------------------------------|-----------------------------------|-----------------------------------|
| Financial assets | | | |
| Trade receivables | 39'843 | 38'226 | 43'151 |
| Non-current other financial assets | 2'372 | 2'305 | 2'478 |
| Cash and cash equivalents | 90'990 | 95'498 | 61'622 |
| Accrued income and uncollected cash in points-of sale | 19'709 | 19'999 | 22'618 |
| Total loans and receivables | 152'914 | 156'028 | 129'869 |
| Financial liabilities | | | |
| Borrowings at amortised cost | 813'247 | 818'702 | 843'210 |
| Payables at amortised cost | 117'337 | 124'382 | 120'390 |
| Finance lease payables at amortised cost | 11'364 | 7'995 | 5'534 |
| Total liabilities measured at amortised cost | 941'948 | 951'079 | 969'134 |
| Total financial liabilities | 941'948 | 951'079 | 969'134 |

There are no financial instruments that are measured subsequent to initial recognition at fair value.

10. Pledged assets

In order to secure the Group's borrowings, Selecta Group B.V. has pledged its shares in Selecta AG as security in favour of the lenders. As Selecta AG owns, directly or indirectly, all of the other subsidiaries of the Group and as the only material asset on Selecta Group B.V.'s own balance sheet is cash at bank which is subject to a separate pledge as security in favour of the lenders, in effect all of the assets of the Group are pledged as security. The Group is not allowed to pledge these assets as security for other borrowings, except in the limited circumstances as stated in the senior and mezzanine facility agreements.

11. Acquisition and disposal of subsidiaries

On 29 February 2012 the Group disposed of 100% of the shares of Selecta Italia S.p.A..

The value of the net assets disposed of as reported in the year ended 30 September 2012 included provisions for certain contingent liabilities which the Group expected to incur. In the second half of 2013 these contingent liabilities were settled, which resulted in a disposal gain of € 202'000.

Notes to the condensed consolidated interim financial statements (continued)

31 March 2014

11. Acquisition and disposal of subsidiaries (continued)

During the interim period ended 31 March 2014, the scope of consolidation has not been affected by any significant acquisition or disposal of the Group.

12. Segment information

The Group wide operating results are regularly reviewed by the Board of Directors (as the Group's chief operating decision maker) to assess performance and to determine how resources should be distributed. Therefore the Group has a single reportable segment which reflects the management structure implemented within the Selecta Group.

The geographic information below presents external revenue and non-current assets (excluding financial assets and deferred income tax assets) by the country of domicile for the largest countries in the Group for the interim periods ended 31 March 2014 and 2013 and as at 31 March 2014 and 30 September 2013.

| | Half-year ended 31 March 2014 | Half-year ended 31 March 2013 |
|---|----------------------------------|----------------------------------|
| | €(000's) | €(000's) |
| External revenue | | |
| Switzerland | 99'323 | 100'778 |
| France | 92'551 | 97'425 |
| Sweden | 46'784 | 48'735 |
| UK | 35'033 | 40'050 |
| Germany | 20'276 | 29'683 |
| Netherlands | 12'523 | 15'184 |
| Other countries | 42'516 | 42'365 |
| Total | 349'006 | 374'220 |
| | | |
| | 31 March 2014 | 30 September 2013 |
| | €(000's) | €(000's) |
| Total non-current assets (excluding financial assets and deferred income tax assets) | | |
| Switzerland | 45'873 | 47'762 |
| France | 38'192 | 40'130 |
| Sweden | 30'545 | 27'103 |
| UK | 15'984 | 18'785 |
| Germany | 9'001 | 8'897 |
| Netherlands | 4'877 | 5'706 |
| Other countries | 20'560 | 21'307 |
| Unallocated | 968'103 | 978'630 |
| Total | 1'133'135 | 1'148'320 |

13. Events after the interim period end

To the best of management's knowledge, no events have occurred between 31 March 2014 and the date of authorisation of these condensed consolidated interim financial statements that could have a material impact on the consolidated financial statements.

14. Approval of condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the interim period ended 31 March 2014 have been authorised by the Board of Directors on 8 May 2014.

Zug, 8 May 2014

Notes to the condensed consolidated interim financial statements (continued)

31 March 2014

14. Approval of condensed consolidated interim financial statements (continued)

Dr. Rainer Husmann,
Member of the Supervisory Board

Joerg Spanier,
Member of the Supervisory Board

Remo Brunschwiler,
Member of the Management Board

Gary Hughes,
Member of the Management Board

Christian Zarnitz,
Member of the Management Board

**Selecta Group B.V. and its subsidiaries,
Amsterdam (The Netherlands)**
***Consolidated financial statements
for the years ended 30 September 2013, 2012 and 2011 and
Independent Auditor's Report thereon***

Report of the Independent Auditor on the Consolidated Financial Statements to the Board of Directors of

Selecta Group B.V., Amsterdam

As independent auditor, we have been engaged to audit the accompanying consolidated financial statements of Selecta Group B.V. ("the Company"), which comprise the consolidated balance sheets as at September 30, 2013, 2012 and 2011, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, statements of changes in consolidated equity and consolidated cash flow statements for each of the years in the three-year period ended September 30, 2013, and notes thereto, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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. 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 judgment, 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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company as at September 30, 2013, 2012 and 2011, and of its financial performance and its cash flows for each of the years in the three-year period ended September 30, 2013 in accordance with International Financial Reporting Standards (IFRS).

Other Matter

This set of consolidated financial statements has voluntarily been prepared by the Board of Directors. Our report thereon has been prepared at the request of the Board of Directors and does not represent a statutory auditor's report required in accordance with the laws and regulations in the Netherlands.

KPMG AG

Reto Benz
Licensed Audit Expert

Zurich, May 8, 2014

Urs Schneider
Licensed Audit Expert

1. Consolidated Financial Statements

1.1. Consolidated statement of profit or loss

| | Notes | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011* |
|--|-------|------------------------------------|------------------------------------|-------------------------------------|
| | | € (000's) | € (000's) | € (000's) |
| Revenue | 3 | 740'189 | 792'324 | 800'378 |
| Materials and consumables used | 4 | (225'278) | (251'192) | (254'728) |
| Employee benefits expense | 5 | (225'139) | (236'502) | (239'509) |
| Depreciation, amortisation and impairment expense | 6 | (95'205) | (97'803) | (102'455) |
| Gain on disposal of subsidiary | 35 | 202 | 695 | — |
| Other operating expenses | 7 | (175'107) | (176'152) | (189'258) |
| Profit before interest and income tax | | 19'662 | 31'370 | 14'428 |
| Finance costs | 8 | (28'219) | (38'901) | (32'642) |
| Finance income | | 288 | 179 | 226 |
| Loss before income tax | | (8'269) | (7'352) | (17'988) |
| Income taxes | 9 | 8'666 | 707 | 3'155 |
| Net profit (loss) for the period | | 397 | (6'645) | (14'833) |

* As restated, see Note 2.7

1.2. Consolidated statement of comprehensive income

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011* |
|---|------------------------------------|------------------------------------|-------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Net profit (loss) for the period | 397 | (6'645) | (14'833) |
| Items that will not be reclassified to statement of profit or loss | | | |
| Actuarial gain (loss) on post-employment benefit obligations | 3'190 | (4'099) | (1'661) |
| Income tax relating to post employment benefit obligations | (597) | 742 | 469 |
| Total items that will not be reclassified to statement of profit or loss | 2'593 | (3'357) | (1'192) |
| Items that are or may subsequently be reclassified to the consolidated statement of profit or loss | | | |
| Foreign exchange gain/(loss) | 8'432 | (13'915) | (32'343) |
| Total items that are or may subsequently be reclassified to the consolidated statement of profit or loss | 8'432 | (13'915) | (32'343) |
| Net profit (loss) recognised in other comprehensive income | 11'025 | (17'272) | (33'535) |
| Total comprehensive income | 11'422 | (23'917) | (48'368) |

* As restated, see Note 2.7

1.3. Consolidated balance sheet

| | Notes | 30 September 2013 € (000's) | 30 September 2012 € (000's) | 30 September 2011* € (000's) | 1 October 2010* € (000's) |
|--|--------|-----------------------------------|-----------------------------------|------------------------------------|---------------------------------|
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 10 | 166'780 | 197'500 | 225'681 | 231'974 |
| Goodwill | 11 | 483'128 | 483'128 | 485'075 | 485'075 |
| Other intangible assets | 12 | 498'411 | 526'123 | 549'071 | 569'478 |
| Deferred income tax assets | 20 | 12'639 | 8'035 | 9'493 | 9'342 |
| Non-current financial assets | 14 | 2'305 | 2'478 | 1'602 | 1'837 |
| Total non-current assets | | 1'163'263 | 1'217'264 | 1'270'922 | 1'297'706 |
| Current assets | | | | | |
| Inventories | 15 | 36'435 | 36'191 | 42'286 | 43'918 |
| Trade receivables | 16 | 38'226 | 43'151 | 46'350 | 50'219 |
| Other current assets | 17 | 31'184 | 31'511 | 37'223 | 35'140 |
| Cash and cash equivalents | 18 | 95'498 | 61'622 | 49'661 | 26'601 |
| Total current assets | | 201'343 | 172'475 | 175'520 | 155'878 |
| Total assets | | 1'364'606 | 1'389'739 | 1'446'442 | 1'453'584 |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Issued capital | 1.4/26 | 278'644 | 278'644 | 278'644 | 278'644 |
| Additional paid-in capital | 1.4/26 | 220'529 | 220'529 | 220'529 | 220'529 |
| Currency translation reserve | 1.4 | (86'659) | (95'091) | (81'176) | (48'833) |
| Retained earnings | 1.4 | (196'562) | (199'552) | (189'550) | (173'525) |
| Equity attributable to equity holders of the parent | | 215'952 | 204'530 | 228'447 | 276'815 |
| Total equity | | 215'952 | 204'530 | 228'447 | 276'815 |
| Non-current liabilities | | | | | |
| Borrowings and other financial liabilities . . | 19/30 | 800'289 | 822'490 | 811'633 | 828'814 |
| Deferred income tax liabilities | 20 | 138'878 | 146'719 | 153'852 | 159'700 |
| Non-current finance lease liabilities | 21 | 5'687 | 4'090 | 3'777 | 4'858 |
| Retirement benefit obligations | 22 | 15'669 | 22'161 | 17'706 | 15'852 |
| Provisions | 24 | 6'605 | 8'446 | 15'507 | 10'131 |
| Total non-current liabilities | | 967'128 | 1'003'906 | 1'002'475 | 1'019'355 |
| Current liabilities | | | | | |
| Trade payables | 25 | 76'752 | 86'412 | 86'805 | 74'896 |
| Current finance lease liabilities | 21 | 2'308 | 1'444 | 2'203 | 1'972 |
| Current financial liabilities | 19/30 | 18'413 | 20'720 | 35'377 | — |
| Other liabilities | 25 | 78'044 | 68'361 | 89'023 | 78'755 |
| Provisions | 24 | 1'611 | — | — | — |
| Current income tax liabilities | 25 | 4'397 | 4'366 | 2'112 | 1'791 |
| Total current liabilities | | 181'525 | 181'303 | 215'520 | 157'414 |
| Total liabilities | | 1'148'653 | 1'185'209 | 1'217'995 | 1'176'769 |
| Total equity and liabilities | | 1'364'606 | 1'389'739 | 1'446'442 | 1'453'584 |

* As restated, see Note 2.7

1.4. Statement of changes in consolidated equity

| | Share capital | Share premium | Additional paid-in capital | Total issued capital | Currency translation reserve | Retained earnings | Equity attributable to equity holders of the parent | Non controlling interest | Total equity |
|--|---------------|----------------|----------------------------|----------------------|------------------------------|-------------------|---|--------------------------|-----------------|
| | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) |
| Balance at 30 September 2010 as previously reported | 187 | 278'457 | 220'529 | 499'173 | (48'833) | (171'415) | 278'925 | — | 278'925 |
| Impact of restatement* | — | — | — | — | — | (2'110) | (2'110) | — | (2'110) |
| Balance at 30 September 2010* | 187 | 278'457 | 220'529 | 499'173 | (48'833) | (173'525) | 276'815 | — | 276'815 |
| Other comprehensive income | — | — | — | — | (32'343) | (1'192) | (33'535) | — | (33'535) |
| Net profit/(loss) | — | — | — | — | — | (14'833) | (14'833) | — | (14'833) |
| <i>Total comprehensive income</i> | — | — | — | — | <i>(32'343)</i> | <i>(16'025)</i> | <i>(48'368)</i> | — | <i>(48'368)</i> |
| Balance at 30 September 2011* | 187 | 278'457 | 220'529 | 499'173 | (81'176) | (189'550) | 228'447 | — | 228'447 |
| Other comprehensive income | — | — | — | — | (13'915) | (3'357) | (17'272) | — | (17'272) |
| Net profit/(loss) | — | — | — | — | — | (6'645) | (6'645) | — | (6'645) |
| <i>Total comprehensive income</i> | — | — | — | — | <i>(13'915)</i> | <i>(10'002)</i> | <i>(23'917)</i> | — | <i>(23'917)</i> |
| Balance at 30 September 2012 | 187 | 278'457 | 220'529 | 499'173 | (95'091) | (199'552) | 204'530 | — | 204'530 |
| Other comprehensive income | — | — | — | — | 8'432 | 2'593 | 11'025 | — | 11'025 |
| Net profit/(loss) | — | — | — | — | — | 397 | 397 | — | 397 |
| <i>Total comprehensive income</i> | — | — | — | — | <i>8'432</i> | <i>2'990</i> | <i>11'422</i> | — | <i>11'422</i> |
| Balance at 30 September 2013 | 187 | 278'457 | 220'529 | 499'173 | (86'659) | (196'562) | 215'952 | — | 215'952 |

* As restated, see Note 2.7

1.5. Consolidated cash flow statement

| | Notes | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011* |
|--|-----------|------------------------------------|------------------------------------|-------------------------------------|
| | | € (000's) | € (000's) | € (000's) |
| Cash flows from operating activities | | | | |
| Net loss before income tax | 1.1 | (8'269) | (7'352) | (17'988) |
| Depreciation, amortization and impairment | 6 | 95'205 | 97'803 | 102'455 |
| (Profit) on disposal of property, plant and equipment | | (2'081) | (2'874) | (1'226) |
| (Profit) on disposal of subsidiaries | 35 | (202) | (695) | — |
| Net finance costs | | 27'931 | 38'722 | 32'416 |
| Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation): | | | | |
| (Increase)/Decrease in inventories | | (795) | 6'369 | 2'833 |
| (Increase)/Decrease in trade receivables | | 2'164 | 4'606 | 8'054 |
| (Increase)/Decrease in other current assets | | 1'795 | 2'835 | (5'040) |
| Increase/(Decrease) in trade payables | | (8'590) | 62 | 10'417 |
| Increase/(Decrease) in other liabilities | | 7'697 | (18'592) | 12'657 |
| Other non-cash items | | 301 | (797) | (2'169) |
| Income taxes (paid)/received | | (4'208) | (2'060) | (2'073) |
| Net cash generated from operating activities | | 110'948 | 118'027 | 140'336 |
| Cash flows from investing activities | | | | |
| Purchases of property, plant and equipment | | (40'368) | (48'277) | (67'495) |
| Proceeds from sale of property, plant and equipment | | 6'972 | 9'518 | 4'427 |
| Proceeds from disposal of subsidiaries, less cash and cash equivalents disposed of | 35 | — | 7'220 | — |
| Purchases of intangible assets | | (2'338) | (5'749) | (5'505) |
| Interest received | | 288 | 179 | 227 |
| Net cash used in investing activities | | (35'446) | (37'109) | (68'346) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | | — | — | 13'054 |
| Repayments of borrowings | | (18'160) | (19'200) | (16'310) |
| Interest paid | | (22'352) | (51'063) | (46'679) |
| Net cash used in financing activities | | (40'512) | (70'263) | (49'935) |
| Net (decrease)/increase in cash and cash equivalents | | 34'990 | 10'655 | 22'055 |
| Cash and cash equivalents at the beginning of the period | 18 | 61'622 | 49'661 | 26'601 |
| Exchange gains/(losses) on cash and cash equivalents | | (1'114) | 1'306 | 1'005 |
| Cash and cash equivalents at the end of the period | 18 | 95'498 | 61'622 | 49'661 |

* As restated, see Note 2.7

Notes to the consolidated financial statements

30 September 2013

2. Summary of significant accounting policies

2.1. General information

Selecta Group BV (“the Company”) is a limited company incorporated and domiciled in Amsterdam, the Netherlands. The Company and its subsidiaries are collectively referred to herein as “the Group” or “the Selecta Group”. The Group is a European provider of food and beverage vending machine solutions. These financial statements do not represent statutory financial statements of the parent entity Selecta Group B.V.

2.2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. The principal accounting policies are set out below.

These financial statements for the year ended 30 September 2013 have been re-issued with comparatives for the years ended 30 September 2012 and 2011. As a result these financial statements have been amended to include the following::

- Restatement of the amounts originally included in the year ended 30 September 2011, and hence the opening balance at 1 October 2010, in respect of the company’s long service awards (jubilee benefits) in Switzerland (see note 2.7)
- Presentation of segmental information (see note 36)

2.3. Accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Group has adopted all International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (the IASB) as well as Interpretations given by the International Financial Reporting Interpretations Committee (the IFRIC) and the Standing Interpretations Committee (SIC) that are relevant to the Group’s operations and effective for annual reporting periods beginning on 1 October 2012.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.6.

2.4. New and revised/amended standards and interpretations

Several new and amended standards and interpretations were adopted in these consolidated financial statements. These are either not relevant to the Group’s operations or have no material impact on the Group’s overall results and financial position.

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

The following new Standards and Interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements.

| | Effective date | Planned application by Selecta Group B.V. |
|---|----------------|--|
| New Standards or Interpretations | | |
| IFRS 9 <i>Financial Instruments</i> —classification of financial assets and financial liabilities | 1 January 2015 | Reporting year 2015/16 |
| IFRS 10 <i>Consolidated Financial Statements</i> | 1 January 2013 | Reporting year 2013/14 |
| IFRS 11 <i>Joint Arrangements</i> | 1 January 2013 | Reporting year 2013/14 |
| IFRS 12 <i>Disclosure of Interests in Other Entities</i> | 1 January 2013 | Reporting year 2013/14 |
| IFRS 13 <i>Fair Value Measurement</i> | 1 January 2013 | Reporting year 2013/14 |
| IFRIC 20 <i>Stripping costs in the production phase of a surface mine</i> | 1 January 2013 | Reporting year 2013/14 |
| Revisions and amendments of Standards and Interpretations | | |
| IAS 19 <i>Employee Benefits (Amendments 2011)</i> | 1 January 2013 | Reporting year 2013/14 |
| IAS 27 <i>Separate Financial Statements (2011)</i> | 1 January 2013 | Reporting year 2013/14 |
| IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i> | 1 January 2013 | Reporting year 2013/14 |
| <i>Disclosures—Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)</i> | 1 January 2013 | Reporting year 2013/14 |
| <i>Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)</i> | 1 January 2013 | Reporting year 2013/14 |
| <i>Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)</i> | 1 January 2014 | Reporting year 2014/15 |
| <i>Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)</i> | 1 January 2014 | Reporting year 2014/15 |
| IFRIC 21 <i>Levies</i> | 1 January 2014 | Reporting year 2014/15 |
| <i>Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)</i> | 1 January 2014 | Reporting year 2013/14 |
| <i>Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)</i> | 1 January 2014 | Reporting year 2014/15 |

The expected impact of each new or amended Standard or Interpretation which is relevant to the Group is presented below. There are no other new or amended standards or interpretations which have been published and become effective on or after 1 October 2012 that are relevant to the Group's operations.

IFRS 9—Financial Instruments

The standard addresses the classification and measurement of financial assets and financial liabilities. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. IFRS 9 is effective for annual periods beginning on or after 1 January 2015. The Group is currently evaluating the impact on its consolidated financial statements.

IFRS 10—Consolidated Financial Statements

This standard provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. It is not expected to have a material impact on the Group Financial Statements.

2. Summary of significant accounting policies (continued)

IFRS 11—Joint Arrangements

This standard establishes principles for the financial reporting by parties to a joint arrangement and is currently being evaluated by Selecta. It is not expected to have a material impact on the Group Financial Statements.

IFRS 12—Disclosure of Interests in Other Entities

This standard combines, enhances and replaces disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. It is not expected to have a material impact on the Group Financial Statements.

IFRS 13—Fair Value Measurement

This standard applies to situations where other IFRSs require or permit fair value measurements. It defines fair value, sets out in a single IFRS a framework for measuring fair value and requires certain disclosures about fair value measurements. The standard will require the Group to make certain additional disclosures but is not expected to have a material impact on the Group Financial Statements otherwise.

IAS 19 Revised 2011—Employee Benefits

The main changes required by IAS 19 revised (“IAS 19R”) are as follows:

Full recognition of deficit or surplus on the balance sheet

The option to defer the recognition of actuarial gains and losses, known as the ‘corridor method’ will be eliminated. Since Selecta Group already recognises actuarial gains and losses directly in other comprehensive income this amendment has no impact on the financial statements.

Introduction of net interest on the net defined benefit liability or asset

Under IAS 19, the expected return on plan assets is based on the expected rate of return on the investments in the plan. This method will be replaced by the introduction of net interest on the net defined benefit liability or asset.

The expected return under IAS 19 depends on the actual investment portfolio and is typically not equal to the discount rate applied for the determination of the scheme liabilities. The net interest income under IAS 19R is determined based on this discount rate rather than the expected rate of return. When the discount rate is lower than the expected return, the application of IAS 19R will result in an increase to the defined benefit cost recognised in profit or loss.

Under IAS 19, the employer’s net service cost is determined as the gross service cost for the plan less the cash contributions paid by the employee in the respective accounting period. Under IAS 19R, the employer’s net service cost will be determined as the gross service cost less the actuarial value of the employee contributions for the respective accounting period calculated using the Projected Unit Credit Method. IAS 19R requires the employee contributions to be allocated to periods of service in the same way as benefits are allocated to the employee’s active service. This is expected to impact the defined benefit obligation and service cost for all pension plans for which employee contributions increase with age.

For Selecta Switzerland, which represents 90% of the total defined benefit plans of the whole Selecta Group, the defined benefit cost recognised in profit or loss would have been approximately € 0.1 million lower had the Group applied IAS 19R for the 2013 consolidated financial statements.

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

Change in the presentation of the defined benefit cost

Under IAS19R, the defined benefit cost comprises service cost, net interest and remeasurements. Service cost (current and past service cost and gains and losses on curtailments and settlements) and net interest are recognised in profit or loss, while remeasurements (actuarial gains and losses, any changes in the effect of the asset ceiling and the difference between (expected) net interest income and the actual return) are recognised in other comprehensive income for retirement benefits and in profit or loss for other long-term employee benefits.

Introduction of more extensive disclosure requirements in the financial statements

IAS19R introduces more extensive disclosure requirements relating to the characteristics, risks and amounts in the financial statements regarding defined benefit plans, as well as the effect of defined benefit plans on the amount, timing and uncertainty of the entity's future cash flows.

Recognition of past service costs in the period of a plan amendment

Past service costs will be recognised in the period of a plan amendment and unvested benefits will no longer be spread over a future period until the benefits become vested.

2.5. Significant accounting policies and valuation methods

2.5.1. Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) see note 27. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated cash flow statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group and the IFRS.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportional consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other joint venture partner. The Group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

2. Summary of significant accounting policies (continued)

2.5.2. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of profit or loss.

The non-controlling interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

2.5.3. Foreign currencies

Foreign currencies in individual financial statements

The functional currency of each group company is the currency of the primary economic environment in which the entity operates, with certain exceptions. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated in Euros ("EUR" or "€"), which is the presentation currency for the consolidated financial statements. Euro is the currency that management uses when controlling and monitoring the performance and financial position of the Group.

Transactions in currencies other than the group company's functional currency (foreign currency transactions) are recorded at the rates of exchange prevailing at the date on which the transactions were entered into, or a close approximation thereof. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items are maintained at the historical exchange rates and are not retranslated.

Exchange differences are recognised in the statement of profit or loss in the period in which they arise.

Foreign currencies in consolidated financial statements

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Euros using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's currency translation reserve. Such exchange differences are recognised in the consolidated statement of profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

The foreign currency rates applied against the Euro were as follows:

| | | 30 September 2013 | | 30 September 2012 | |
|-------------------------------|-----|-------------------|------------------|-------------------|------------------|
| | | Balance sheet | Income statement | Balance sheet | Income statement |
| Czech Koruna | CZK | 25.73 | 25.63 | 25.20 | 25.20 |
| Danish Krone | DKK | 7.46 | 7.46 | 7.46 | 7.44 |
| Great Britain Pound | GBP | 0.84 | 0.84 | 0.80 | 0.82 |
| Hungarian Forint | HUF | 297.44 | 294.90 | 285.06 | 293.69 |
| Norwegian Kroner | NOK | 8.14 | 7.65 | 7.36 | 7.55 |
| Swedish Krona | SEK | 8.70 | 8.61 | 8.43 | 8.78 |
| Swiss Franc | CHF | 1.22 | 1.22 | 1.21 | 1.21 |

| | | 30 September 2011 | | 30 September 2010 | |
|-------------------------------|-----|-------------------|------------------|-------------------|------------------|
| | | Balance sheet | Income statement | Balance sheet | Income statement |
| Czech Koruna | CZK | 24.72 | 24.5 | 24.57 | 25.62 |
| Danish Krone | DKK | 7.44 | 7.45 | 7.45 | 7.45 |
| Great Britain Pound | GBP | 0.86 | 0.87 | 0.87 | 0.87 |
| Hungarian Forint | HUF | 293.43 | 272.70 | 276.55 | 275.10 |
| Norwegian Kroner | NOK | 7.87 | 7.85 | 7.99 | 8.10 |
| Swedish Krona | SEK | 9.22 | 9.03 | 9.19 | 9.79 |
| Swiss Franc | CHF | 1.22 | 1.25 | 1.33 | 1.42 |

2.5.4. Property, plant and equipment

Property, plant and equipment are initially recognised at cost and are depreciated using the straight-line method over their estimated useful lives. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Maintenance and repair costs are expensed as incurred.

The useful lives of property, plant and equipment are as follows:

| | |
|---------------------------------|---------------------------------------|
| Land | Infinite (no depreciation is applied) |
| Buildings | 40 to 60 years |
| Vending equipment | 4 to 8 years |
| Vehicles | 5 years |
| Machinery & Equipment | 8 years |
| IT Hardware | 3 to 5 years |

Each significant part of an item of property, plant and equipment with a useful life that is different from that of the asset to which it belongs is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are capitalised and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

2. Summary of significant accounting policies (continued)

2.5.5. Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, the Group is deemed to be one cash-generating unit. This cash-generating unit is tested for impairment annually, and whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their value can be measured reliably.

Brand name

The brand name recognised by the Group has an indefinite useful life and is not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite life assessment for the asset. Additionally, the brand name is tested for impairment annually, and whenever there is an indication that it may be impaired.

Customer contracts

Intangible assets resulting from the acquisition by the Group of customer contracts in a business combination have a finite useful life and are amortised over the determined life time of 15 years.

Software

Software licences recognised as intangible assets when it is probable that they will generate future economic benefits. They are amortised using the straight-line method over five years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets and are amortised by the straight-line method over five years when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

2. Summary of significant accounting policies (continued)

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Other software licences and software development costs are expensed as incurred. No intangible asset arising from research (or from research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

2.5.6. Impairment of non-current assets other than goodwill

At each balance sheet date, the Group assesses whether there is any indication that its tangible and intangible assets other than goodwill and property, plant and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

2.5.7. Prepayments and accrued income

Prepayments and accrued income comprise payments made in advance relating to the following year, and income relating to the current year, which will not be received until after the balance sheet date. Prepayments are measured at the nominal amount of the payments. Accrued income is measured at amortised costs.

2.5.8. Inventories

Inventories are stated at the lower of cost and net realisable value. The net realisable value corresponds to the estimated selling price in the ordinary course of business less point-of-sales costs. A valuation allowance on inventories is recorded, when the cost of inventories is greater than their net realisable value.

2.5.9. Rebates and other amounts received from suppliers

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume-related rebates. Income from value and volume-related rebates is recognised based

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period. Agreed discounts relating to inventories are credited to the statement of profit or loss as the goods are sold. Rebates relating to inventories purchased but still held at the balance sheet date are deducted from their carrying values so that the costs of inventories are recorded net of applicable rebates. Rebates received in respect of property, plant and equipment are deducted from the costs capitalised.

2.5.10. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. An impairment loss on trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The impairment loss is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

2.5.11. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash on hand, cash in points-of-sale, call deposits with banks, and other short-term, highly liquid financial assets with original maturities of three months or less.

Due to the Group's business model, significant cash balances are held at year-end on behalf of the Group by external cash collecting firms, or en route to or from such cash counting firms. These amounts are included in other current assets.

Bank overdrafts are included within current liabilities on the balance sheet.

2.5.12. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

When some or all of the expenditure required to settle a provision is expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

2.5.13. Borrowings and other financial liabilities

Borrowings and other financial liabilities are recognised initially at fair value. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings and other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.5.14. Derivative financial instruments

The Group uses from time to time interest rate swaps and caps as hedges to manage its exposure to interest rate risk. Such derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recorded in the statement of profit or loss.

2. Summary of significant accounting policies (continued)

2.5.15. Accruals and deferred income

Accruals and deferred income comprise expenses relating to the current year, which will not be paid until after the balance sheet date and income received in advance, relating to the following year. Deferred income is measured at the nominal value of the payments received less, if appropriate, cumulative amortisation in accordance with IAS 18. Accruals are measured at amortised cost.

2.5.16. Taxation

The charge for current income tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates of the countries where the Group has operations.

Deferred income taxes are accounted for using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the balance sheet and the corresponding tax basis used in the computation of taxable profit.

Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it can be reasonably expected that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities, which affects neither taxable nor accounting income.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is also recognised directly in equity or other comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.5.17. Employee benefits

The Group maintains various defined contribution and defined benefit pension plans. The pension plans in Switzerland have been set up on the basis of the Swiss method of defined contributions but do not fulfil all the criteria of a defined contribution pension plan according to IAS 19. For this reason, the Swiss pension plans are treated as defined benefit pension plans.

Defined benefit obligations are largely covered through pension plan assets of pension funds that are legally separated and independent from the Group. These are managed by a board of trustees consisting of representatives of the employees and the employer. The organisation, management and financing of the pension plans comply with the applicable pension regulations. Employees and pensioners or their survivors receive statutorily determined benefits upon leaving the company or retiring as well as in the event of death or disability. These benefits are financed through employer contributions and employee contributions.

Defined benefit plans

In the case of defined benefits pension plans, the pension expenses and obligations are valued according to the projected unit credit method. The corresponding calculations are carried out yearly by independent qualified actuaries.

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

The pension expenses recorded in the consolidated statement of profit or loss for the defined benefit pension plans correspond to the actuarially determined expenses minus the employee contributions and are charged as employee benefits expense.

All actuarial gains and losses on defined benefit obligations as well as on the fair value of defined benefit plan assets are charged or credited in the period in which they occur in other comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and is otherwise amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for as yet unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised past service cost, plus the present value of available refunds from the plan and reductions in future contributions to the plan.

Defined contribution plans

In the case of defined contribution pension plans, the Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense when the employees render the corresponding service to the Group, which normally occurs in the same year in which the contributions are paid. Payments made to state-managed plans are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution pension plan.

2.5.18. Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods and services provided in the normal course of business, excluding trade discounts, value added tax and similar sales taxes.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered to the client site or when goods are purchased from a machine by a customer, depending on the contract terms.

Revenue may be received directly in the form of cash from the consumer, or may be invoiced to a client periodically.

Where revenue is received in the form of cash, the amount recognised is the amount of cash received until the last date on which the cash was collected from the machine, plus an estimate of the sales between this date and the period end calculated based on historical trends.

Where the sale of goods is invoiced to the client, the amount recognised is based either on the amounts delivered to the client or based on the consumption in the machines, depending on the specific contractual terms. Where revenue is recognised based on consumption in the machines, the amount recognised is based on the last recorded consumption from the machine plus an estimate of the sales between this date and the period end calculated based on historical trends.

Rendering of services

Selecta also provides services to clients in the form of machine rentals, technical services and hygiene services. Where the income is a fixed amount for the period the amount of revenue recognised is based on this fixed amount. Where the income is dependent on the work performed, the revenue is recognised based on records of technical site visits or other services provided.

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

Interest income

Revenue is recognised as interest accrues using the effective interest rate, that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

2.5.19. Operating expenses

Operating expenses comprise the materials and consumables used, employee benefits expense, maintenance expenses, administrative expenses, travel and representation expenses, rent expenses and depreciation and amortisation expenses.

2.5.20. Leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between repayment of the outstanding liability and finance charges. The corresponding rental obligations, net of finance charges, are included in non-current liabilities or current liabilities as appropriate. The interest element of the finance cost is charged to the statement of profit or loss over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Other lease agreements are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

2.5.21. Purchasing income

The Group receives certain rebates from its suppliers in respect of the purchase of vending machines and consumables. Where the rebates are received in respect of vending machines which are capitalised within property, plant and equipment, the cost of those vending machines is reduced by the amount of the rebate received. In relation to vending machines and consumables sold to customers and recognised within revenue, the cost of goods sold and the cost of inventories are reduced by the amount of the rebate received.

2.5.22. Finance costs

Finance costs are recognised in the statement of profit or loss on an accruals basis.

Finance costs comprise interest expense on borrowings and finance leases calculated using the effective interest method, fair value losses on derivatives classified as held for trading and foreign exchange losses. Foreign exchange gains and losses are reported on a net basis as either finance income or finance expense depending on whether the total foreign currency movements represent a gain or a loss accordingly.

2.6. Key sources of estimation uncertainties

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below.

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

Goodwill and intangible assets with indefinite useful lives

In accordance with the accounting policy set out in note 2.5.5, the cash-generating unit to which goodwill has been allocated and other intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. The recoverable amounts of cash generating units and intangible assets with indefinite useful lives are determined based on their values in use. These calculations require the use of estimates and assumptions consistent with the most up-to-date business plans that have been formally approved by management. The amounts and key assumptions used for the value in use calculations are set out in notes 11 and 12 to the consolidated financial statements.

Customer Contracts

Intangible assets resulting from the acquisition by the Group of customer contracts in a business combination have a finite useful life and are amortised over the determined life time of 15 years. The Group actively monitors retention rates on customer contracts and considers other relevant factors which may provide an indication of impairment. The amounts are described in note 12 to the consolidated financial statements.

Employee benefits

The present value of the pension obligations depends on a variety of factors that are estimated annually by independent actuaries using a number of assumptions, including the discount rate to be applied to determine the present value of defined benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The amounts and principal assumptions used are described in note 22 to the consolidated financial statements.

Deferred income tax assets

Deferred income tax assets on unused tax losses carried forward are recognised when it is probable that there will be future taxable profits against which the losses can be offset. The assessment of recoverability of the recognised deferred income tax assets is based on assumptions regarding future profits and is derived from the latest budgets and business plans of the Group. The amounts are described in note 20 to the consolidated financial statements.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is based on management's best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for warranties are ordinarily determined by product line and are based on statistics including the likelihood of a break down occurring and the average cost of repair or replacement.

The amounts are described in note 24 to the consolidated financial statements.

Sales estimations

Where sales are based on consumption in the machines, there may be a timing difference between the date on which the cash was last collected from the machines or the date on which the sales readings were taken. In this case an estimate of the sales between the date of the last cash collection or the last

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

machine reading and the end of the period is made. The estimate is based on historical sales trends in respect of the specific client sites and machines. The estimated amount of sales which have been neither collected in cash or invoiced to customers are recorded as Accrued income and uncollected cash in points-of-sale, as disclosed in Note 17.

Inventories

Food and beverage inventories which have passed their sell by date are fully provided against. Similarly, where the level of food and beverage inventories held exceeds the sales expected to be achieved before the sell by date, a provision is made for the excess inventory held.

Provisions for vending equipment in inventory are recorded against vending machines in inventory according to the age of the machine, as follows:

| Age of vending equipment | Provision to be made |
|--------------------------|------------------------|
| < 1 year | No provision necessary |
| > 1 year | 20% |
| > 2 years | 40% |
| > 3 years | 60% |
| > 4 years | 80% |
| > 5 years | 100% |

Provisions for spare parts held in inventory are calculated according to the inventory turnover ratio.

Provisions for inventories are disclosed in Note 15.

2.7. Restatement of prior years' consolidated financial statements

Long service awards

Employees of Selecta Switzerland are entitled to long service awards (jubilee benefits) after completing a certain number of years of service. These awards may be taken as either cash payments or as additional vacation days.

In prior years no provision has been recorded in the consolidated balance sheet, whilst the charge to the consolidated statement of profit or loss has been based on the actual amounts paid in the year rather than the expense incurred in accordance with IFRS.

The calculation of the amounts to be included in the consolidated financial statements requires an actuarial valuation to be performed as it is based on detailed assumptions of expected service length, current service length, date of entry, monthly salary, gender, long service awards paid out to employees in previous periods.

The quantitative impact of the restatement is reflected accordingly in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet, statement of changes in consolidated equity and disclosure Notes 5 Employee benefits expenses, 24 Provisions, 9 Income taxes and 20 Deferred income taxes.

The following tables summarise the impacts of the above changes on the Group's primary financial statements.

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

Consolidated statement of profit or loss for the year ended 30 September 2011

| | As reported | Restatement | As restated |
|---|-------------|-------------|-------------|
| | € (000's) | € (000's) | € (000's) |
| Employee benefits expense | (239'596) | 87 | (239'509) |
| Profit before interest and income tax | 14'341 | 87 | 14'428 |
| Loss before income tax | (18'075) | 87 | (17'988) |
| Income taxes | 3'175 | (20) | 3'155 |
| Net profit (loss) for the period | (14'900) | 67 | (14'833) |

Consolidated statement of comprehensive income for the year ended 30 September 2011

| | As reported | Restatement | As restated |
|--|-------------|-------------|-------------|
| | € (000's) | € (000's) | € (000's) |
| Net profit (loss) for the period | (14'900) | 67 | (14'833) |
| Total comprehensive income | (48'435) | 67 | (48'368) |

Consolidated balance sheet as at 1 October 2010

| | As reported | Restatement | As restated |
|---|-------------|-------------|-------------|
| | € (000's) | € (000's) | € (000's) |
| Assets | | | |
| Deferred income tax assets | 8'740 | 602 | 9'342 |
| Total non-current assets | 1'297'104 | 602 | 1'297'706 |
| Total assets | 1'452'982 | 602 | 1'453'584 |
| Equity and liabilities | | | |
| Retained earnings | (171'415) | (2'110) | (173'525) |
| Equity attributable to equity holders of the parent | 278'925 | (2'110) | 276'815 |
| Total equity | 278'925 | (2'110) | 276'815 |
| Provisions | 7'419 | 2'712 | 10'131 |
| Total non-current liabilities | 1'016'643 | 2'712 | 1'019'355 |
| Total liabilities | 1'174'057 | 2'712 | 1'176'769 |
| Total equity and liabilities | 1'452'982 | 602 | 1'453'584 |

Consolidated balance sheet as at 30 September 2011

| | As reported | Restatement | As restated |
|---|-------------|-------------|-------------|
| | € (000's) | € (000's) | € (000's) |
| Assets | | | |
| Deferred income tax assets | 8'910 | 583 | 9'493 |
| Total non-current assets | 1'270'339 | 583 | 1'270'922 |
| Total assets | 1'445'859 | 583 | 1'446'442 |
| Equity and liabilities | | | |
| Retained earnings | (187'508) | (2'042) | (189'550) |
| Equity attributable to equity holders of the parent | 230'489 | (2'042) | 228'447 |
| Total equity | 230'489 | (2'042) | 228'447 |
| Provisions | 12'882 | 2'625 | 15'507 |
| Total non-current liabilities | 999'850 | 2'625 | 1'002'475 |
| Total liabilities | 1'215'370 | 2'625 | 1'217'995 |
| Total equity and liabilities | 1'445'859 | 583 | 1'446'442 |

Notes to the consolidated financial statements (continued)

30 September 2013

2. Summary of significant accounting policies (continued)

Statement of changes in consolidated equity

| | As reported € (000's) | | Restatement € (000's) | As restated € (000's) | |
|--------------------------------------|--------------------------|---|--------------------------|--------------------------|---|
| | Retained earnings | Equity attributable to holders of the parent and total equity | | Retained earnings | Equity attributable to holders of the parent and total equity |
| 2010 | | | | | |
| Balance at 30 September | (171'415) | 278'925 | (2'110) | (173'525) | 276'815 |
| 2011 | | | | | |
| Net profit/(loss) | (14'900) | (14'900) | 67 | (14'833) | (14'833) |
| Total comprehensive income | (16'092) | (48'435) | 67 | (16'025) | (48'368) |
| Balance at 30 September | (187'508) | 230'489 | (2'042) | (189'550) | 228'447 |

3. Revenue

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011 |
|---|------------------------------------|------------------------------------|------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Revenue from publicly accessible points of sale | 183'069 | 189'067 | 192'238 |
| Revenue from privately placed points of sale | 466'085 | 499'360 | 502'822 |
| Revenue from trade sales of machines and products . . . | 58'683 | 69'354 | 71'582 |
| Other revenue | 32'352 | 34'543 | 33'736 |
| Total revenue | 740'189 | 792'324 | 800'378 |

Other revenue includes revenue from the rendering of technical services and rental income from machines placed at client sites under a rental contract.

Note that due to the nature of the Group's business operations, whereby the sale of goods and rendering of services are often incorporated into one contractual price, it is not possible to split revenue into these categories. Therefore the Group has disclosed instead the allocation of revenue used for internal management reporting purposes.

4. Materials and consumables used

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011 |
|---|------------------------------------|------------------------------------|------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Cost of materials | (242'176) | (268'706) | (276'130) |
| Rebates and discounts | 16'991 | 17'338 | 21'242 |
| Other | (93) | 176 | 160 |
| Total materials and consumables used | (225'278) | (251'192) | (254'728) |

Notes to the consolidated financial statements (continued)

30 September 2013

5. Employee benefits expense

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011* |
|--|------------------------------------|------------------------------------|-------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Wages and salaries | (184'579) | (188'819) | (191'703) |
| Social security | (36'257) | (38'407) | (39'451) |
| Post-employment benefits | | | |
| Defined contribution plans | (2'413) | (3'767) | (4'147) |
| Defined benefit plans | (1'890) | (5'509) | (4'208) |
| Total employee benefits expense | <u>(225'139)</u> | <u>(236'502)</u> | <u>(239'509)</u> |

* As restated, see Note 2.7

For further details with respect to the Group's retirement benefit obligations, see note 22.

6. Depreciation, amortisation and impairment expense

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011 |
|--|------------------------------------|------------------------------------|------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Depreciation of property, plant and equipment | (65'371) | (71'028) | (75'615) |
| Amortisation of intangible assets | (26'736) | (26'305) | (25'963) |
| Impairment of intangible assets | (3'098) | (470) | (876) |
| Total depreciation, amortisation and impairment expense | <u>(95'205)</u> | <u>(97'803)</u> | <u>(102'455)</u> |

7. Other operating expenses

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011 |
|--|------------------------------------|------------------------------------|------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Maintenance | (61'168) | (62'810) | (62'660) |
| Administration expenses | (17'006) | (17'094) | (18'162) |
| Travel and representation | (6'975) | (8'433) | (8'374) |
| Vending rent | (78'534) | (79'297) | (82'654) |
| Other rent | (14'306) | (13'740) | (12'128) |
| Profit on disposal of tangible and intangible assets | 2'081 | 2'874 | 1'226 |
| Other operating income and expenses | 801 | 2'348 | (6'506) |
| Total other operating expenses (net) | <u>(175'107)</u> | <u>(176'152)</u> | <u>(189'258)</u> |

Notes to the consolidated financial statements (continued)

30 September 2013

8. Finance costs

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011 |
|--|------------------------------------|------------------------------------|------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Interest on bank loans | (32'406) | (49'887) | (52'383) |
| Finance lease interest | (214) | (302) | (418) |
| Other interest expense | 32 | (3) | 51 |
| Total interest expenses | (32'588) | (50'192) | (52'750) |
| Change in fair value of derivative financial instruments | — | 16'656 | 17'593 |
| Foreign exchange gain/(loss) (net) | 4'369 | (5'365) | 2'515 |
| Total finance costs | (28'219) | (38'901) | (32'642) |

9. Income taxes

Income tax expense comprises:

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011* |
|--|------------------------------------|------------------------------------|-------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Current income tax income / (expense) | (4'297) | (3'456) | (2'675) |
| Deferred income tax income / (expense) | 12'963 | 4'163 | 5'830 |
| Total income tax income | 8'666 | 707 | 3'155 |

* As restated, see Note 2.7

The total tax charge for the periods can be reconciled to the accounting profit as follows:

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011* |
|---|------------------------------------|------------------------------------|-------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Loss before tax | (8'269) | (7'352) | (17'988) |
| Applicable tax rate | 27.9% | 77.2% | 69.0% |
| Expected tax credit | 2'304 | 5'673 | 12'412 |
| Effect of revenue that is exempt from taxation | 11'865 | 6'880 | 8'670 |
| Effect of expenses not allowable for tax purposes | (998) | (359) | (5'112) |
| Effect of taxable losses for the period not recognised as deferred tax assets | (6'658) | (11'343) | (16'135) |
| Recognition/Utilisation of previously unrecognised tax losses and deferred tax assets | 2'288 | 149 | 3'960 |
| Income tax expense of previous years | (135) | (293) | (640) |
| Income tax income recognised in statement of profit or loss | 8'666 | 707 | 3'155 |

* As restated, see Note 2.7

The applicable tax rate used above in the tax reconciliation is based on the weighted average tax rates applicable in the countries in which the Group operates. This is derived from a summation of the individual tax rates and pre-tax profits and losses in each country, and is not the same as the medium to long term effective tax rate of the Group.

Notes to the consolidated financial statements (continued)

30 September 2013

10. Property, plant and equipment

| | Freehold land and buildings | Vending equipment | Vehicles | Other equipment | Total |
|--|-----------------------------------|----------------------|-----------------|--------------------|------------------|
| | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) |
| <i>Cost</i> | | | | | |
| Balance at 30 September 2010 | 9'606 | 534'853 | 52'860 | 54'230 | 651'549 |
| Additions | 165 | 57'400 | 4'845 | 4'344 | 66'754 |
| Disposals | (3) | (37'516) | (4'589) | (2'165) | (44'272) |
| Reclassification between categories* | — | — | 7'881 | (7'881) | — |
| Effects of foreign currency exchange differences | 87 | 13'280 | 1'073 | 827 | 15'265 |
| Balance at 30 September 2011 | 9'855 | 568'016 | 62'070 | 49'354 | 689'295 |
| Additions | 49 | 44'273 | 1'292 | 2'446 | 48'060 |
| Disposals | — | (41'012) | (8'059) | (4'842) | (53'913) |
| Reclassification** | — | — | — | (713) | (713) |
| Change in consolidation scope | (301) | (9'118) | — | (409) | (9'828) |
| Effects of foreign currency exchange differences | 189 | 12'193 | 1'534 | 1'644 | 15'560 |
| Balance at 30 September 2012 | 9'792 | 574'352 | 56'837 | 47'480 | 688'461 |
| Additions | 51 | 38'003 | 2'340 | 2'116 | 42'510 |
| Disposals | (6) | (61'303) | (14'231) | (3'852) | (79'392) |
| Effects of foreign currency exchange differences | (112) | (7'817) | (796) | (607) | (9'332) |
| Balance at 30 September 2013 | 9'725 | 543'235 | 44'150 | 45'137 | 642'247 |
| <i>Accumulated depreciation and impairment</i> | | | | | |
| Balance at 30 September 2010 | (6'425) | (338'825) | (34'244) | (40'081) | (419'575) |
| Depreciation expense | (316) | (63'645) | (8'615) | (3'039) | (75'615) |
| Disposals | (4) | 34'639 | 4'572 | 1'864 | 41'071 |
| Reclassification between categories* | — | — | (3'678) | 3'678 | — |
| Effects of foreign currency exchange differences | (69) | (7'857) | (750) | (820) | (9'495) |
| Balance at 30 September 2011 | (6'814) | (375'687) | (42'714) | (38'399) | (463'614) |
| Depreciation expense | (298) | (61'019) | (6'617) | (3'094) | (71'028) |
| Disposals | — | 38'144 | 5'864 | 3'261 | 47'269 |
| Reclassification** | — | — | — | (50) | (50) |
| Change in consolidation scope | 246 | 5'780 | — | 270 | 6'296 |
| Effects of foreign currency exchange differences | (142) | (7'813) | (983) | (896) | (9'834) |
| Balance at 30 September 2012 | (7'008) | (400'595) | (44'450) | (38'908) | (490'961) |
| Depreciation expense | (421) | (57'738) | (4'816) | (2'396) | (65'371) |
| Disposals | 6 | 57'349 | 13'330 | 3'765 | 74'450 |
| Effects of foreign currency exchange differences | 67 | 5'172 | 599 | 577 | 6'415 |
| Balance at 30 September 2013 | (7'356) | (395'812) | (35'337) | (36'962) | (475'467) |
| <i>Net Book Value</i> | | | | | |
| At 30 September 2010 | 3'181 | 196'028 | 18'616 | 14'149 | 231'974 |
| At 30 September 2011 | 3'041 | 192'329 | 19'355 | 10'955 | 225'681 |
| At 30 September 2012 | 2'784 | 173'757 | 12'387 | 8'572 | 197'500 |
| At 30 September 2013 | 2'369 | 147'423 | 8'813 | 8'175 | 166'780 |

* Reclassification between categories represents a change to the classification made in the year ended 30 September 2011 to more appropriately reflect the category of tangible assets.

** Reclassification between tangible and intangible assets in the year ended 30 September 2012.

As at 30 September 2013 commitments in respect of capital expenditure amounted to nil (2012: € 14.2 million). 2011: € 1.0 million).

For the year ended 30 September 2013, the net gains on sale of property, plant and equipment amounted to € 2.1 million (2012: € 2.9 million, 2011: € 1.2 million).

Notes to the consolidated financial statements (continued)

30 September 2013

10. Property, plant and equipment (continued)

Certain of the Group's property, plant and equipment have been pledged to secure the borrowings of the Group. See note 33 for further details of pledged assets.

The carrying amount of property, plant and equipment held under finance leases at 30 September 2013 was € 7.2 million (2012: € 5.3 million, 2011: € 6.7 million). Leased assets are pledged as security in respect of the finance leases to which they relate.

11. Goodwill

| | Total € (000's) |
|---|--------------------|
| Balance at 30 September 2010 | 485'075 |
| Balance at 30 September 2011 | 485'075 |
| Change in consolidation scope (see note 35) | (1'947) |
| Balance at 30 September 2012 | 483'128 |
| Balance at 30 September 2013 | 483'128 |

Impairment testing

During the financial year the carrying value of the Group, including goodwill, has been compared to its recoverable amount. It has been concluded that the recoverable amount exceeds the carrying amounts and therefore no impairment is required to be booked.

Summary of goodwill impairment testing

In undertaking the impairment test, the Group has used post-tax cash flow projections for the computation of value in use based on the latest forecasts approved by management covering a three-year period. In years four and five the Group assumes further growth, resulting in an increase in profit before interest, tax, depreciation and amortisation of 3.0% (2012: 3.1% for year four and 5.5% for year five, 2011: 5.0% for year four and five).

Cash flows beyond the five-year period are extrapolated using estimated growth rates of 1.5% per annum (2012: 1.5%, 2011: 1.5%).

These cash flows are discounted using a post-tax WACC for the Group of 6.1% (2012: 6.0%, 2011: 6.4%), equivalent to a pre-tax WACC of 7.7% (2012: pre-tax WACC of 7.6%, 2011: pre-tax WACC of 8.1%). This WACC has been arrived at by taking the 10 year risk free rates for the countries in which the Group operates, weighted by the operating cash flow generated by each country, and applying the following assumptions:

- Market premium 7.55%
- Beta (unlevered) 0.55
- Long term debt to equity ratio 20.5%
- Debt premium 4.0%
- Group blended tax rate 26.5%

Management is confident that the forecasts are realistic and achievable and are supported by underlying business initiatives, and therefore that no impairment of the carrying amount of the goodwill in respect of the Group is required.

Notes to the consolidated financial statements (continued)

30 September 2013

11. Goodwill (continued)

Sensitivity to change in assumptions

Assuming consistent future cash flows as applied in the impairment test summarised above, the post-tax WACC would need to increase to 9.9% (2012: 8.7%, 2011: 8.4%) in order to eliminate all of the headroom.

Assuming use of the Group post tax WACC of 6.1%, (2012: 6.0%, 2011: 6.4%) and assuming that the three-year forecast is achieved, long term growth rates would need to fall to -3.7% (2012: -2.0%, 2011: -1.1%) for all of the headroom to be eliminated.

Therefore management believes that no reasonably possible change in the key assumptions would cause the carrying amount of the Group to exceed its recoverable amount.

Notes to the consolidated financial statements (continued)

30 September 2013

12. Other intangible assets

| | Software/ other € (000's) | Patents/ licences € (000's) | Trademarks € (000's) | Contracts € (000's) | Total € (000's) |
|--|---------------------------------|-----------------------------------|-------------------------|------------------------|--------------------|
| <i>Cost</i> | | | | | |
| Balance at 30 September 2010 | 15'713 | 1'000 | 286'301 | 346'828 | 649'841 |
| Additions | 4'402 | — | — | 1'106 | 5'508 |
| Disposals | (31) | — | — | — | (31) |
| Effects of foreign currency exchange differences | 824 | 644 | — | (87) | 1'380 |
| Balance at 30 September 2011 | 20'908 | 1'644 | 286'301 | 347'846 | 656'699 |
| Additions | 5'360 | — | — | 389 | 5'749 |
| Disposals | (506) | — | — | — | (506) |
| Reclassification* | 713 | — | — | — | 713 |
| Change in consolidation scope | (241) | — | — | (4'140) | (4'381) |
| Effects of foreign currency exchange differences | (428) | — | — | 242 | (186) |
| Balance at 30 September 2012 | 25'806 | 1'644 | 286'301 | 344'337 | 658'088 |
| Additions | 2'271 | — | — | 119 | 2'390 |
| Disposals | (503) | — | — | — | (503) |
| Effects of foreign currency exchange differences | (420) | — | — | (162) | (582) |
| Balance at 30 September 2013 | 27'154 | 1'644 | 286'301 | 344'294 | 659'393 |
| <i>Accumulated amortisation and impairment</i> | | | | | |
| Balance at 30 September 2010 | (9'947) | (625) | — | (69'791) | (80'363) |
| Amortisation expenses | (2'030) | (287) | — | (23'646) | (25'963) |
| Impairment | (876) | — | — | — | (876) |
| Effects of foreign currency exchange differences | (272) | (482) | — | 328 | (426) |
| Balance at 30 September 2011 | (13'125) | (1'394) | — | (93'109) | (107'628) |
| Amortisation expenses | (2'683) | (208) | — | (23'414) | (26'305) |
| Reclassification* | 50 | — | — | — | 50 |
| Impairment | (470) | — | — | — | (470) |
| Change in consolidation scope | 190 | — | — | 1'219 | 1'409 |
| Effects of foreign currency exchange differences | 1'085 | — | — | (106) | 979 |
| Balance at 30 September 2012 | (14'953) | (1'602) | — | (115'410) | (131'965) |
| Amortisation expenses | (3'394) | (42) | — | (23'300) | (26'736) |
| Impairment | (3'098) | — | — | — | (3'098) |
| Disposals | 503 | — | — | — | 503 |
| Effects of foreign currency exchange differences | 235 | — | — | 79 | 314 |
| Balance at 30 September 2013 | (20'707) | (1'644) | — | (138'631) | (160'982) |
| <i>Net Book Value</i> | | | | | |
| At 30 September 2010 | 5'766 | 375 | 286'301 | 277'036 | 569'478 |
| At 30 September 2011 | 7'783 | 250 | 286'301 | 254'737 | 549'071 |
| At 30 September 2012 | 10'853 | 42 | 286'301 | 228'927 | 526'123 |
| At 30 September 2013 | 6'447 | — | 286'301 | 205'663 | 498'411 |

* Reclassification represents a reclassification between tangible and intangible assets in the year ended 30 September 2012

Notes to the consolidated financial statements (continued)

30 September 2013

12. Other intangible assets (continued)

The trademark recognised by the Group represents the brand name and has an indefinite useful life. Therefore this trademark is tested for impairment annually.

The trademark was regarded as having an indefinite useful life when it was acquired because based on an analysis of all of the relevant factors, there was no foreseeable limit to the period over which the asset was expected to generate net cash inflows for the Group. In effect the Group continuously renews the trademark and still expects to consume the future economic benefits embodied in the trademark indefinitely. Management are still of the opinion that an amortisation of that asset over a fixed maximum period would not faithfully represent the underlying asset held.

In undertaking the impairment test, the Group has used the same projections and parameters as used in the goodwill impairment test, and has included in the calculation of the WACC an asset specific risk premium of 0.5%. Based on these factors, the recoverable amount exceeds the carrying amount by € 46.6 million (2012: € 73.6 million, 2011: € 15.0 million) and therefore no impairment is required to be booked.

To eliminate the headroom the post-tax asset specific discount rate should increase by approximately 0.8% from 6.6% to 7.4% (2012: increase by approximately 1.3% from 6.5% to 7.8%, 2011: increase by approximately 0.2% from 6.9% to 7.1%) or the long-term growth rate would need to decrease from 1.7% to 0.7% (2012: decrease from 1.5% to -0.1%, 2011: decrease from 1.5% to 1.1%).

13. Interest in joint venture

During financial year 2009/2010 the Group formed, along with its venture partner, a new joint venture, UTE. The Group took a 50% interest in the new company, whose principal activity is the provision of vending services in Catalonia, Spain. The amounts included in the Group's statement of profit or loss and balance sheet in respect of the Group's share of the joint venture are as follows:

| | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) |
|---|-------------------|-------------------|-------------------|
| Assets | | | |
| Long-term assets | 5 | 6 | 6 |
| Current assets | 872 | 1'151 | 860 |
| Total assets | 877 | 1'157 | 866 |
| Liabilities | | | |
| Long-term liabilities | (53) | (40) | (40) |
| Current liabilities | (497) | (697) | (502) |
| Total liabilities | (550) | (737) | (542) |
| Net assets | 327 | 420 | 324 |
| Income | 1'455 | 2'091 | 2'219 |
| Expenses | (1'354) | (1'994) | (1'992) |
| Profit after income tax | 101 | 97 | 227 |
| Proportional interest in joint venture's commitments | — | — | — |

There are no contingent liabilities relating to the Group's interest in the joint venture, and no contingent liabilities of the venture itself.

Notes to the consolidated financial statements (continued)

30 September 2013

14. Non-current financial assets

| | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) |
|--|-------------------|-------------------|-------------------|
| Non-current financial assets comprise the following: | | | |
| Trade and other receivables | 2'305 | 2'478 | 1'601 |
| Total non-current financial assets | 2'305 | 2'478 | 1'601 |
| The maturity of the non-current financial assets is as follows: | | | |
| After one year but not more than five years | 2'288 | 2'367 | 1'502 |
| More than five years | 17 | 111 | 99 |
| Total more than one year | 2'305 | 2'478 | 1'601 |
| Total non-current financial assets | 2'305 | 2'478 | 1'601 |

15. Inventories

| | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) |
|---|-------------------|-------------------|-------------------|
| Food and beverages | 22'180 | 24'209 | 26'412 |
| Vending equipment and spare parts | 13'325 | 11'477 | 15'800 |
| Goods in transit | 930 | 505 | 74 |
| Total inventories | 36'435 | 36'191 | 42'286 |

The cost of inventories recognised as an expense during the period was € 242.2 million (2012: € 268.7 million, 2011: € 276.1 million).

There are no inventories expected to be recovered after more than 12 months (2012 and 2011: nil).

16. Trade receivables

| | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) |
|---|-------------------|-------------------|-------------------|
| Trade receivables—not overdue | 31'482 | 35'770 | 38'987 |
| Trade receivables—overdue 0-90 days | 6'476 | 7'299 | 7'489 |
| Trade receivables—overdue 90-360 days | 1'563 | 1'283 | 1'241 |
| Trade receivables—overdue > 360 days | 1'477 | 1'488 | 1'280 |
| Total trade receivables | 40'998 | 45'840 | 48'997 |
| Allowance for doubtful accounts | (2'772) | (2'689) | (2'646) |
| Total trade receivables, net | 38'226 | 43'151 | 46'350 |

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables until the end of the credit period, thereafter the charging of interest is at the discretion of local management depending on the amounts and customers involved. Where interest is charged in respect of an overdue receivable the interest rate applied is between 3% and 15% per annum depending on the country and the customer contract.

The Group has provided fully for all receivables over 360 days because historical experience indicates that receivables that are past due beyond 360 days are not recoverable. Trade receivables between 30 days and 360 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Depending on the size of a potential new customer and the volume of trading expected, prior to accepting new credit customers, the Group uses a credit scoring system to assess the potential customer's credit quality and defines a suitable credit limit for the customer.

Notes to the consolidated financial statements (continued)

30 September 2013

16. Trade receivables (continued)

Analysis of receivables past due but not impaired

Included in the Group's trade receivable balance are debtors with a carrying amount of € 6.7 million (2012: € 7.4 million, 2011: € 7.4 million) which are past due at the reporting date for which the Group has not provided for as there has not been any significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The ageing of these receivables is as follows:

| | 2013 | 2012 | 2011 |
|-------------------------------|--------------|--------------|--------------|
| | € (000's) | € (000's) | € (000's) |
| Overdue 0-90 days | 6'138 | 6'839 | 7'000 |
| Overdue 90-360 days | 606 | 542 | 365 |
| Total | 6'744 | 7'381 | 7'365 |

There are no significant individually impaired trade receivables at 30 September 2013 (2012 and 2011: nil).

Movement in the allowance for doubtful accounts

| | Total |
|---|----------------|
| | € (000's) |
| Balance at 30 September 2010 | (2'810) |
| Amounts written off during the period | 114 |
| Amounts recovered during the period | 23 |
| Decrease in allowance recognised in statement of profit or loss | 108 |
| Effect of foreign exchange differences | (81) |
| Balance at 30 September 2011 | (2'646) |
| Amounts written off during the period | 63 |
| Amounts recovered during the period | 327 |
| Decrease in allowance recognised in statement of profit or loss | (379) |
| Change in consolidation scope | 116 |
| Effect of foreign exchange differences | (170) |
| Balance at 30 September 2012 | (2'689) |
| Amounts written off during the period | 326 |
| Amounts recovered during the period | 409 |
| Decrease in allowance recognised in statement of profit or loss | (292) |
| Change in consolidation scope | — |
| Effect of foreign exchange differences | (526) |
| Balance at 30 September 2013 | 2'772 |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable at the reporting date. This is in most cases evidenced by the age of the receivable, and the Group has implemented specific policies regarding the level of provision required for the change in credit quality based on the ageing of the receivable.

The concentration of credit risk is limited due to the fact that the Group has a very large customer base and a mix of credit and cash sales. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful accounts.

Notes to the consolidated financial statements (continued)

30 September 2013

16. Trade receivables (continued)

Ageing of impaired trade receivables

| | 2013 | 2012 | 2011 |
|-------------------------------|--------------|--------------|--------------|
| | € (000's) | € (000's) | € (000's) |
| Overdue 0-90 days | 337 | 460 | 490 |
| Overdue 90-360 days | 957 | 741 | 876 |
| Overdue > 360 days | 1'478 | 1'488 | 1'280 |
| Total | 2'772 | 2'689 | 2'646 |

17. Other current assets

| | 2013 | 2012 | 2011 |
|---|---------------|---------------|---------------|
| | € (000's) | € (000's) | € (000's) |
| Accrued income and uncollected cash in points-of-sale | 19'999 | 22'618 | 23'593 |
| Pre-payments | 5'626 | 3'690 | 6'328 |
| Sales tax recoverable | 4'468 | 3'773 | 6'166 |
| Other | 1'091 | 1'430 | 1'135 |
| Total other current assets | 31'184 | 31'511 | 37'223 |

18. Cash and cash equivalents

| | 2013 | 2012 | 2011 |
|--|---------------|---------------|---------------|
| | € (000's) | € (000's) | € (000's) |
| Cash at bank | 90'253 | 56'430 | 44'620 |
| Cash in points-of-sale | 5'245 | 5'192 | 5'040 |
| Cash and cash equivalents | 95'498 | 61'622 | 49'661 |

19. Borrowings and other financial liabilities

| | 2013 | 2012 | 2011 |
|---|----------------|----------------|----------------|
| | € (000's) | € (000's) | € (000's) |
| Borrowings at amortised cost | 818'702 | 843'210 | 830'516 |
| Derivatives classified as held for trading | — | — | 16'494 |
| Total borrowings and other financial liabilities | 818'702 | 843'210 | 847'010 |

The maturity of the borrowings and other financial liabilities is as follows:

| | 2013 | 2012 | 2011 |
|---|----------------|----------------|----------------|
| | € (000's) | € (000's) | € (000's) |
| Less than one year | 18'413 | 20'720 | 35'377 |
| After one year but not more than five years | 800'289 | 822'490 | 672'680 |
| More than five years | — | — | 138'953 |
| Total more than one year | 800'289 | 822'490 | 811'633 |
| Total borrowings and other financial liabilities | 818'702 | 843'210 | 847'010 |

Long-term financial liabilities include amounts due to banks and other financial institutions. Interest rates on these amounts, which are primarily denominated in EUR, CHF, GBP and SEK, average approximately 4.0% (2012: 4.0%, 2011: 6.2%).

Notes to the consolidated financial statements (continued)

30 September 2013

19. Borrowings and other financial liabilities (continued)

Total borrowings and other financial liabilities by currency

| | 30 September 2013 | | | 30 September 2012 | | |
|------------------------|-------------------|---------------|---------------|-------------------|-------------|---------------|
| | € million | in % | Interest rate | € million | in % | Interest rate |
| EUR | 249.1 | 30.4% | 4.0% | 246.1 | 29.2% | 3.9% |
| CHF | 361.7 | 44.2% | 2.9% | 364.7 | 43.3% | 3.0% |
| GBP | 76.7 | 9.4% | 5.0% | 100.5 | 11.9% | 4.5% |
| SEK | 131.2 | 16.0% | 6.4% | 131.9 | 15.6% | 6.6% |
| Total | 818.7 | 100.0% | 4.0% | 843.2 | 100% | 4.0% |

| | 30 September 2011 | | |
|------------------------|-------------------|-------------|---------------|
| | € million | in % | Interest rate |
| EUR | 247.1 | 29.2% | 6.9% |
| CHF | 368.7 | 43.5% | 5.3% |
| GBP | 111.5 | 13.2% | 6.7% |
| SEK | 119.7 | 14.1% | 7.2% |
| Total | 847.0 | 100% | 6.2% |

Total rate structure of borrowings and other financial liabilities

| | 2013 | 2012 | 2011 |
|---|--------------|--------------|--------------|
| | € million | € million | € million |
| Financial liabilities at fixed rates | — | — | 511.4 |
| Financial liabilities at variable rates | 818.7 | 843.2 | 335.6 |
| Total | 818.7 | 843.2 | 847.0 |

Financial liabilities at variable rates were hedged until 30 June 2012. For further details in respect of the hedges see note 30.

The gain arising from the change in fair value of the hedge of € 16.7 million in financial year ended 30 September 2012 (2011: gain € 17.6 million) has been booked in the statement of profit or loss within finance costs in respective financial year.

Details of borrowing facilities

The borrowings were received in connection with the financing of the acquisition of the Group by CH Jupiter AG and its subsidiaries and issued in GBP, CHF, EUR and SEK. The lenders are a syndicate of banks.

A revolving credit facility of GBP 25 million and a Capex facility of GBP 55 million were also provided by the bank syndicate as part of the financing of the Group. At 30 September 2013 the Group has drawn amounts of GBP 15.4 million under the Capex facility (2012: GBP 32.1 million, 2011: GBP 48.8 million), and has no outstanding drawings under the revolving credit facility (2012: nil, 2011: nil).

Notes to the consolidated financial statements (continued)

30 September 2013

19. Borrowings and other financial liabilities (continued)

The amounts of the borrowing facilities made available to the Group under the original facilities agreements are as follows:

| Currency | Borrower | Date of Maturity | LIBOR margin | (000's) |
|---|---------------------------|------------------|--|---------|
| Term Loan Facility | | | | |
| GBP . . . | Selecta Holding Ltd. | 2 July 2015 | Maximum 2.3750% p.a. depending on debt cover ratio | 22'000 |
| CHF . . . | Selecta AG | | | 638'035 |
| EUR . . . | Selecta Holding B.V. | | | 7'412 |
| EUR . . . | Selecta Holding S.A.S. | | | 155'661 |
| SEK . . . | Selecta Nordic Holding AB | | | 774'072 |
| Second Lien Facility | | | | |
| GBP . . . | Selecta Holding Ltd. | 2 January 2017 | 4.00% p.a. | 15'000 |
| EUR . . . | Selecta Holding B.V. | | | 4'447 |
| EUR . . . | Selecta Holding S.A.S. | | | 71'160 |
| SEK . . . | Selecta Nordic Holding AB | | | 299'866 |
| Mezzanine Facility | | | | |
| GBP . . . | Selecta Holding Ltd. | 2 July 2017 | 3.75% p.a. cash margin and 4.25% PIK margin (to be paid at maturity) | 30'000 |
| EUR . . . | Selecta Holding B.V. | | | 4'447 |
| EUR . . . | Selecta Holding S.A.S. | | | 40'027 |
| SEK . . . | Selecta Nordic Holding AB | | | 209'209 |
| Revolving and Acquisition/ Capex Facility | | | | |
| GBP ⁽¹⁾ . | Any borrower except for | 2 July 2014 | Maximum 2.00% p.a. depending on debt cover ratio | 25'000 |
| GBP ⁽¹⁾ . | Selecta Holding S.A.S. | | | 55'000 |

(1) these facilities may be drawn in GBP, EUR, SEK or CHF

Under the terms of the Group's Senior Facilities Agreement and Mezzanine Facilities Agreement, the Group is obliged to meet certain financial covenants on a quarterly basis. The financial covenants and their underlying calculations are as follows:

- Cashflow cover: represents the ratio of Consolidated Cash Flow of the last twelve months to Net Debt Service of the last twelve months.
- Debt cover: the ratio of Consolidated Total Net Debt at the end of the quarter to Consolidated EBITDA of the last twelve months.
- Interest cover: the ratio of Consolidated EBITDA of the last twelve months to Consolidated Net Finance Charges of the last twelve months.

In addition, the Agreements impose a limit on the maximum Capital Expenditure which may be incurred during the course of a financial year, and if in any financial year the amount of Capital Expenditure spent is less than the maximum amount permitted for that financial year, the maximum spend for the following year is increased by the amount of such underspend.

The Group has complied with all of its covenant obligations in both the current and all previous financial years.

In connection with the acquisition of the Group and the financing of the acquisition by the bank syndicate, Selecta AG pledged shares of certain of its subsidiaries to the bank syndicate as security.

For further details in respect of the hedges see note 30.

Notes to the consolidated financial statements (continued)

30 September 2013

20. Deferred income taxes

Balance Sheet presentation

Deferred income tax balances are presented in the balance sheet as follows:

| | 2013 | 2012 | 2011 |
|--|-------------------------|-------------------------|-------------------------|
| | € (000's) | € (000's) | € (000's)* |
| Deferred income tax assets | 12'639 | 8'035 | 9'493 |
| Deferred income tax liabilities | (138'878) | (146'719) | (153'852) |
| Total deferred income taxes | <u>(126'239)</u> | <u>(138'684)</u> | <u>(144'359)</u> |

* As restated, see Note 2.7

Movement in deferred tax balances during the year

The movement in the deferred tax balances during the year was as follows:

| | 30 September 2012 | (Charged)/ credited to income | (Charged)/ credited to OCI | Change in consolidation scope | Exchange differences | 30 September 2013 |
|---|-------------------------|-------------------------------------|----------------------------------|-------------------------------------|-------------------------|-------------------------|
| | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) |
| Temporary differences | | | | | | |
| Intangible assets | (137'513) | 6'425 | — | — | 248 | (130'840) |
| Property, plant and equipment | (13'051) | 942 | — | — | 92 | (12'017) |
| Non-current financial assets | 91 | (90) | — | — | (1) | — |
| Inventories | (912) | 53 | — | — | 11 | (847) |
| Trade receivables . . . | (153) | (31) | — | — | 4 | (180) |
| Current liabilities | (273) | 407 | — | — | 4 | 138 |
| Provisions | 767 | (767) | — | — | — | — |
| Other non-current liabilities | 5'330 | (732) | (597) | — | (32) | 3'969 |
| Total temporary differences | <u>(145'714)</u> | <u>6'207</u> | <u>(597)</u> | <u>—</u> | <u>326</u> | <u>(139'777)</u> |
| Tax losses | | | | | | |
| Unused tax losses . . . | 7'030 | 6'755 | — | — | (247) | 13'538 |
| Total deferred tax asset/(liability) . . . | <u>(138'684)</u> | <u>12'962</u> | <u>(597)</u> | <u>—</u> | <u>79</u> | <u>(126'239)</u> |

Notes to the consolidated financial statements (continued)

30 September 2013

20. Deferred income taxes (continued)

| | 30 September 2011* | (Charged)/ credited to income | (Charged)/ credited to OCI | Change in consolidation scope | Exchange differences | 30 September 2012 |
|--|-----------------------|-------------------------------------|----------------------------------|-------------------------------------|-------------------------|----------------------|
| | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) |
| Temporary differences | | | | | | |
| Intangible assets | (143'264) | 5'186 | — | 782 | (217) | (137'513) |
| Property, plant and equipment | (4'609) | (9'649) | — | 508 | 699 | (13'051) |
| Non-current financial assets | 80 | 29 | — | — | (18) | 91 |
| Inventories | (946) | 42 | — | — | (8) | (912) |
| Trade receivables . . . | 21 | (160) | — | (29) | 15 | (153) |
| Current liabilities | 178 | (303) | — | (143) | (5) | (273) |
| Provisions | 849 | (48) | — | (34) | — | 767 |
| Other non-current liabilities | 4'416 | 602 | 742 | (115) | (315) | 5'330 |
| Less valuation allowances on deferred tax assets | (10'633) | 10'633 | — | — | — | — |
| Total temporary differences | (153'908) | 6'332 | 742 | 969 | 151 | (145'714) |
| Tax losses | | | | | | |
| Unused tax losses . . . | 9'549 | (2'169) | — | — | (350) | 7'030 |
| Total deferred tax asset/(liability) . . . | (144'359) | 4'163 | 742 | 969 | (199) | (138'684) |

* As restated, see Note 2.7

| | 30 September 2010* | (Charged)/ credited to income | (Charged)/ credited to OCI | Exchange differences | 30 September 2011* |
|---|-----------------------|-------------------------------------|----------------------------------|-------------------------|-----------------------|
| | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) |
| Temporary differences | | | | | |
| Intangible assets | (149'010) | 5'947 | — | (201) | (143'264) |
| Property, plant and equipment | (6'779) | 2'816 | — | (647) | (4'609) |
| Non-current financial assets | 270 | (190) | — | — | 80 |
| Inventories | (963) | 103 | — | (85) | (946) |
| Trade receivables | 457 | (432) | — | (4) | 21 |
| Current liabilities | 251 | (60) | — | (13) | 178 |
| Provisions | 717 | 132 | — | — | 849 |
| Other non-current liabilities | 4'244 | (321) | 469 | 25 | 4'416 |
| Less valuation allowances on deferred tax assets | (8'408) | (2'226) | — | — | (10'633) |
| Total temporary differences | (159'221) | 5'769 | 469 | (925) | (153'908) |
| Tax losses | | | | | |
| Unused tax losses | 8'261 | 664 | — | 624 | 9'549 |
| Total deferred tax asset/(liability) . | (150'960) | 6'433 | 469 | (301) | (144'359) |

* As restated, see Note 2.7

Notes to the consolidated financial statements (continued)

30 September 2013

20. Deferred income taxes (continued)

Detail of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

30 September 2013

| | Assets € (000's) | Liabilities € (000's) | Net € (000's) |
|---|---------------------|--------------------------|------------------|
| Temporary differences | | | |
| Intangible assets | 90 | (130'930) | (130'840) |
| Property, plant and equipment | 298 | (12'315) | (12'017) |
| Non-current financial assets | — | — | — |
| Inventories | 67 | (914) | (847) |
| Trade receivables | 231 | (411) | (180) |
| Current liabilities | 228 | (90) | 138 |
| Provisions | — | — | — |
| Other non-current liabilities | 4'005 | (36) | 3'969 |
| Deferred tax assets/(liabilities) arising on temporary differences | 4'919 | (144'696) | (139'777) |
| Tax losses | | | |
| Unused tax losses | 13'538 | — | 13'538 |
| Deferred tax assets arising from unused tax losses | 13'538 | — | 13'538 |
| Offset deferred tax assets and deferred tax liabilities | (5'818) | 5'818 | — |
| Total deferred tax asset/(liability) | 12'639 | (138'878) | 126'239 |

30 September 2012

| | Assets € (000's) | Liabilities € (000's) | Net € (000's) |
|---|---------------------|--------------------------|------------------|
| Temporary differences | | | |
| Intangible assets | 111 | (137'624) | (137'513) |
| Property, plant and equipment | 986 | (14'037) | (13'051) |
| Non-current financial assets | 91 | — | 91 |
| Inventories | 3 | (915) | (912) |
| Trade receivables | 11 | (164) | (153) |
| Current liabilities | 81 | (354) | (273) |
| Provisions | 767 | — | 767 |
| Other non-current liabilities | 5'330 | — | 5'330 |
| Deferred tax assets/(liabilities) arising on temporary differences | 7'380 | (153'094) | (145'714) |
| Tax losses | | | |
| Unused tax losses | 7'030 | — | 7'030 |
| Deferred tax assets arising from unused tax losses | 7'030 | — | 7'030 |
| Offset deferred tax assets and deferred tax liabilities | (6'375) | 6'375 | — |
| Total deferred tax asset/(liability) | 8'035 | (146'719) | (138'684) |

Notes to the consolidated financial statements (continued)

30 September 2013

20. Deferred income taxes (continued)

30 September 2011*

| | Assets € (000's) | Liabilities € (000's) | Net € (000's) |
|---|---------------------|--------------------------|------------------|
| Temporary differences | | | |
| Intangible assets | 314 | (143'578) | (143'264) |
| Property, plant and equipment | 10'247 | (14'856) | (4'609) |
| Non-current financial assets | 80 | — | 80 |
| Inventories | 3 | (949) | (946) |
| Trade receivables | 145 | (124) | 21 |
| Current liabilities | 270 | (93) | 178 |
| Provisions | 849 | — | 849 |
| Other non-current liabilities | 4'433 | (17) | 4'416 |
| Less valuation allowances on deferred tax assets | (10'633) | — | (10'633) |
| Deferred tax assets/(liabilities) arising on temporary differences | 5'708 | (159'616) | (153'908) |
| Tax losses | | | |
| Unused tax losses | 9'549 | — | 9'549 |
| Deferred tax assets arising from unused tax losses | 9'549 | — | 9'549 |
| Offset deferred tax assets and deferred tax liabilities | (5'764) | 5'764 | — |
| Total deferred tax asset/(liability) | 9'493 | (153'852) | (144'359) |

* As restated, see Note 2.7

Unrecognised deferred tax assets/liabilities

The value of unused tax losses carried forward which have not been capitalised as deferred tax assets, with their expiration dates is as follows:

| | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) |
|--|-------------------|-------------------|-------------------|
| One year | 98 | 99 | 149 |
| Two years | 98 | 99 | 109 |
| Three years | 98 | 751 | 713 |
| Four years | 837 | 747 | 1'599 |
| Five years | 899 | 837 | 68 |
| More than five years | 178'042 | 153'588 | 126'871 |
| Total unused tax losses carried forward | 180'071 | 156'121 | 129'509 |

These deferred income tax assets have not been recognised as it is not probable that future taxable profits will be available to utilise the losses.

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. The parent is not only able to control the distribution of dividends but has also no plan for any such distribution.

Notes to the consolidated financial statements (continued)

30 September 2013

21. Finance lease liabilities

Finance leases relate predominantly to motor vehicles and vending equipment. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

The present value of future minimum payments due under finance leases and the minimum lease payments due is as follows:

| | Minimum lease payments | | | Present value of minimum lease payments | | |
|--|------------------------|--------------|--------------|---|--------------|--------------|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) | € (000's) |
| Current finance lease liabilities | 2'398 | 1'519 | 2'347 | 2'308 | 1'444 | 2'203 |
| Non-current finance lease liabilities: | | | | | | |
| After one year but not more than five years | 5'907 | 4'303 | 4'022 | 5'687 | 4'090 | 3'776 |
| More than five years | — | — | — | — | — | — |
| Total non-current finance lease liabilities . . | 5'907 | 4'303 | 4'022 | 5'687 | 4'090 | 3'776 |
| Total finance lease liabilities | 8'305 | 5'822 | 6'369 | 7'995 | 5'534 | 5'980 |

The fair value of the finance lease liabilities approximately equals their carrying amount.

22. Retirement benefit obligations

Defined contribution plans

The Group operates defined contribution plans for qualifying employees in a number of its countries of operation. The assets of the plans are held separately from those of the Group under the control of unrelated parties.

The total expense recognised in the period in respect of defined contribution schemes was € 2.4 million (2012: € 3.8 million, 2011: € 4.1 million). The expense represents contributions payable to the plans at the rates specified in the plans.

Included in the Group's current liabilities at the end of the year is an amount of € 23'000 (2012: € 44'000, 2011: € 127'000) representing contributions due in respect of the reporting period but not yet paid over to the plans.

Defined benefit plans

The Group also offers defined benefit plans in certain countries of operation. Under the plans the employees are entitled to retirement benefits equal to a percentage of their accumulated savings in the plan on reaching a locally defined retirement age.

The amounts recognised in the consolidated statement of profit or loss in respect of defined benefit plans are as follows:

| | 2013 | 2012 | 2011 |
|--|----------------|----------------|----------------|
| | € (000's) | € (000's) | € (000's) |
| Service cost (employees' contributions included) | (8'999) | (7'983) | (7'524) |
| Interest cost | (3'606) | (4'027) | (4'153) |
| Expected return on plan assets | 3'061 | 3'449 | 4'844 |
| Past service cost recognised in the period | (188) | (7) | (253) |
| Curtailment, settlement, plan amendment gain (loss) | 4'830 | — | — |
| Net periodic pension cost | (4'902) | (8'568) | (7'086) |
| Employees' contributions | 3'012 | 3'059 | 2'878 |
| Expense recognised in the statement of profit or loss | (1'890) | (5'509) | (4'208) |

Notes to the consolidated financial statements (continued)

30 September 2013

22. Retirement benefit obligations (continued)

The charge for each year has been included in employee benefits expense in the consolidated statement of profit or loss.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit obligation is as follows:

| | 2013 | 2012 | 2011 |
|--|-----------------|-----------------|-----------------|
| | € (000's) | € (000's) | € (000's) |
| Fair value of plan assets | 155'723 | 145'614 | 130'886 |
| Present value of funded defined benefit obligation | (165'726) | (162'180) | (143'862) |
| Funded status | (10'003) | (16'566) | (12'976) |
| Present value of unfunded benefit obligation | (5'741) | (5'678) | (4'820) |
| Unrecognised past service cost | 75 | 83 | 90 |
| Net liability in the balance sheet | (15'669) | (22'161) | (17'706) |

The movement in the present value of the defined benefit obligation in the current period was as follows:

| | 2013 | 2012 | 2011 |
|---|------------------|------------------|------------------|
| | € (000's) | € (000's) | € (000's) |
| Present value of obligation at beginning of period | (167'858) | (148'682) | (136'976) |
| Change in consolidation scope | — | 271 | — |
| Service cost (employees' contributions included) | (8'999) | (7'983) | (7'524) |
| Past service cost | (181) | — | — |
| Interest cost | (3'606) | (4'027) | (4'153) |
| Curtailments / settlements | 4'830 | — | (90) |
| Benefits paid | 3'658 | 3'388 | 3'143 |
| Transfer payments in/out | 1'354 | 5'318 | 3'578 |
| Premiums paid | 50 | 30 | 55 |
| Actuarial gain (loss) on benefit obligation | (2'573) | (15'115) | 5'028 |
| Currency gain (loss) | 1'858 | (1'058) | (11'743) |
| Present value of obligation at end of period | (171'467) | (167'858) | (148'682) |

The movement in the fair value of plan assets in the current period was as follows:

| | 2013 | 2012 | 2011 |
|---|----------------|----------------|----------------|
| | € (000's) | € (000's) | € (000's) |
| Fair value of plan assets at beginning of period | 145'614 | 130'886 | 120'887 |
| Expected return on plan assets | 3'061 | 3'449 | 4'844 |
| Employer's contributions | 4'770 | 4'879 | 4'958 |
| Employees' contributions | 3'012 | 3'059 | 2'878 |
| Benefits paid | (3'413) | (3'301) | (3'144) |
| Transfer payments in/out | (1'354) | (5'318) | (3'578) |
| Premiums paid | (50) | (30) | (55) |
| Actuarial gain (loss) on plan assets | 5'764 | 11'016 | (6'689) |
| Currency gain (loss) | (1'681) | 974 | 10'785 |
| Fair value of plan assets at end of period | 155'723 | 145'614 | 130'886 |

The benefits paid primarily consist of pension payments.

The transfer payments in/out are the net amount of capital transfer payments as vested benefits paid into pension fund of new employees, vested benefits paid out of pension fund of leavers, lump sum payment at retirement, capital payments due to divorce or residential property.

Notes to the consolidated financial statements (continued)

30 September 2013

22. Retirement benefit obligations (continued)

The fair value of the total plan assets at the balance sheet date comprises of the following major categories of assets and associated rates of return:

| | 2013 | 2012 | 2011 | Expected return, 2013 |
|------------------------|---------------|---------------|---------------|--------------------------|
| Cash | 9.7% | 7.2% | 13.4% | 0.25% |
| Bonds | 27.5% | 28.4% | 26.2% | 2.00% |
| Equities | 22.1% | 23.2% | 21.5% | 3.50% |
| Property | 30.0% | 30.8% | 34.9% | 2.50% |
| Other | 10.7% | 10.4% | 4.1% | 3.00% |
| Total | 100.0% | 100.0% | 100.0% | |

The weighted average expected rate of returns at the beginning of the year was 2.0% (2012: 2.0%, 2011: 2.5%), which is calculated based on the expected returns of the various categories of plan assets held. Management estimates the expected returns according to historical trends and analysts' predictions of the market for the asset in the next twelve months.

The actual return on plan assets was € 8.8 million (2012: € 14.5 million, 2011: € – 1.8 million).

The funded pension plan assets are invested in accordance with local laws. They include neither the Group's own financial instrument nor property occupied by, or other assets used by, the Group.

The principal actuarial assumptions are based on local economic conditions and are as follows for Switzerland, which accounts for approximately 90% of all funded benefit obligations and plan assets of the Group:

| | 2013 | 2012 | 2011 |
|--|------|------|------|
| Discount rate | 2.0% | 2.0% | 2.5% |
| Expected return on plan assets | 2.0% | 2.0% | 2.5% |
| Expected salary increase | 1.5% | 2.0% | 2.0% |
| Expected pension increase | 0.3% | 0.3% | 0.3% |

The history of experience adjustments is as follows:

| | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) | 2010 € (000's) | 2009 € (000's) | 2008 € (000's) |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Present value of defined benefit obligation | (171'467) | (167'858) | (148'682) | (136'977) | (112'480) | (103'477) |
| Fair value of plan assets | 155'723 | 145'614 | 130'886 | 120'887 | 105'207 | 101'700 |
| (Deficit) | (15'744) | (22'244) | (17'796) | (16'090) | (7'273) | (1'777) |
| Change in assumptions on plan liabilities | (3'904) | (12'842) | (1'274) | (7'164) | (4'049) | 1'733 |
| Experience adjustments on plan liabilities | 1'330 | (2'273) | 6'303 | (806) | 1'366 | 5'758 |
| Experience adjustments on plan assets | 5'764 | 11'016 | (6'689) | (1'041) | (8'594) | (9'215) |
| Total actuarial loss recognised in OCI | 3'190 | (4'099) | (1'660) | (9'011) | (11'277) | (1'724) |

Accumulated actuarial losses recognised in other comprehensive income amounted to € – 22.7 million at 30 September 2013 (2012: € – 25.9 million, 2011: € – 21.7 million). Expected contributions by the employer to post employment benefit plans for the year ending 30 September 2014 are € 4.6 million.

Notes to the consolidated financial statements (continued)

30 September 2013

23. Profit participation rights

As at 30 September 2013, the Group has issued 36'778 (2012: 54'670, 2011: 64'610) profit participation rights for an aggregate purchase price of € 548'021 (2012: € 814'625, 2011: € 962'738).

No voting rights are attached to the profit participation rights but the holders thereof have rights to receive any distributions of profits when dividends are declared on the shares on a pari passu basis with the shares.

The profit participation rights carry certain rights to the distribution on a sale or initial public offering ("exit") and on liquidation of the Company pari passu with the shares. If an exit has not been realised before 2 July 2017, the participants may require the Company to repurchase its profit participation rights for an amount equal to the lower of:

- the aggregate purchase price; and
- fair market value

24. Provisions

| | Warranty € (000's) | Litigation & tax € (000's) | Restructuring € (000's) | Other € (000's) | Total € (000's) |
|--|-----------------------|----------------------------------|----------------------------|--------------------|--------------------|
| Balance at 30 September 2010, as previously reported | (3'159) | (1'448) | (2'181) | (630) | (7'419) |
| Impact of restatement* | — | — | — | (2'712) | (2'712) |
| Balance at 30 September 2010* | (3'159) | (1'448) | (2'181) | (3'342) | (10'131) |
| Charged to the statement of profit or loss | (985) | (4'829) | (1'471) | (786) | (8'071) |
| Expenditure in the period | 139 | 71 | 1'209 | 1'209 | 2'628 |
| Reversed against the statement of profit or loss without cost incurred | (7) | 24 | 7 | 100 | 124 |
| Reclassified between categories* | — | — | 1'194 | (1'194) | — |
| Effect of foreign exchange differences | (5) | (2) | 11 | (61) | (57) |
| Balance at 30 September 2011* | (4'017) | (6'184) | (1'232) | (4'074) | (15'507) |
| Charged to the statement of profit or loss | (17) | (265) | 1 | (1'051) | (1'332) |
| Expenditure in the period | 48 | 3'853 | 1'165 | 134 | 5'200 |
| Reversed against the statement of profit or loss without cost incurred | 2'527 | 4 | 60 | 595 | 3'186 |
| Change in consolidation scope | — | — | — | 48 | 48 |
| Effect of foreign exchange differences | (1) | (13) | (23) | (4) | (41) |
| Balance at 30 September 2012 | (1'460) | (2'605) | (29) | (4'352) | (8'446) |
| Charged to the statement of profit or loss | (307) | 112 | (1'622) | (1'331) | (3'148) |
| Expenditure in the period | — | 427 | — | 258 | 685 |
| Reversed against the statement of profit or loss without cost incurred | 246 | 1'000 | — | 1'447 | 2'693 |
| Reclassification** | — | — | (112) | 112 | — |
| Effect of foreign exchange differences | 1 | 3 | (6) | 2 | — |
| Balance at 30 September 2013 | (1'520) | (1'063) | (1'769) | (3'864) | (8'216) |

* As restated, see Note 2.7

** Reclassified between categories in order to more accurately reflect the underlying nature of the provisions.

Notes to the consolidated financial statements (continued)

30 September 2013

24. Provisions (continued)

The above amounts are recorded in the balance sheet as follows:

| | 2013 | 2012 | 2011 |
|-----------------------------------|----------------|----------------|-----------------|
| | € (000's) | € (000's) | € (000's) |
| Non-current liabilities | (6'605) | (8'446) | (15'507) |
| Current liabilities | (1'611) | — | — |
| Total | (8'216) | (8'446) | (15'507) |

* As restated, see Note 2.7

The warranty provision represents management's best estimate of the future outflow of economic benefits that will be required in respect of warranties on machine sales and has been based on historical trends observed.

The provisions in respect of litigations and tax represent management's best estimate of the future outflow of economic benefits required to settle legal claims and tax claims made against the Group, and has been based on advice from and discussion with the Group's lawyers.

The restructuring provision represents amounts due to be paid in respect of certain restructuring activities which have been initiated. The amounts provided include the costs of employee severance payments, as well as other costs associated with closing facilities or offices.

The other provision includes significant portion of long service awards (jubilee benefits) to which all employees of Selecta Switzerland are entitled based on the years of service. The calculation requires an actuarial valuation to be performed as it is based on assumptions of expected service lengths, current service length, date of entry, monthly salary, sex, long service awards paid in last financial year etc.

25. Current liabilities

Trade payables

| | 2013 | 2012 | 2011 |
|---------------------------------------|---------------|---------------|---------------|
| | € (000's) | € (000's) | € (000's) |
| Trade payables | 76'752 | 86'412 | 86'805 |
| Total trade payables | 76'752 | 86'412 | 86'805 |

The Group has no trade payables due to related parties as of 30 September 2013 (2012: nil, 2011: nil). The Group's exposure to financial and liquidity risk related to trade and other payables is disclosed in note 29.

Other payables

| | 2013 | 2012 | 2011 |
|--|---------------|---------------|---------------|
| | € (000's) | € (000's) | € (000's) |
| Other payables | 28'909 | 30'284 | 31'036 |
| Accrued expenses | 34'984 | 21'632 | 31'825 |
| Interest payable | 1'940 | 1'987 | 11'815 |
| Tax and social security costs | 12'211 | 14'458 | 14'348 |
| Total other liabilities | 78'044 | 68'361 | 89'023 |

The balance of other payables represent the sum of payments on account of customers (deferred revenue), pension contribution payable (employer and employee portion), personnel accruals (overtime, vacations, wages and salaries, bonus/incentives) and other.

Notes to the consolidated financial statements (continued)

30 September 2013

25. Current liabilities (continued)

Current income tax liabilities

| | 2013 | 2012 | 2011 |
|---|--------------|--------------|--------------|
| | € (000's) | € (000's) | € (000's) |
| Current income tax liabilities | 4'397 | 4'366 | 2'112 |
| Current income tax liabilities | 4'397 | 4'366 | 2'112 |

The balance of current income tax liabilities represents the income tax liabilities due to tax authorities payable within 1 year.

26. Share capital and additional paid-in capital

The Group's share capital consists of 187'000 fully paid ordinary shares (2012 and 2011: 187'000) with a nominal value of € 1 per share.

| | Number of shares | Share capital | Share premium | Additional paid-in capital |
|--|---------------------|------------------|------------------|----------------------------------|
| | | € (000's) | € (000's) | € (000's) |
| Balance at 30 September 2010, 2011, 2012 and 2013 . . . | 187'000 | 187 | 278'457 | 220'529 |

Fully paid ordinary shares carry one vote per share and a right to dividends.

In September 2009 ACP Vermögensverwaltung GmbH Nr.4 d.1, a special purpose entity controlled by the Group's ultimate parent undertaking Allianz SE, purchased a portion of the Group's outstanding borrowings from individual lenders and immediately waived the amounts due. The waiver of the borrowings has been treated as additional paid-in capital within equity.

Notes to the consolidated financial statements (continued)

30 September 2013

27. Subsidiaries

Details of the Company's subsidiaries at 30 September 2013 are as follows:

| Legal Name of subsidiary | Place of incorporation (or registration) | Proportion of ownership interest in % | Proportion of voting power held in % | Principal activities |
|---|--|---------------------------------------|--------------------------------------|--|
| Selecta Holding SAS | France | 100 | 100 | Holding company |
| Selecta SA | France | 99.92 | 99.92 | Trading company for provision of vending foodservice |
| Approfrais SA | France | 99.92 | 99.92 | Trading company for provision of vending foodservice |
| Selecta SA | Belgium | 100 | 100 | Trading company for provision of vending foodservice |
| Selecta Luxembourg SA | Luxembourg | 99.92 | 99.92 | Dormant company |
| Selecta Nordic Holding AB | Sweden | 100 | 100 | Holding company |
| Selecta A/S | Denmark | 100 | 100 | Trading company for provision of vending foodservice |
| Selecta AS | Norway | 100 | 100 | Trading company for provision of vending foodservice |
| Selecta Holding AB | Sweden | 100 | 100 | Holding company |
| Selecta AB | Sweden | 100 | 100 | Trading company for provision of vending foodservice |
| OY Selecta AB | Finland | 100 | 100 | Trading company for provision of vending foodservice |
| Selecta Eesti OÜ | Estonia | 100 | 100 | Trading company for provision of vending foodservice |
| UAB Selecta | Lithuania | 100 | 100 | Trading company for provision of vending foodservice |
| SIA Selecta | Latvia | 100 | 100 | Trading company for provision of vending foodservice |
| SIA Baltic Payment Systems | Latvia | 100 | 100 | Service company |
| Selecta Holding Ltd. | United Kingdom | 100 | 100 | Holding company |
| Selecta UK Ltd. | United Kingdom | 100 | 100 | Trading company for provision of vending foodservice |
| Vendcare (Holdings) Ltd. | United Kingdom | 100 | 100 | Dormant company |
| Vendcare Services Ltd. | United Kingdom | 100 | 100 | Dormant company |
| Retail Vending Ltd. | United Kingdom | 100 | 100 | Dormant company |
| Selecta Refreshments Ltd. | Eire | 100 | 100 | Trading company for provision of vending foodservice |
| Selecta Management AG | Switzerland | 100 | 100 | Holding company and corporate activities |
| Selecta TMP AG | Switzerland | 100 | 100 | Holding company and corporate activities |
| Selecta Purchasing AG | Switzerland | 100 | 100 | Provision of purchasing services |
| Selecta AG | Switzerland | 100 | 100 | Holding and trading company for provision of vending foodservice |
| Selecta Holding GmbH | Germany | 100 | 100 | Holding company |
| Selecta Deutschland GmbH | Germany | 100 | 100 | Trading company for provision of vending foodservice |
| BCA Betriebs Catering GmbH | Germany | 100 | 100 | Trading company for provision of vending foodservice |
| Selecta Hungary Automataüzemeltető Kft | Hungary | 100 | 100 | Trading company for provision of vending foodservice |
| AB Servicios Selecta Espana SL | Spain | 100 | 100 | Trading company for provision of vending foodservice |
| Servecave SL | Spain | 100 | 100 | Holding company |

Notes to the consolidated financial statements (continued)

30 September 2013

27. Subsidiaries (continued)

| Legal Name of subsidiary | Place of incorporation (or registration) | Proportion of ownership interest in % | Proportion of voting power held in % | Principal activities |
|---------------------------------------|--|---------------------------------------|--------------------------------------|--|
| Selecta Betriebsverpflegungs GmbH . . | Austria | 100 | 100 | Trading company for provision of vending foodservice |
| Automaty Servis Selecta Sro . . . | Czech Republic | 100 | 100 | Trading company for provision of vending foodservice |
| AS Selecta Sro | Slovakia | 100 | 100 | Trading company for provision of vending foodservice |
| Selecta Holding BV | Netherlands | 100 | 100 | Holding company |
| Selecta BV | Netherlands | 100 | 100 | Trading company for provision of vending foodservice |

28. Statement of changes in consolidated other comprehensive income

| | Attributed to equity holders of the parent | | |
|---|--|-------------------|----------------------------|
| | Currency translation reserve | Retained earnings | Other comprehensive income |
| | € (000's) | € (000's) | € (000's) |
| 2011 | | | |
| Foreign currency translation differences for foreign operations . | (32'344) | — | (32'344) |
| Defined benefit plan actuarial gain/ (loss), net of tax | — | (1'192) | (1'192) |
| Total other comprehensive income, net of tax | (32'344) | (1'192) | (33'536) |
| 2012 | | | |
| Foreign currency translation differences for foreign operations . | (13'915) | — | (13'915) |
| Defined benefit plan actuarial gain/ (loss), net of tax | — | (3'357) | (3'357) |
| Total other comprehensive income, net of tax | (13'915) | (3'357) | (17'272) |
| | € (000's) | € (000's) | € (000's) |
| 2013 | | | |
| Foreign currency translation differences for foreign operations . | 8'432 | — | 8'432 |
| Defined benefit plan actuarial gain/ (loss), net of tax | — | 2'593 | 2'593 |
| Total other comprehensive income, net of tax | 8'432 | 2'593 | 11'025 |

29. Financial risk management

Financial risk management is an integral part of the way the Group is managed. The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial policies. Group's management reports on a monthly basis to the Board of Directors on the Group's performance. The Board of Directors meets approximately 8-10 times a year and meeting minutes are documented. The Chief Financial Officer (CFO) is responsible for setting financial strategies, which are executed by Group Treasury and by the Group's subsidiaries. The activities of Group Treasury and of the various subsidiaries are regularly reviewed and monitored by the CFO thus verifying the compliance of operations within the approved guidelines and limits.

The Group Treasury function, in conjunction with the Group Finance Function, monitors the financial risks relating to the operations of the Group through regular review of the Group's performance. In addition covenant compliance, both actual and future based on Group plans, budgets and forecasts, is reviewed regularly in conjunction with the Group's key management. To this end, scenario analyses are

Notes to the consolidated financial statements (continued)

30 September 2013

29. Financial risk management (continued)

performed to determine the level of risk and to ensure that appropriate procedures are implemented to manage and mitigate those risks.

The Group Treasury function is responsible for ensuring adequate funds are available to the Group's subsidiaries as necessary. To this end a cash pool has been established in respect of some countries in which the Group operates, and funds are reallocated across the Group as necessary. The Group's Treasury function is also responsible for drawing on and repaying amounts under the Group's capital expenditure and revolving credit facilities to meet the cash needs of the Group. All drawings must be approved by the CFO and the outstanding borrowings under each facility are reported to the Board of Directors on a monthly basis.

The Group has previously used derivative financial instruments to manage its exposure to interest rates, as described below in note 29.5, although no such instruments are in place today. The Group constantly reviews the cost and benefit of entering into such instruments, given also current interest rates and market expectations of future rates. The Group does not enter into or trade financial instruments for speculative purposes.

29.1. Market risk management

Financial market risk is essentially caused by exposures to foreign currencies, interest rates and coffee price. For further details on interest rate risk management see section 29.5 and foreign currency risk management see section 29.6

The Group is also exposed to commodity price risk because of coffee price fluctuations. Some of these fluctuations can be passed on to clients through price increases in line with contractual conditions. The Group has periodically assessed the economic impact of hedging the coffee prices but considers the hedging-cost as too high to make hedging a commercially attractive measure. However whilst the Group does not enter into hedging instruments into coffee prices, coffee volumes are committed with suppliers between 1 and 6 months in advance depending on current green bean coffee prices and expectations of future price development.

29.2. Credit risk management

Credit risk arises because a counterparty may fail to perform its obligations as prescribed, resulting in a financial loss to the Group. The Group is exposed to credit risk on its trade receivables, its non-current other financial assets and its cash and cash equivalents.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | Note | Carrying amount | | |
|--|------|-----------------|----------------|----------------|
| | | 2013 | 2012 | 2011 |
| | | € (000's) | € (000's) | € (000's) |
| Trade receivables | 16 | 38'226 | 43'151 | 46'350 |
| Non-current other financial assets | 14 | 2'305 | 2'478 | 1'601 |
| Cash and cash equivalents | 18 | 95'498 | 61'622 | 49'661 |
| Accrued income and uncollected cash in points-of sale* | 17 | 19'999 | 22'618 | 23'593 |
| Total exposure to credit risk | | 156'028 | 129'869 | 121'205 |

Trade receivables are subject to credit limits and ongoing credit evaluation in all the subsidiaries. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables, and there were no counterparties where credit risk exceeded 5% of gross monetary assets at any time during the year. In addition, due to the nature of the Group's operations, a significant portion of its revenues are received in cash.

For details on how the Group manages its credit risk arising from trade receivables see note 16.

Notes to the consolidated financial statements (continued)

30 September 2013

29. Financial risk management (continued)

The Group is not exposed to significant credit risk on its cash and cash equivalents as these are spread over several institutions in different geographic areas.

Settlement risk results from the fact that the Group may not receive financial instruments from its counterparties at the expected time. This risk is managed by monitoring counterparty activity and settlement limits.

29.3. Liquidity risk management

Liquidity risk arises when a company encounters difficulties to meet commitments associated with financial instruments. Such risk may result from inadequate market depth or disruption or refinancing problems. This risk is managed by limiting exposures in instruments that may be affected by liquidity problems and by actively matching the funding horizon of debt with incoming cash flows. The Group manages liquidity risk by ensuring adequate reserves are available, and through its banking facilities, in particular the Group's capital expenditure and revolving credit facilities. In addition, the Group continuously monitors cash flows to ensure that adequate funds exist to settle its liabilities.

The Group has several benchmarks and approval requirements for borrowing and investing as well as for using derivative financial instruments. In general, subsidiaries may not borrow in their respective local currency without the approval of the CFO. The subsidiaries may also not hedge their foreign currency exposures without the approval of the CFO. Wherever possible, the Group requires that subsidiaries repatriate all their excess cash and bank balances to Group finance companies to allow the Group to ensure that adequate funds are made available across the Group as necessary.

Liquidity available through financing facilities

The Senior Facility Agreement also includes a multicurrency revolving credit facility of GBP 25 million and a GBP 55 million capital expenditure facility to finance acquisitions and other capital expenditures, (see note 19).

The revolving credit facility expires in July 2014, however the Group has not used this facility since May 2012 and the current budget for the next year does not foresee a need to make any draw down.

The capital expenditure facility can no longer be drawn down against. The Group has been repaying this facility as required by the Senior Facilities Agreement. The final repayment will be made in July 2014, after which this facility will terminate.

Notes to the consolidated financial statements (continued)

30 September 2013

29. Financial risk management (continued)

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table includes both principal and interest payments, and has been prepared using undiscounted cash flows.

| | Weighted average effective interest % | Less than 3 months € (000's) | 3 months to 1 year € (000's) | 1-5 years € (000's) | More than 5 years € (000's) | Total € (000's) |
|---|--|------------------------------------|------------------------------------|------------------------|-----------------------------------|--------------------|
| At 30 September 2013 | | | | | | |
| Non-interest bearing | | 119'304 | 5'078 | — | — | 124'382 |
| Finance lease liability | 3.9% | 614 | 1'694 | 5'687 | — | 7'995 |
| Borrowings | 4.0% | — | 18'413 | 800'289 | — | 818'702 |
| Total non-derivative financial liabilities | | 119'918 | 25'185 | 805'976 | — | 951'079 |
| At 30 September 2012 | | | | | | |
| Non-interest bearing | — | 116'152 | 4'238 | — | — | 120'390 |
| Finance lease liability | 5.2% | 385 | 1'059 | 4'090 | — | 5'534 |
| Borrowings | 4.0% | — | 20'720 | 822'490 | — | 843'210 |
| Total non-derivative financial liabilities | | 116'537 | 26'017 | 826'580 | — | 969'134 |
| At 30 September 2011 | | | | | | |
| Non-interest bearing | — | 131'268 | 6'116 | — | — | 137'384 |
| Finance lease liability | 6.5% | 587 | 1'616 | 3'776 | — | 5'979 |
| Borrowings | 6.2% | — | 18'883 | 672'680 | 138'953 | 830'516 |
| Total non-derivative financial liabilities | | 131'855 | 26'615 | 676'456 | 138'953 | 973'880 |

29.4. Capital management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of net debt (borrowings as disclosed in note 19 offset by cash and bank balances) and equity of the Group (comprising share capital, additional paid in capital, reserves and retained earnings).

The term loan becomes due for repayment on 2 July 2015, and therefore the Board will be reviewing the capital structure of the Group in the coming months, taking into consideration a potential refinancing of the debt and the optimal capital structure of the Group in the future.

29.5. Interest rate risk management

Interest rate risk comprises the cash flow risk that results from borrowing at variable rates. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Depending on management's assessment of the risks and the associated cost of hedging, these risks are from time to time mitigated by the use of derivative financial instruments (see note 2.5 Significant accounting policies and valuation methods).

The Group is exposed to interest rate risk predominately in CHF, EUR, SEK and GBP as a result of its borrowings.

Notes to the consolidated financial statements (continued)

30 September 2013

29. Financial risk management (continued)

In order to minimise this risk, Selecta had previously entered into swap and cap agreements. These instruments swapped floating interest payable on certain of the borrowings into fixed interest rates. The interest rate was fixed for 65% of the interest payable on the term loans and an interest rate cap existed on 35% of the interest payable on the term loans until 30 June 2012. All of these interest rate swaps and caps expired on 30 June 2012 and no further swaps or caps have been entered into. As a result, interest payable on the term loans is at variable rates as of 30 June 2012 and there are no outstanding interest rate swaps or caps as at 30 September 2013. The current interest rates are disclosed in note 19.

The weighted average interest rate on the Group's borrowings amounts to 3.0% above base rate. The remaining contractual maturity in respect of the Group's borrowings is disclosed in Note 29.3.

The tables below shows the maturity date, notional principal amounts, fair value, hedged rates and the interest settlement period of each of the interest rate swaps outstanding, as well as the percentage of interest payment in respect of the term loans which are hedged.

| Notional currency | Original trade date | Maturity date | Notional amount, local currency | Hedged rate | % of interest payments hedged until 30 June 2012 | Interest period | Fair value, € (000's) |
|-----------------------------|------------------------|------------------|--|----------------|---|-----------------|--------------------------|
| At 30 September 2011 | | | | | | | |
| GBP | 14 June 2007 | 30 June 2012 | 33'500'000 | 6.28% | 71.7% | semi-annual | (1'983) |
| CHF | 14 June 2007 | 30 June 2012 | 319'017'400 | 3.28% | 71.6% | semi-annual | (8'306) |
| SEK | 14 June 2007 | 30 June 2012 | 641'573'500 | 4.75% | 58.1% | semi-annual | (1'731) |
| EUR | 14 June 2007 | 30 June 2012 | 141'577'964 | 4.76% | 57.6% | semi-annual | (4'474) |
| Total | | | | | | | <u>(16'495)</u> |

Interest rate risk sensitivity

The sensitivity analysis below has been determined based on the interest rate exposure as at the end of the reporting period. For floating rate liabilities, being predominately the Group's borrowings, the analysis is prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year, including the revolving and capital expenditure facilities available to the Group, the outstanding amount of which may vary as the Group draws down on the facilities and makes repayments.

As noted above, at 30 June 2012 the hedges have expired and therefore the portion of the Group's term loans which are hedged has reduced from 65.1% to zero.

At 30 September 2013, if interest rates had been 1 percent higher/lower, with all other assumptions held constant, profit after taxation would decrease/increase by € 8.2 million (€ 8.5 million respectively in financial year ended 30 September 2012 and € 3.5 million in financial year ended 30 September 2011). The increased sensitivity to interest rate changes is caused by the lower level of debt at 30 September 2013.

A 1 percent change is used for the purposes of the sensitivity analysis as it represents management's assessment of a reasonably possible change in interest rates.

29.6. Foreign currency risk management

Foreign currency transaction risk arises because subsidiaries sometimes undertake transactions in foreign currencies such as the import of machines and the acquisition of services and the related borrowings. Translation exposure arises from the consolidation of the Group accounts into € and is not hedged but managed primarily through borrowings denominated in the relevant foreign currencies.

In order to minimise the Group's exposure to foreign exchange risk, the borrowings and related interest payments have been established in the four main currencies in which the Group operates, namely EUR,

Notes to the consolidated financial statements (continued)

30 September 2013

29. Financial risk management (continued)

CHF, GBP and SEK. In this way a natural hedge exists to a significant extent between the Group's income (being the operating profits of the subsidiaries), and its major expenses (being the interest payable on the borrowings).

Exposure to currency risk

Since each of the Group's subsidiaries invoices its customers in the functional currency in which that subsidiary operated, and since the significant part of its cost base is also denominated in its functional currency, the exposure to currency risk within the trading subsidiaries of the Group is not significant.

Certain of the holding companies based in Switzerland, and therefore with Swiss Francs as their functional currency, have loan receivables and payables, both with external parties and with other Group companies, denominated in currencies other than their functional currency. The table below shows the total net assets / (liabilities) which are exposed to currency risk, by currency, arising in those entities:

| | 2013 Currency (000's) | 2012 Currency (000's) | 2011 Currency (000's) |
|-----------|--------------------------|--------------------------|--------------------------|
| EUR | 34'826 | 53'006 | 69'938 |
| GBP | 1'048 | 28'772 | (725) |
| SEK | — | — | 29'696 |
| DKK | 12'000 | 17'200 | 20'754 |
| NOK | 11'134 | 15'134 | 22'812 |

Foreign currency sensitivity

Most Group companies transact the majority of their business in their local currency. For Selecta Group, transaction risks arise as a result of financing based on another currency than Group functional currency. The transaction risks analysis has been performed to include variations in the exchange rate between CHF, GBP and SEK against EUR as those three currencies represent major currencies other than Group's functional currency in which the Group's borrowings were received. The Group's sensitivity analysis has been determined based on the Group's net transaction exposure as at the end of the reporting period. A ± 10 percent change is used for the purposes of the sensitivity analysis as it represents management's assessment of a reasonably possible change in foreign exchange rates.

At 30 September 2013 a ± 10 percent change in the CHF, GBP and SEK against EUR would impact the net profit of the Group according to the table below. The amounts below show the increase in net profit which would come about as a result of a 10% strengthening of the EUR against each of the currencies below. For a 10% weakening of the EUR against the relevant currency, there would be a comparable decrease in net profit.

| Net profit | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) |
|------------|-------------------|-------------------|-------------------|
| CHF | 740 | 2'711 | 3'303 |
| GBP | 2'763 | (1'482) | (1'381) |
| SEK | 420 | 348 | 129 |

29.7. Accounting policies

The Group manages its interest rate and foreign currency exposure in accordance with the policies set out in note 2.6.

30. Financial instruments

Derivative Financial Instruments

The Group uses from time to time interest rate swaps and caps to hedge the cash flows from floating rate borrowings. The effect of the hedging activities is disclosed in notes 8 and 19. The fair values of the interest rate swaps are disclosed above in note 29.5. As at 30 September 2013 the Group has no outstanding interest rate swaps or caps.

Notes to the consolidated financial statements (continued)

30 September 2013

30. Financial instruments (continued)

Categories of financial instruments

| | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) |
|--|-------------------|-------------------|-------------------|
| Financial assets | | | |
| Trade receivables | 38'226 | 43'151 | 46'350 |
| Non-current other financial assets | 2'305 | 2'478 | 1'601 |
| Cash and cash equivalents | 95'498 | 61'622 | 49'661 |
| Accrued income and uncollected cash in points-of sale | 19'999 | 22'618 | 23'593 |
| Total loans and receivables | 136'028 | 129'869 | 121'205 |
| Financial liabilities | | | |
| Derivative financial instruments classified as held for trading at fair value through profit or loss | — | — | 16'495 |
| Borrowings at amortised cost | 818'702 | 843'210 | 830'516 |
| Payables at amortised cost | 124'382 | 120'390 | 137'384 |
| Finance lease payables at amortised cost | 7'995 | 5'534 | 5'979 |
| Total liabilities measured at amortised cost | 951'079 | 969'134 | 923'300 |
| Total financial liabilities | 951'079 | 969'134 | 973'880 |

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial liabilities measured at fair value through profit and loss

| | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) |
|---|-------------------|-------------------|-------------------|
| Level 1 | — | — | — |
| Level 2 | — | — | (16'495) |
| Level 3 | — | — | — |
| Total financial liabilities measured at fair value through profit and loss | — | — | (16'495) |

31. Commitments for expenditures

Operating lease commitments

The Group leases various land and buildings, offices and vehicles under operating lease agreements. The lease expenditure charged to the Statement of profit or loss for the period is € 98.8 million, thereof minimum lease payments € 92.8 million (2012: € 93.0 million and € 85.8 million respectively, 2011: € 94.8 million and € 89.1 million respectively).

Notes to the consolidated financial statements (continued)

30 September 2013

31. Commitments for expenditures (continued)

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | 2013 | 2012 | 2011 |
|---|---------------|---------------|---------------|
| | € (000's) | € (000's) | € (000's) |
| Within one year | 7'021 | 5'052 | 4'150 |
| After one year but not more than five years | 20'459 | 18'248 | 9'895 |
| More than five years | 29'041 | 33'209 | 4'347 |
| Total operating lease commitments | 56'521 | 56'509 | 18'392 |

€ 43.5 million (2012: € 47.1 million, 2011: € 6.9 million) of the total future minimum lease payments under non-cancellable operating leases relate to building lease contracts held by the holding and trading company Selecta AG in Switzerland. The most significant lease contracts have been signed for a period between 15 and 20 years.

32. Contingent liabilities and contingent assets

The Group, through a number of its subsidiaries, is involved in various legal proceedings or claims arising from its normal business. Provisions are made as appropriate where management assesses that it is probable that an outflow of economic benefits will arise. None of these proceedings results in a material contingent liability for the Group.

33. Pledged assets

In order to secure the Group's borrowings, Selecta Group B.V. has pledged its shares in Selecta AG as security in favour of the lenders. As Selecta AG owns, directly or indirectly, all of the other subsidiaries of the Group listed in note 27, and as the only material asset on Selecta Group B.V.'s own balance sheet is cash at bank which is subject to a separate pledge as security in favour of the lenders, in effect all of the assets of the Group are pledged as security. The Group is not allowed to pledge these assets as security for other borrowings, except in the limited circumstances as stated in the senior and mezzanine facility agreements.

34. Related party transactions

Parent undertaking

The immediate parent of the Group is ACP Vermögensverwaltung GmbH & Co. KG Nr. 4 d, a company incorporated in Munich (Germany).

The ultimate controlling party of the Group is Allianz SE, incorporated in Germany.

Intra group transactions

Transactions between the parent company and its subsidiaries, and between subsidiaries, have been eliminated on consolidation.

Key management personnel

The Board of Directors of the Group through the date of these Financial Statements and up to the date of approval comprised:

Dr. Rainer Husmann (Member of the Board of Directors of Selecta AG since 25 September 2012 and Chairman of the Board of Directors of Selecta AG since 30 September 2012)

Ralf Jung (Chairman of the Board of Directors of Selecta AG from 31 March 2011 until 30 September 2012; thereafter Member of the Board of Directors),

Mats Lundgren (Member of the Board of Directors of Selecta AG since 31 March 2011)

Notes to the consolidated financial statements (continued)

30 September 2013

34. Related party transactions (continued)

Jörg Spanier (Member of the Board of Directors of Selecta AG since 29 August 2012)

James Conrad (Member of the Board of Directors of Selecta AG from 31 March 2011 until 29 August 2012)

Ernst Matthias Schneider (Chairman of the Board of Directors of Selecta AG until 31 March 2011)

No remuneration is paid to any of the Directors by the Group in their capacity as Members of the Board of Directors (2012: nil, 2011 nil).

The other key members of the management of the Group comprise the members of the Executive Committee, and through the date of these Financial Statements and up to the date of approval were as follows:

Remo Brunschwiler (Chief Executive Officer from 1 January 2013)

Hanns Rech (Chief Executive Officer from 04 January 2011 until 31 January 2012)

Gary Hughes (Chief Financial Officer from 10 January 2013)

Helen Cowing (Chief Financial Officer until 9 January 2013)

Thomas Nussbaumer (Managing Director Central Region)

Catherine Sahlgren (Managing Director North Region)

Philippe Mauguy (Managing Director West Region until 31 December 2013)

The remuneration of the Executive Committee during the periods was as follows:

| | 2013 | 2012 | 2011 |
|------------------------------------|-----------|-----------|-----------|
| | € (000's) | € (000's) | € (000's) |
| Short term benefits | 2'076 | 1'844 | 2'738 |
| Post-employment benefits | 238 | 251 | — |
| Termination benefits | 173 | 624 | — |

There were no material transactions or outstanding balances between the Group and its key management personnel or members of their close family.

Transactions with other related parties

The transactions between the Group and other related parties during the year ended 30 September 2013 and the outstanding balances as at that date were as follows:

| Related party | Nature of the relationship | Amount of transaction | Outstanding balance |
|---|-----------------------------------|-----------------------|---------------------|
| | | € (000's) | € (000's) |
| Allianz Suisse | | | |
| Versicherungsgesellschaft Zürich | Insurance services received | 590 | — |
| Allianz Suisse | | | |
| Versicherungsgesellschaft | Vending services provided | 290 | 1 |
| Allianz Deutschland AG | Vending services provided | 217 | — |
| Allianz Managed Operations and Services | SAP maintenance services received | 112 | — |

There were no material transactions or outstanding balances between the Group and other related parties in the years ended 30 September 2012 and 30 September 2011.

Notes to the consolidated financial statements (continued)

30 September 2013

35. Acquisition and disposal of subsidiaries

On 29 February 2012 the Group disposed of 100% of the shares of Selecta Italia S.p.A.. The assets and liabilities disposed of, as well as the consideration received and the net disposal gain, as reported in the year ended 30 September 2012, were as follows:

| | € (000's) |
|---|---------------|
| Total intangible assets | 4'919 |
| Total property, plant and equipment | 3'532 |
| Total other non-current assets | 2'584 |
| Total current assets | 3'962 |
| Total assets | 14'997 |
| Total current liabilities | 3'691 |
| Total non-current liabilities | 4'492 |
| Total liabilities | 8'183 |
| Net assets disposed of | 6'814 |
| Thereof cash and cash equivalents | 289 |
| Total consideration received in cash | 7'509 |
| Net disposal gain | 695 |
| Total consideration received in cash less cash and cash equivalents disposed of | 7'220 |

The value of the net assets disposed of as reported in the year ended 30 September 2012 included provisions for certain contingent liabilities which the Group expected to incur. In fact the amounts incurred in respect of these liabilities was lower, and hence an additional disposal gain of € 202'000 was recognised in the year ended 30 September 2013.

36. Segment information

The Group wide operating results are regularly reviewed by the Board of Directors (as the Group's chief operating decision maker) to assess performance and to determine how resources should be distributed. Therefore the Group has a single reportable segment which reflects the management structure implemented within the Selecta Group.

The geographic information below presents revenue and non-current assets (excluding financial assets and deferred income tax assets) by the country of domicile for the largest countries in the Group for the periods ended and as at 30 September 2013, 2012 and 2011:

| | Year ended 30 September 2013 | Year ended 30 September 2012 | Year ended 30 September 2011 |
|---------------------------|------------------------------------|------------------------------------|------------------------------------|
| | € (000's) | € (000's) | € (000's) |
| Revenue | | | |
| Switzerland | 199'073 | 206'831 | 203'503 |
| France | 203'480 | 213'630 | 228'505 |
| Sweden | 93'157 | 100'071 | 90'978 |
| UK | 76'744 | 94'158 | 95'664 |
| Germany | 56'577 | 59'355 | 57'417 |
| Netherlands | 26'740 | 31'412 | 32'883 |
| Other countries | 84'418 | 86'867 | 91'428 |
| Total | 740'189 | 792'324 | 800'378 |

Notes to the consolidated financial statements (continued)

30 September 2013

36. Segment information (continued)

| | 2013 € (000's) | 2012 € (000's) | 2011 € (000's) |
|---|-------------------|-------------------|-------------------|
| Total non-current assets (excluding financial assets and deferred income tax assets) | | | |
| Switzerland | 47'762 | 57'253 | 65'700 |
| France | 40'130 | 46'053 | 53'967 |
| Sweden | 27'103 | 26'943 | 25'942 |
| UK | 18'785 | 27'558 | 30'639 |
| Germany | 8'897 | 11'792 | 14'176 |
| Netherlands | 5'706 | 7'962 | 8'768 |
| Other countries | 21'307 | 25'097 | 30'304 |
| Unallocated | 978'630 | 1'004'093 | 1'030'307 |
| Total | 1'148'320 | 1'206'751 | 1'259'803 |

37. Events after the balance sheet date

To the best of management's knowledge, no events have occurred between 30 September 2013 and the date of these consolidated financial statements that could have a material impact on the consolidated financial statements.

38. Approval of financial statements

The consolidated financial statements for the year ended 30 September 2013 have been authorised by the Board of Directors on 8 May 2014.

Zug, 8 May 2014

Dr. Rainer Husmann,
Member of the Supervisory Board

Joerg Spanier,
Member of the Supervisory Board

Remo Brunschwiler,
Member of the Management Board

Gary Hughes,
Member of the Management Board

Christian Zarnitz,
Member of the Management Board

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€350,000,000 6.50% Senior Secured Notes due 2020
CHF 245,000,000 6.50% Senior Secured Notes due 2020

OFFERING MEMORANDUM

Joint Bookrunners

Goldman Sachs International

BNP PARIBAS

Co-Manager

KKR

June 12, 2014
