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€380,000,000 5½% Senior Secured Notes due 2024

Mobilux Finance SAS (the ***Issuer***), a private limited liability company (*société par actions simplifiée)* incorporated under the laws of France issued and sold (the ***Offering***) €380,000,000 aggregate principal amount of 5½% Senior Secured Notes due 2024 (the ***Notes***) on November 10, 2016 (the ***Issue Date***). The Notes were issued as part of the financing for the proposed acquisition (the ***Acquisition***) of 100% of the issued share capital of Décomeubles Partners SAS (the ***Target***) by Mobilux Acquisition SAS (***Bidco***), which is beneficially owned by investment funds or limited partnerships managed or advised by Clayton, Dubilier & Rice, LLC and WM Holding GmbH. BUT SAS is wholly-owned by the Target, which, from and after the date of the completion of the Acquisition (the ***Completion Date***), which is expected to be on or about the date of this Offering Circular, will be wholly-owned by Bidco. The Issuer is wholly-owned by Bidco.

The Notes will bear interest at a rate of 5.50% and will mature on November 15, 2024. Interest on the Notes will be paid semi-annually in arrears on May 15 and November 15 of each year, commencing on May 15, 2017.

The Issuer may redeem the Notes in whole or in part at any time on or after November 15, 2019, in each case, at the redemption prices set out in this offering circular (the ***Offering Circular***). Prior to November 15, 2019, the Issuer will be entitled to redeem 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 a "make-whole" premium, as described in this Offering Circular. Prior to November 15, 2019, the Issuer may also redeem up to 40% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings at the redemption price equal to 105.50% of the principal amount of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, provided that at least 50% of the original principal amount of the Notes remains outstanding after the redemption. Prior to November 15, 2019, the Issuer may on one or more occasions redeem up to 10% of the Notes during each twelve month period commencing on the Issue Date (as defined below) at a redemption price of 103% of the aggregate principal amount thereof plus accrued and unpaid interest and additional amounts, if any. Additionally, the Issuer may redeem all, but not less than all of the Notes at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of the repurchase. However, a change of control will be deemed not to have occurred if specified consolidated leverage ratios are not exceeded in connection with such event.

The Notes are senior obligations of the Issuer, guaranteed (the ***Guarantees*** and, each, a ***Guarantee***) on a senior basis by Mobilux 2 SAS (***Parent Guarantor***) and Bidco (together, the ***Issue Date Guarantors***) and are of the Completion Date secured by the Completion Date Collateral (as defined herein). In addition, on the earlier of (i) the date on which such entity accedes to the Super Senior Revolving Credit Facility Agreement (as defined herein) and (ii) the 90th day following the Completion Date, the Notes will also be guaranteed on a senior secured basis by the Target, BUT SAS, BUT International SAS and Cogesem SAS (together, the ***Subsidiary Guarantors***, and together with the Issue Date Guarantors, the ***Guarantors***) and secured by the Post-Completion Collateral (as defined herein). The Notes will rank pari passu in right of payment with all of the Issuer's existing and future senior indebtedness that is not expressly subordinated in right of payment to the Notes, including indebtedness incurred under the Super Senior Revolving Credit Facility. The property and assets that will secure the Notes and the Guarantees will also secure the Super Senior Revolving Credit Facility (as defined herein) and certain priority hedging obligations (the ***Super Senior Obligations***) on a first-ranking basis. In the event of enforcement of the security interests over the Collateral (as defined herein), the Super Senior Obligations and certain other indebtedness permitted under the Indenture (as defined herein) to be incurred on a priority basis will be repaid with the proceeds from the enforcement of the Collateral in priority to the Notes. The validity and enforceability of the Guarantees and the security interests and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*". The Collateral and the Guarantees may be released in certain circumstances.

There is currently no public market for the Notes. Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market of the Luxembourg Stock Exchange (the ***Euro MTF Market***). There are no assurances that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market. The Euro MTF Market of the Luxembourg Stock Exchange is not a regulated market pursuant to the provisions of Directive 2004/39/EC on markets in financial instruments.

An investment in the Notes involves a high degree of risk.
Please see *"Risk Factors"* beginning on page 25.

Price for the Notes: 100.00%, plus accrued interest, if any, from the Issue Date

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The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act, or the laws of any other jurisdiction, and they may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the Offering is being made only to investors who the seller reasonably believes to be qualified institutional buyers (***QIBs***) within the meaning of Rule 144A in compliance with Rule 144A under the U.S. Securities Act. You are hereby notified that the Initial Purchaser of the Notes may be relying on the exemption from certain provisions of the U.S. Securities Act provided by Rule 144A thereunder. Outside the United States, the Offering is being made to certain persons in offshore transactions in reliance on Regulation S. For additional information about eligible offerees and transfer restrictions, please see "Notice to Investors".

The Notes are issued in the form of one or more Global Notes in registered form, which were delivered in book-entry form through a common depositary of Euroclear Bank SA/NV (***Euroclear***) and Clearstream Banking, société anonyme (***Clearstream***).

Joint Bookrunners

Goldman Sachs International
BNP PARIBAS

Bank of America Merrill Lynch
Deutsche Bank
RBC Capital Markets

Barclays
ING

The date of this Offering Circular is November 17, 2016

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IMPORTANT INFORMATION

In making an investment decision regarding the Notes and the Guarantees offered by this Offering Circular, you must rely on your own examination of the Issuer and the terms of this Offering, including the merits and risks involved. This Offering Circular relates to the offering of the Notes on the Issue Date. The Offering is being made on the basis of this Offering Circular only. Any decision to purchase the Notes and the Guarantees in the Offering must be based on the information contained in this Offering Circular.

The Issuer accepts responsibility for the information in this Offering Circular. We have prepared this Offering Circular solely for use in connection with this Offering and for application of the Notes for listing on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. You may not distribute this Offering Circular or make photocopies of it without our prior written consent other than to people you have retained to advise you in connection with this Offering.

You are not to construe the contents of this Offering Circular as investment, legal or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes and the Guarantees. You are responsible for making your own examination of the Notes and the Issuer and your own assessment of the merits and risks of investing in the Notes and the Guarantees. None of the Issuer, the Guarantors or any of the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes and the Guarantees by you under appropriate legal investment or similar laws.

To the best of our knowledge and belief, having taken all reasonable care to ensure such is the case, the information contained in this Offering Circular is in accordance with the facts and contains no omission likely to affect its import. The information contained in this Offering Circular has been furnished by the Issuer and other sources we believe to be reliable. This Offering Circular contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents. You should contact the Issuer or the Initial Purchasers with any questions about this Offering or if you require additional information to verify the information contained in this Offering Circular. All summaries are qualified in their entirety by this reference. Copies of such documents and other information relating to the issuance of the Notes and the Guarantees will be available at the specified offices of the listing agent in Luxembourg. See "*Listing and General Information*".

The Initial Purchasers will provide prospective investors with a copy of this Offering Circular and any related amendments or supplements. By receiving this Offering Circular, you acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether or not to invest in the Notes and the Guarantees.

The information set out in those sections of this Offering Circular describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of the Issuer or the Guarantors will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

No person is authorized in connection with any offering made by this Offering Circular to give any information or to make any representation not contained in this Offering Circular and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer, the Guarantors or the Initial Purchasers. The information contained in this Offering Circular is accurate as of the date hereof. Neither the delivery of this Offering Circular at any time nor any subsequent commitment to purchase the Notes or the Guarantees shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Circular or in the business of the Issuer or the Guarantors since the date of this Offering Circular.

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

The Notes and the 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 securities laws. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "*Plan of Distribution*" and "*Notice to Investors*".

It is intended that the Notes will be listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, and the Issuer has submitted this Offering Circular to the competent authority in connection with the listing application. In the course of any review by the competent authority, the Issuer may be requested to make changes to the financial and other information included in this Offering Circular. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Circular or may require the inclusion of additional information, including financial information in respect of the Guarantors. The Issuer may also be required to update the information in this Offering Circular to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that our application for admission of the Notes to trading on the Euro MTF Market and to list the Notes on the Official List of the Luxembourg Stock Exchange will be approved as of the settlement date for the Notes or any date thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

The Issuer reserves the right to withdraw this Offering at any time. The Issuer is making this Offering subject to the terms described in this Offering Circular and the purchase agreement relating to the Notes (the ***Purchase Agreement***). The Issuer and the Initial Purchasers each reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

The distribution of this Offering Circular and the offer and sale of the Notes and the Guarantees are restricted by law in some jurisdictions. This Offering Circular does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes and the Guarantees in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Each prospective offeree or purchaser of the Notes and the Guarantees must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and the Guarantees or possesses or distributes this Offering Circular, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Initial Purchasers shall have any responsibility thereof. See *"Notice to Certain Investors*", "*Plan of Distribution*", and "*Notice to Investors*".

Investing in the Notes involves a high degree of risk. Please see "*Risk Factors*" beginning on page 25.

ALTERNATE SETTLEMENT CYCLE

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 Circular, which will be ten business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Securities 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+10"). 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 Circular or the following ten 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.

STABILIZATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, GOLDMAN SACHS INTERNATIONAL (THE ***STABILIZING MANAGER***) (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER OR STABILIZING MANAGERS) MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE 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 CERTAIN INVESTORS

General

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this offering memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required to inform themselves about and to observe any such restrictions.

No action has been taken in any jurisdiction that would permit a public offering of the Notes. No offer or sale of the Notes may be made in any jurisdiction except in compliance with the applicable laws thereof. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum.

For a description of certain restrictions relating to the offer and sale of the Notes, see "*Plan of Distribution*". The Issuer accepts no liability for any violation by any person, whether or not a prospective purchaser of the Notes, of any such restrictions.

France

This Offering Circular has not been prepared and is not being distributed in the context of a public offering of financial securities 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 French *Autorité des Marchés Financiers* (the ***AMF***) and therefore has not been approved by, registered or filed with the AMF. Consequently, the Notes are not being, nor will they be, offered, directly or indirectly, to the public in France and this Offering Circular has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of the Notes to the public in France. The Notes may only be offered or sold in the France pursuant to Article L.411-2-II of the French *Code monétaire et financier* to: (i) authorized providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*); and/or (ii) qualified investors (*investisseurs qualifiés*) or a limited group of investors (*cercle restreint d'investisseurs*) as defined in and in accordance with Articles L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*. Qualified investors or a limited group of investors may only participate in the Offering for their own account in accordance with the provisions of Articles D.411-1, D.411-4, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. No direct or indirect distribution, transfer or sale of the Notes so acquired shall be made to the public in France other than in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*.

United Kingdom

This document is only being distributed to and is only directed at (a) persons who are outside the United Kingdom, or (b) investment professionals falling within Article 19(5) of the Financial Services

and Market Act 2000 (Financial Promotion) Order 2005, as amended (the ***Order***) or (c) high net worth entities falling within Article 49 of the Order, and (d) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as ***relevant persons***). Any investment or investment activity to which this document relates is available only to relevant persons in the United Kingdom. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents. The Notes are not being offered to the public in the United Kingdom.

Luxembourg

This Offering Circular constitutes a prospectus for the purpose of part IV of the Luxembourg act of 10 July 2005 on prospectuses for securities, as amended (the ***Luxembourg Prospectus Act***).

This Offering Circular has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in Luxembourg (***Luxembourg***). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except for the sole purpose of the listing on the Official List of the Luxembourg Stock Exchange and admission to trading of the Notes on the Euro MTF Market and except in circumstances which do not constitute an offer of securities to the public which benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a prospectus in accordance with the Luxembourg Prospectus Act as amended and the relevant circulars issued by the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

The Issuer was incorporated on July 25, 2016. It does not have any business operations or material assets or liabilities other than those incurred in connection with its incorporation and the Transactions; as a result, there is no financial information regarding the Issuer presented in this Offering Circular. We do not intend to report the Issuer's financial statements in the future.

This Offering Circular includes the English translation of the audited consolidated financial statements of the Target and its subsidiaries as of and for the years ended June 30, 2014, 2015 and 2016. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (***IFRS***) as adopted by the European Union. The audited consolidated financial statements were originally issued in French.

The audited consolidated financial statements of the Target and its subsidiaries as of and for the years ended June 30, 2014, 2015 and 2016 have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres statutory auditors, as stated in their reports, English translations of which are included elsewhere in this Offering Circular.

Attached as Appendix A to this Offering Circular is the English version of the interim consolidated financial statements of Yvrai Distribution Équipement du Foyer and its consolidated subsidiaries as of and for the five month periods ended May 31, 2016 and May 31, 2015. The interim consolidated financial statements Yvrai Distribution Équipement du Foyer have been prepared in accordance with IFRS as adopted by the European Union. The interim consolidated financial statements were originally issued in English and have not been audited, but have been subject to a limited review by KPMG S.A. and Cabinet Cottin, the statutory auditors of Yvrai Distribution Équipement du Foyer, as stated in their report which is included in Appendix A to this Offering Circular.

Pro Forma Financial Information

We present in this Offering Circular certain financial information on an as adjusted basis to give *pro forma* effect to the Transactions. See "*Summary—Summary Historical Consolidated Financial*

Information and Other Financial and Operating Data", "*The Transactions*" and "*Capitalization*". The *pro forma* financial data is based on historical financial information of the Target and its subsidiaries, as adjusted to reflect certain effects of the Transactions on the net debt and cash interest expense as of and for the year ended June 30, 2016 as if the Transactions had occurred (i) on June 30, 2016 for purposes of the calculation of the net debt position of the Target and its subsidiaries and (ii) on July 1, 2015 for purposes of the calculation of interest expense. This information has been prepared for illustrative purposes only and does not purport to project our results or financial position at any future date. This information has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the EU Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments nor the resulting as adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Estimated Combined Adjusted EBITDA

We also present in this Offering Circular Estimated Combined Adjusted EBITDA for the year ended June 30, 2016 as an additional measure of our operating performance to provide an indicative illustration of how the Yvrai Acquisition would have contributed to our results of operations had the Yvrai Acquisition occurred on July 1, 2015. Estimated Combined Adjusted EBITDA has been prepared for illustrative purposes only, is inherently subject to risks and uncertainties and does not represent what our actual results would have been had the Yvrai Acquisition occurred on July 1, 2015, nor does it purport to project our Adjusted EBITDA at any future date. The presentation of Estimated Combined Adjusted EBITDA is based upon a number of significant assumptions and estimates, which we believe are reasonable and have set out in "*Summary—Summary Historical Consolidated Financial Information and Other Financial and Operating Data*". There can be no assurance, however, that we will successfully integrate the operations associated with the Yvrai Acquisition, or that our estimates and assumptions are or will prove accurate in all material respects. Estimated Combined Adjusted EBITDA has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the EU Prospectus Directive or any generally accepted accounting standards.

Certain information used to calculate Estimated Combined Adjusted EBITDA has been derived from the Yvrai Group's interim consolidated financial statements as of and for the five months ended May 31, 2016 and May 31, 2015, which were consolidated in accordance with IFRS. In addition, the EBITDA calculations for the Yvrai Group and the Target are for different periods. As such, the EBITDA for the Yvrai Group and the Target are not comparable to one another. See "*Presentation of Financial and Other Information*". For this purpose, the Yvrai Group Adjusted EBITDA has been adjusted for annual administration and logistic fees paid under its former ownership prior to the Yvrai Acquisition and which are no longer payable. These administration and logistic fees have therefore been added back for the purposes of calculating Estimated Combined Adjusted EBITDA to reflect the impact of the Yvrai Acquisition.

Other Non-IFRS Financial and Operating Information

Throughout this Offering Circular we include references to Adjusted EBITDA, Estimated Combined Adjusted EBITDA, Like-for-like Sales and Free Cash Flow. These are not measures specifically defined under IFRS or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the applicable IFRS measures. We believe that the presentation of these measures enhances an investor's understanding of the financial performance of our ongoing operations.

Our non-IFRS measures are defined by us as follows:

- "EBITDA" represents operating profit before depreciation, amortization and impairment and other operating income and expense (as reported in consolidated financial statements).
- "Adjusted EBITDA" represents operating profit before depreciation, amortization and impairment and other operating income and expense (as reported in consolidated financial statements) before one-off items, service cost and management fees.

- "Yvrai Group Adjusted EBITDA" represents operating profit before depreciation, amortization and impairment and other operating income and expense (as reported in consolidated financial statements) before administration fees paid to its previous shareholders and logistic fees in connection with its distribution center.
- "Estimated Combined Adjusted EBITDA" represents Adjusted EBITDA adjusted to illustrate the impact of the Yvrai Acquisition on Adjusted EBITDA of Décomeubles Partners SAS and its subsidiaries as if it had occurred at the beginning of the relevant period and giving effect to certain expected cost savings for the Yvrai Group.
- "Like-for-like Sales" represents the amount of sales generated by a constant number of stores from one year to the next (which uses an assumption of 160 constant stores for the year ended June 30, 2014 as compared to the year ended June 30, 2013, 173 constant stores for the year ended June 30, 2015 as compared to the year ended June 30, 2014, 167 constant stores for the year ended June 30, 2016 as compared to the year ended June 30, 2015). Like-for-like Sales is not a measure defined by IFRS, and our methodology for determining Like-for-like Sales may not be comparable to the methodology used by other companies in determining their Like-for-like Sales. The amount of Like-for-like Sales is not necessarily indicative of our future revenue or earnings.
- "Free Cash Flow" represents net cash flows provided by operating activities less net cash flows used in investing activities.
- "*Pro Forma* Free Cash Flow" represents Adjusted EBITDA less maintenance capital expenditures and central capital expenditures and changes in working capital.

Even though these measures are used by management to assess ongoing operating performance and even though these measures are commonly used by investors, they have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. For example, Adjusted EBITDA and Estimated Combined Adjusted EBITDA:

- exclude certain tax payments that may represent a reduction in cash available to us;
- do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- do not reflect changes in, or cash requirements for, our working capital needs;
- do not reflect the significant financial expense, or the cash requirements necessary to service interest payments, on our debts;
- do not reflect the impact of earnings or changes resulting from certain matters we consider not to be indicative of our ongoing operations; and
- other companies may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, investors should not place any undue reliance on these non-IFRS measures and financial indicators and should not consider these as: (a) an alternative to operating income or net income as determined in accordance with IFRS, or as a measure of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with IFRS, or as a measure of our ability to meet cash needs; or (c) an alternative to any other measure of performance under IFRS. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS measures only supplementally to evaluate our performance. For further information regarding the calculation of Adjusted EBITDA, Estimated Combined Adjusted EBITDA and Free Cash Flow or for a reconciliation to the related IFRS measure of each of these measures, see the "*Summary—Summary Historical Consolidated Financial Information and Other Financial and Operating Data*".

The financial information and financial statements included in this Offering Circular are presented in euro.

The financial information and financial statements included in this Offering Circular are not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the

related rules and regulations of the Securities Exchange Commission (the ***SEC***) which would apply if the Notes or the Guarantees were registered with the SEC.

Certain numerical figures included in this Offering Circular have been rounded. Discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

MARKET AND INDUSTRY DATA

We obtained market data and certain industry data and forecasts included in this Offering Circular from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys. Primary sources for third-party industry data and forecasts included the National Institute of Statistics and Economic Studies of France (***INSEE***), l'Institut de Promotion et d'Etudes de l'Ameublement (***IPEA***), the International Monetary Fund (***IMF***), the LSA, a French retail and marketing magazine (***LSA***), Côte Clients, the Organization for Economic Co-operation and Development (the ***OECD***), Observatoire Cetelem and l'Association Française des Sociétés Financières (***ASF France***) and other reports including a commissioned industry report. The statements in this Offering Circular relating to market data and certain industry data and forecasts are each according to such sources, including the commissioned industry report, or our own internal surveys and estimates. Industry surveys, publications, consultant surveys and forecasts 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. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable based upon our management's knowledge of the industry, have not been independently verified. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. We do, however, accept responsibility for the correct reproduction of this information. Statements as to our market position are based on recently available data. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" appearing elsewhere in this Offering Circular.

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this Offering Circular belongs to its holder.

TAX CONSIDERATIONS

Prospective investors in 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 in the Offering. See "*Certain Tax Considerations*".

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. When used in this document, the words "anticipate", "believe", "estimate", "forecast", "expect", "intend", "plan" and "project" and similar expressions, as they relate to us, our management or third parties, identify forward-looking statements. Forward-looking statements include statements regarding our business strategy, financial

condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of our management, as well as assumptions made by our management and information currently available to us. Although we believe that these beliefs and assumptions are reasonable, these statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf and include, in addition to those listed under "*Risk Factors*" and elsewhere in this Offering Circular, the following:

- the impact on our sales, profits and cash flow resulting from general economic conditions, consumer confidence and spending patterns;
- market demand and industry conditions;
- our ability to control our franchisees;
- our ability to accurately anticipate and manage consumer demand and inventory;
- our ability to successfully introduce new products;
- our ability to secure adequate and timely supply of merchandise from suppliers;
- our ability to maintain good relationships with our suppliers;
- the cost of providing consumer financing solutions and their availability to our customers;
- impact of changes in credit and debt and provider requirements;
- fluctuations in our quarterly results and our ability to generate higher sales during peak promotional periods;
- the highly competitive nature of the industry in which we operate;
- our ability to retain customers;
- our store expansion strategy may not be successful;
- difficulties regarding the integration of stores acquired from our franchisees, such as the Yvrai Acquisition;
- our ability to grow our e-commerce platform;
- our ability to protect our reputation and value associated with our name and brand;
- our ability to avoid operational problems and product defects and, if such issues were to arise, to rectify them quickly;
- our ability to renew or replace our store leases or enter into leases for new stores on favorable terms and the availability of suitable lease space for our stores;
- a disruption in our information technology systems;
- the theft or misappropriation of funds, products or consumer data;
- our ability to successfully retain and hire key management;
- our ability to reduce our cost base in case of downturn;
- the potential reassessment by tax authorities which could result in future tax liabilities;
- the fact that our principal shareholders, the Sponsors, may have interests that conflict with ours;
- our ability to take advantage of purchasing and other synergies resulting from our anticipated purchasing arrangements with XXXLutz Group, a group related to WM Holding GmbH, one of our Sponsors;
- our ability to generate sufficient cash, raise sufficient capital or refinance our debt at or before maturity to meet both our debt service and capital investment requirements;
- our exposure to currency fluctuations;
- our substantial leverage and ability to meet significant debt service obligations; and

- the other factors discussed in more detail under "*Risk Factors*".

The foregoing factors and others described under "*Risk Factors*" should not be construed as exhaustive. We do not assume any obligation to update any forward-looking statements and disclaim any obligation to update our view of any risks or uncertainties described herein or to publicly announce the result of any revisions to the forward-looking statements made in this Offering Circular, except as required by law.

In addition, this Offering Circular contains information concerning our industry and our market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which our industry, our market and business segments will develop. We have based these assumptions on information currently available to us, including through the market research and industry reports referred to in this Offering Circular. Although we believe that this information is reliable, we have not independently verified and cannot guarantee its accuracy or completeness. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, they could have a material adverse effect on our future results of operations and financial condition, and the trading price of the Notes.

USE OF TERMS

Unless otherwise specified or the context requires otherwise in this Offering Circular, references to:

2019 Notes are to the €180 million and €66 million aggregate principal amount of 7.375% Notes due 2019 issued by BUT SAS on June 27, 2014 and August 10, 2015.

Acquisition are to the acquisition of 100% of the issued share capital of the Target by Bidco, which is wholly-owned by the Parent Guarantor.

Average basket measures the average euro value of all transactions in a given period (based on total sales, including VAT, divided by the number of receipts processed).

Bidco are to Mobilux Acquisition SAS, a private limited liability company (*société par actions simplifiée)* incorporated under the laws of France, with registered office at 8, rue François Villon, 75015 Paris, France, registered with the Register of Commerce and Companies of Paris (*R.C.S. Paris*) under number 820 302 883.

BNP Paribas Personal Finance are to a subsidiary of BNP Paribas that provides consumer financing.

Collateral are to the Completion Date Collateral and Post-Completion Collateral, which will secure the Notes and the Super Senior Revolving Credit Facility. See "*Description of the Notes—Security*".

Company, the ***Group***, ***we***, ***us*** and ***our*** are to the Target and its direct and indirect subsidiaries and, following completion of the Acquisition, Mobilux 2 SAS and its consolidated subsidiaries, except as otherwise indicated or where the context otherwise requires.

Completion Date are to the date of completion of the Acquisition.

Completion Date Collateral are to a first-priority security interest in the share capital of Bidco, the Issuer and the Target, certain intercompany receivables of the Issue Date Guarantors, certain bank accounts of the Issue Date Guarantors and Bidco's rights under the Acquisition Agreement, which will secure the Notes and the Super Senior Revolving Credit Facility. See "*Description of the Notes—Security*".

cross channel or ***cross canal*** are to our strategy of marketing to customers via various channels that span our website and offline stores.

Debt Repayment are to the redemption of the 2019 Notes, repayment of the amounts outstanding under the Existing Revolving Credit Facility and the termination of the Existing Revolving Credit Facility and the other actions as described under "*The Transactions—The Financing and Completion Date Transactions*".

EEA are to the European Economic Area.

EU are to the European Union.

euro or ***€*** are to the lawful currency of the European Monetary Union.

Existing Revolving Credit Facility are to the existing revolving credit facility of up to €30,000,000, available to the Group subject to the terms of the Existing Revolving Credit Facility Agreement and to be terminated as part of the Transactions.

Existing Revolving Credit Facility Agreement are to the credit facility agreement for the Existing Revolving Credit Facility entered into by BUT SAS and other parties on June 27, 2014.

Fair Finance are to Fair Finance S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated under the laws of Luxembourg, with registered office at 121, avenue de la Faïencerie, L-1511 Luxembourg registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B 161788 and having a share capital of €12,600.

Fidem S.A. are to a wholly-owned subsidiary of BNP Paribas Personal Finance since March 27, 2013 merged into BNP Paribas Personal Finance on March 1, 2015, previously a joint venture between us and BNP Paribas Personal Finance.

Fidem SEP are to a French *société en participation*, a pass-through entity which allows us and BNP Paribas Personal Finance to directly participate in the financial results of the consumer financing operation.

Financing are to the financing of the Acquisition and Debt Repayment as described under "*The Transactions—The Financing and Completion Date Transactions*".

Footfall measures the number of persons that visit a store in a given period.

Footfall Conversion Rate measures the number of visits in our total stores that give rise to a transaction in a given period (based on the number of receipts processed divided by Footfall).

France, unless otherwise noted, are to France excluding French Overseas Territories.

French Overseas Territories are to French Polynesia, La Réunion, Guadeloupe, French Guiana, Martinique, and Mayotte.

Guarantees are to the guarantees of the Notes by the Guarantors; see "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*".

Guarantors are to the Issue Date Guarantors and the Subsidiary Guarantors.

IFRS are to international financial reporting standards, as adopted by the EU.

Indenture are to the indenture governing the Notes to be dated on or about the Issue Date, between, among others, the Issuer, the Guarantors and the Trustee.

Initial Purchasers are to Barclays Bank PLC, BNP Paribas, London Branch, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V., London Branch, Merrill Lynch International and RBC Europe Limited.

Intercreditor Agreement are to the intercreditor agreement to be dated on or about the Completion Date, between, among others, the Issuer, the Guarantors, the Trustee, the Security Agent and the financial institutions listed therein; see "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

Issue Date are to November 10, 2016, the date of the issuance of the Notes.

Issue Date Guarantors are to the Parent Guarantor and Bidco.

Issuer are to Mobilux Finance SAS, a private limited liability company (*société par actions simplifiée)* incorporated under the laws of France, with registered office at 8, rue François Villon, 75015 Paris, France, registered with the Register of Commerce and Companies of Paris (*R.C.S. Paris*) under number 821 716 032.

Like-for-like Sales are to the amount of sales generated by a constant number of stores from one year to the next (assuming 160 constant stores for the year ended June 30, 2014 as compared to the year ended June 30, 2013, 173 constant stores for the year ended June 30, 2015 as compared to the year ended June 30, 2014 and 167 constant stores for the year ended June 30, 2016 as compared to the year ended June 30, 2015).

Like-for-like Sales Growth measures the percent change in Like-for-like Sales from one year to the next.

LRAM are to La Réole store, our retail outlet acquired on July 11, 2013 and owned by BUT International and BUT SAS.

Non-Guarantor Subsidiaries are to all the consolidated subsidiaries of the Company, other than the Guarantors.

Notes are to the €380 million 5½% Senior Secured Notes due 2024 to be issued by the Issuer under the Indenture in the Offering.

Offering are to the offering of the Notes.

Parent Guarantor are to Mobilux 2 SAS, a private limited liability company (*société par actions simplifiée)* incorporated under the laws of France, with registered office at 8, rue François Villon, 75015 Paris, France, registered with the Register of Commerce and Companies of Paris (*R.C.S. Paris*) under number 820 334 647.

PFL are to *Plate-Forme* Logistique, our directly-operated logistics platform providing central purchasing and logistics coordination.

Post-Completion Collateral are to a first-priority security interest in the shares of the Subsidiary Guarantors (other than the Target), certain receivables of the Subsidiary Guarantors and certain bank accounts of the Subsidiary Guarantors, which will secure the Notes and the Super Senior Revolving Credit Facility. See "*Description of the Notes—Security*".

Security Agent are to BNP Paribas.

Security Documents are to the security agreements defining the terms of the Collateral that secures the Notes, the Super Senior Revolving Credit Facility and the Guarantees.

Seller are to Fair Finance S.à r.l. S.C.A., a corporate partnership limited by shares (*société en commandite par actions*), incorporated and existing under the laws of Luxembourg, with registered office at 121, avenue de la Faïencerie, L-1511 Luxembourg, registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B 161816, acting by its general partner Fair Finance.

SourceCo are to SourceCo France, our international sourcing platform in which we acquired a non-controlling interest on June 26, 2013.

Sponsors are to investment funds managed or advised by Clayton, Dubilier & Rice, LLC and to WM Holding GmbH.

Subsidiary Guarantors are to the Target, BUT SAS, BUT International SAS and Cogesem SAS.

Super Senior Revolving Credit Facility are to the new revolving credit facility providing for borrowings of up to €100 million to be made available to Bidco on or about the Completion Date, subject to the terms of the Super Senior Revolving Credit Facility Agreement; see "*Description of Certain Financing Arrangements—Super Senior Revolving Credit Facility*".

Super Senior Revolving Credit Facility Agreement are to the credit facility agreement for the Super Senior Revolving Credit Facility by and among, *inter alios*, Bidco, the mandated lead arrangers named therein and BNP Paribas as agent and to be entered into on or prior to the Completion Date. See "*Description of Certain Financing Arrangements—Super Senior Revolving Credit Facility*".

Trustee are to Deutsche Trustee Company Limited.

Transactions are to the consummation of the Financing, the Debt Repayment and the Acquisition and the other actions described under "*The Transactions*", including the entry into the Super Senior Revolving Credit Facility Agreement.

U.S. and ***United States*** are to the United States of America.

U.S. dollars or ***$*** are to the lawful currency of the United States of America.

Works Council are to the central works council of BUT SAS.

XXXLutz Group are to XXXLutz KG and its affiliates.

Yvrai Acquisition are to the acquisition of the Yvrai Group by BUT International SAS on September 1, 2016; see "*Summary—Recent Developments—Acquisition of the Yvrai Group*".

Yvrai Group are to Yvrai Distribution Équipement du Foyer SAS, a holding company owning a franchise network comprised of 18 stores and its subsidiaries.

EXCHANGE RATE INFORMATION

The majority of our revenue is earned and the majority of our expenses is incurred in euro. As used in this Offering Circular, the term "noon buying rate" refers to the exchange rate for euro, expressed in U.S. dollars per euro, as announced by the Federal Reserve Bank of New York for customs purposes as the rate in the city of New York for cable transfers in foreign currencies.

The table below shows the average noon buying rates for U.S. dollars per euro for the five years ended December 31, 2015, for the five financial years ended June 30, 2015 and for the nine months ended September 30, 2016. The averages set forth in the table below have been computed using the noon buying rate on the last business day of each month during the periods indicated.

	Average for year ended		Period end rate as of	
Period	December 31	June 30	December 31	September 30
			($ per €)	
2011	1.3931	1.3656	1.2973	1.4523
2012	1.2859	1.3390	1.3186	1.2668
2013	1.3281	1.2934	1.3779	1.3010
2014	1.3299	1.3571	1.2101	1.3690
2015	1.1100	1.2019	1.0859	1.1154
2016 (up to September 30, 2016)	—	1.1139	—	1.1238

The following table shows the high and low noon buying rates for U.S. dollars per euro for the nine months ended September 30, 2016:

Period	High	Low
	($ per €)	
January 2016	1.0964	1.0743
February 2016	1.1362	1.0868
March 2016	1.1390	1.0845
April 2016	1.1441	1.1239
May 2016	1.1516	1.1135
June 2016	1.1400	1.1024
July 2016	1.1168	1.0968
August 2016	1.1334	1.1078
September 2016	1.1271	1.1158

Fluctuations in the value of the euro relative to the U.S. dollar have had a significant effect on the translation into U.S. dollar of our euro assets, liabilities, revenue and expenses, and may continue to do so in the future. For further information on the impact of fluctuations in exchange rates on our operations, see "*Risk Factors—Risks Relating to Our Business and Industry—Currency fluctuations and hedging risks could materially adversely affect our earnings and cash flow*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosure of Market Risk—Currency Risk*".

TABLE OF CONTENTS

	Page
SUMMARY	1
THE OFFERING	13
SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER FINANCIAL AND OPERATING DATA	19
RISK FACTORS	25
THE TRANSACTIONS	58
USE OF PROCEEDS	60
CAPITALIZATION	61
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA	62
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	64
INDUSTRY	84
BUSINESS	91
MANAGEMENT	112
PRINCIPAL SHAREHOLDERS	116
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	118
DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS	119
DESCRIPTION OF THE NOTES	140
BOOK-ENTRY; DELIVERY AND FORM	225
CERTAIN TAX CONSIDERATIONS	230
LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF GUARANTEES AND SECURITY AND CERTAIN INSOLVENCY LAW CONSIDERATIONS	237
PLAN OF DISTRIBUTION	252
NOTICE TO INVESTORS	255
LEGAL MATTERS	258
STATUTORY AUDITORS	258
ENFORCEMENT OF CIVIL LIABILITIES	259
WHERE YOU CAN FIND MORE INFORMATION	261
LISTING AND GENERAL INFORMATION	262
FINANCIAL INFORMATION OF DÉCOMEUBLES PARTNERS SAS	F-1
APPENDIX A: INTERIM FINANCIAL INFORMATION OF YVRAI DISTRIBUTION ÉQUIPEMENT DU FOYER SAS	A-1

SUMMARY

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

*Unless the context otherwise requires, all references herein to "**we**", "**our**", "**us**", "**BUT**" and the "**Company**" are to the Target and its direct and indirect subsidiaries, and, following completion of the Acquisition, Bidco and its direct and indirect subsidiaries, except as otherwise indicated or where the context otherwise requires.*

Our Company

We are one of the leading home equipment retailers in France. We offer a wide choice of products ranging from traditional to contemporary style furniture, kitchens and decoration as well as appliances and other electrical goods such as washing machines and refrigerators. Our product offering is complemented by our strong customer service offerings, which include consumer financing and extended warranties. With 303 stores (including franchisees) in France and French Overseas Territories as of June 30, 2016, we operate the largest home equipment store network in France. As of June 30, 2016, 186 stores were directly operated by us and the remaining 117 stores were operated by franchisees (which contributed 12.3% of our total revenue). In addition to our retail stores, we have five distribution centers in France.

In the year ended June 30, 2016, we generated revenue of €1,478.6 million and Adjusted EBITDA of €95.6 million. In the year ended June 30, 2016, furniture, electrical goods and decoration accounted for 59.5%, 32.6% and 7.9% of our revenues, respectively. For the year ended June 30, 2016, the Estimated Combined Adjusted EBITDA was €103.4 million, giving effect to the Yvrai Acquisition as if it had occurred at the beginning of the period.

Upon the consummation of the Acquisition, the Company will become indirectly wholly-owned by investment funds managed by Clayton, Dubilier & Rice, LLC, WM Holding GmbH, a company related to XXXLutz Group, and, on or after the Completion Date, senior members of our management team. See "*Principal Shareholders*".

Our Competitive Strengths

Leading Home Equipment Generalist Player with Continued Market Share Gains in a Stable and Well-Structured Market. Based on IPEA data, we are one of the leading home equipment retailers in France, with a market share in the furniture segment of approximately 13.1% in 2015. For the 2009 to 2015 period, we continuously expanded our market share, and our market share gains have outperformed our two main competitors, Ikea and Conforama. Ikea and Conforama increased their market share by 1.4 and 1.7 percentage points, respectively, from 2009, while we gained 3.4 percentage points in market share over the same period. Our share of the French furniture retail market has increased from approximately 7.5% in 2000 to 13.1% in 2015 in spite of the entry of international competitors, such as Ikea, into the French market. We believe our leading market position is driven by our strong brand recognition, our large store network with close proximity to customers, our competitive and broad product offering and price proposition. We believe that we offer a compelling customer value proposition by offering at competitive prices the entire suite of products needed to equip a home in a single location. As such, we are the only retailer other than Conforama that can offer its customers a one-stop shop experience. We offer our customers a selection of approximately 10,800 stock keeping units (SKUs) comprising of 6,900 furniture SKUs, 1,900 white goods SKUs, 400 brown goods SKUs and 1,600 decoration SKUs. While we offer products from main brands, such as Whirlpool, Bosch or Siemens, approximately 34% of our product offering comprises

of own brands and exclusively designed BUT products. This product mix drives additional Footfall and enables us to price our products advantageously. For instance, we are able to regularly price our signature brand products above group margin levels.

Our business has benefited from our focus on France. The French furniture market, which represents our core business, is estimated by IPEA to be about €9.3 billion in 2015. The French furniture market is relatively concentrated, with the top three retailers—Ikea, Conforama and BUT—accounting for approximately 47% of the total market. It is also resilient. During the economic downturn of 2007 to 2009, the French furniture market declined by only 3% despite the economic headwinds of the global financial crisis. The size and resilience of the French market, combined with our market position, large store network and continuous expansion of market share, have allowed us to grow our revenues, earnings and cash flows even in a challenging economic environment.

A Strong Sourcing Network and Desirable Product Offering that Will Be Enhanced Following the Acquisition. We continually review, update, refresh or replace our product offering in order to reflect new trends and designs that appeal to changing customer preferences, which we believe encourages customers to shorten product replacement cycles and drives Footfall. We have established a strong sourcing platform, with three main purchasing offices in China, France and Indonesia, giving us flexibility to purchase from the most competitive countries. When combined with our strong sourcing platform and our large store network, our leading market position provides us with significant purchasing power. For example, we have been able to increase the discounts we receive from our suppliers by 50 basis points for the year ended June 30, 2016 as compared to the year ended June 30, 2014. We believe this purchasing power enables us to be resilient to the effects of challenging economic environments and to capitalize on certain favorable market dynamics, such as the increasing number of households in France.

We expect that our purchasing power would be enhanced by future purchasing arrangements with XXXLutz Group, as our purchasing organization working together with the purchasing organization of XXXLutz Group would represent the third largest purchasing organization in Europe on an aggregate basis behind Steinhoff Group (including Conforama) and Ikea.

Strong Brand and Brand Recognition. BUT is a well-established brand in France with over 40 years of history. Based on an industry survey, as of November 2015, our assisted brand awareness among furniture retailers in France was 99%, which, along with our main competitors Ikea and Conforama, is the highest assisted brand awareness in our industry, and 77% of survey respondents had visited a BUT store at least once in the previous year. We have built our leading brand position by fostering a reputation for variety, quality and value in our product offering, and we have maintained the status of our brand through our continued investment in marketing activities over our long history. For instance, we advertise both nationally and regionally, targeting middle-income and value-oriented customers. Approximately 56% of our customers are below the age of 50 and approximately 51% of our customers are women. National advertising includes TV advertisements, billboards, radio and press exposure. In addition, we distribute approximately 517 million leaflets per year, about two-thirds of which are mailed directly to households in France with the remainder distributed in our stores. Our leaflets are renewed every second week to update our campaigns for local promotions and seasonal changes. Since we consider leaflets to be the most efficient means to drive customers to our stores, we have continuously increased the number of leaflet campaigns and number of leaflet pages since 2013 from 25 campaigns (totaling 516 leaflet pages) to 26 campaigns (totaling 692 leaflet pages) to 31 leaflet campaigns (totally 756 leaflet pages) in the years ended June 30, 2014, 2015 and 2016, respectively. At local level, we predominantly advertise with leaflets promoting local store sales. Our leading brand position is a key driver of customer interest in our products, visits to our stores and our website and, consequently, sales volumes. It also provides us with a strong platform to grow our retail store network, as new stores require only incremental local advertising and support.

Largest Home Equipment Store Network in France Offering Proximity with Customers. With 303 stores (including franchisees) in France and French Overseas Territories as of June 30, 2016, we operate the largest home equipment store network in France. We have a store portfolio totaling sales space of approximately 881,734 square meters (including franchises) with an average store size of approximately 2,700 square meters, ranging in size from 600 to 7,000 square meters. We operate two

store formats: BUT Classic with 218 stores (including 56 franchisees) of an average size of approximately 3,300 square meters, and BUT Cosy with 85 stores (including 61 franchises) of an average size of approximately 1,500 square meters. We have a balanced national footprint, with stores typically located in or near middle-sized cities, which enables us to attract both local and regional visitors from within our catchment areas (determined based on nearby transportation routes, population size and demographics) and ensures that we are always close to our customers. On the other hand, our key competitors (Ikea and Conforama) have most of their stores concentrated in or near large urban areas and as a result, the travel distance for their customers is generally greater. We estimate that approximately 80% of the French population lives within 30 minutes travel time to a BUT store, and about one-third of our stores operate in locations that are more than 60 minutes travel time from an IKEA store and more than 30 minutes travel time from a Conforama store.

In the year ended June 30, 2016, we opened four new directly-operated stores and one new franchised store. During the same period, more than 40 million people visited our stores and approximately 10 million identified customers made purchases. Each store has its own warehouse (with an average surface of 2,441 square meters in our directly-operated stores) which facilitates "cash and carry" and "click and collect" retailing (ordering products online and picking them up at our stores for no additional cost) for both furniture and electrical goods to allow customers to collect products quickly and efficiently. We complement our retail presence with our website, which generates approximately 1.5 million unique visits per month. We believe significant investment and time are required to attain the economies of scale, logistics infrastructure, industry know-how, store network and brand awareness that we currently enjoy, which further supports our leading market position.

Resilient and Cash Generative Financial Performance. We have continuously demonstrated our ability to grow our revenues, earnings and cash flow, even in challenging economic environments. Our strong Adjusted EBITDA growth and robust cash-flow generation enabled us to de-leverage from 2.5x as of March 31, 2014 (*pro forma* for the issuance of the 2019 Notes) to 0.3x as of June 30, 2016. Between the year ended June 30, 2014 and the year ended June 30, 2016, our total revenue increased to €1,478.6 million from €1,256.9 million, representing a CAGR of 8.5%, which was driven by store openings, acquisitions of franchises, and Like-for-like Sales growth. Over the same period, our Adjusted EBITDA increased to €95.6 million from €58.0 million representing a CAGR of 28.4%. In addition, we achieved Free Cash Flow of €62.5 million, €40.9 million and €137.6 million for the years ended June 30, 2014, 2015, and 2016 respectively. Between the year ended June 30, 2014 and the year ended June 30, 2016, our Free Cash Flow conversion rate increased from 107.8% to 143.9%. These improvements have been driven by initiatives we have implemented to enhance our inventory management and renegotiate our contracts with certain suppliers (in particular Asian suppliers). Furthermore, we have limited ongoing maintenance capital expenditure requirements, with the average in the past three fiscal years being 0.6% of sales, and we receive payment from the majority of our customers in store, with the remainder paying upon delivery.

Profitable and Complementary Financial Services Offering. In addition to our core home equipment offerings, we provide competitive financial services to customers. This competitive finance proposition is made possible primarily due to our high sales volumes, and we believe that it is an important factor in driving additional sales, particularly for large ticket items. We provide our consumer financing offering through BNP Paribas Personal Finance, the largest consumer finance provider in France, which also partners with Ikea and Conforama, and with which we have had a relationship since 1995. BNP Paribas Personal Finance is responsible for credit selection, and we do not directly bear the credit risk associated with its operations, however we receive about 33% of the profits generated by these operations. As of June 30, 2016, the book value of loans issued to customers through BNP Paribas Personal Finance was €726.1 million. During the year ended June 30, 2016, the contribution of our consumer financing activities (excluding Cafina) to operating profit has amounted to €14.1 million. Cardif (a BNP Paribas subsidiary) sells insurance contracts to customers of BNP Paribas Personal Finance in the event they are unable to service the loans provided by BNP Paribas Personal Finance due to death, illness or unemployment. Our financial services offering is also complemented by our BUT/Visa and BUT/Aurore co-branded credit cards, which serve as loyalty cards granting access to services such as cash-backs, discounts and specific delivery options

(e.g., free van rental). As of June 30, 2016, we had 1.4 million customers signed up to our loyalty card system. The number of loyalty cards opened by our customers has increased each year since 2014, with 227,988 card openings in the year ended June 30, 2014, 254,324 card openings in the year ended June 30, 2015 and 267,476 in the year ended June 30, 2016. Revenue generated by card fees increased by €2.2 million from €6.3 million for the year ended June 30, 2014 to €8.4 million for the year ended June 30, 2016, representing a CAGR of 15.9% for the period. Other complementary financial services offerings encompass our warranty extension program enabling customers to opt for an extension of the free manufacturer warranty period. Between the years ended June 30, 2014 and 2016, the revenue generated in connection with our warranty extension program increased to €50.2 million from €32.4 million, representing a CAGR of 24.5% for the period.

Experienced Management Team Delivering Strong Results. Our senior management team has significant experience across a broad range of disciplines. Our Chief Executive Officer, Frank Maassen, joined the Company in 2013 from Sun European Partners LLP where he was an operating partner responsible for the operational management of European based portfolio companies such as furniture distributor SCS and furniture pure-player Sharps Bedrooms. In addition, Mr. Maassen has extensive operating experience in various consumer, industrial and durable goods industries, serving as chief executive officer at the Hünnebeck Group, Thyssen Hünnebeck and Hünnebeck France. Mr. Maassen has built an experienced team around him through four additions to our senior management team, creating a compelling blend of operational expertise, retail experience and financial acumen.

Since 2013, the senior management team has transformed BUT from a decentralized franchise model into a more integrated group. While key functions, such as sourcing, logistics or finance, have been centralized, we also established two Asian offices for procurement and local sourcing. Additionally, our experienced senior management team has also developed our alternative store concept BUT Cosy (located in mid-sized towns) and successfully integrated four Maga and eight Sésame stores into the BUT network. We believe that the collective industry knowledge and leadership of our senior management team and their record of accomplishment in building businesses will enable them to continue to execute our strategy profitably. Following the Acquisition, members of our senior management team will be incentivized to contribute to the success of our business through investments in our holding companies.

In addition, through our new supervisory board following the completion of the Acquisition, we will have access to expertise in merchandising, marketing, e-commerce and logistics that we believe would help us further strengthen our product offering, price positioning, store portfolio and supply chain management.

Our Strategy

Continue to Focus on Operational Excellence. To drive our leading market position, we intend to optimize our in-store execution and merchandising, improve product availability and continue our cost management program as well as to continue to improve our product offering and sourcing platform.

Increase In-Store Sales. In the year ended June 30, 2016, more than 40 million people visited our stores. Through initiatives such as improving our Footfall Conversion Rates, increasing warranty sales and limiting salesmen discounts, we intend to continue to leverage our existing customer base to generate increased in-store sales.

Improve Product Availability and Inventory Management. Since product availability is an important driver of customers' purchase decisions and consequently sales volumes, we are focused on minimizing lead times. Due to internal organization, our availability rates have increased by approximately 10% since 2013 to 80% product availability in the year ended June 30, 2016. We aim to have 90-95% availability of our products upon purchase by continued use of our network of warehouses located behind or in the immediate vicinity of every BUT store and through the strengthening of our existing supply chain, distribution network and inventory forecasting capabilities. Similarly, the average delivery time to our stores has decreased from nine to five days in the last year,

which we endeavor to further decrease in the future. As part of the implementation of this strategy, we closed our distribution center in China in May 2014 and replaced it with a new distribution center in Lyon, France. This has significantly reduced delivery lead times, thus improving product availability as well as reducing our working capital needs. To strengthen our existing logistics platform, we plan to continue to regionalize inventory for high-demand products, which we believe will reduce our freight costs due to shorter delivery distances. For example, we opened a new distribution center in June 2016, which will be located in the east of Paris and will deliver furniture and electrical goods to our stores in Northern France. Further, we intend to manage our inventory through a centralized "push strategy" to dispatch inventory to our stores based on headquarter estimates of anticipated customer demand rather than in reliance on the orders of individual stores.

Continue Cost Reduction and Improvement of Cash Management. We also have a team dedicated to cutting costs in areas of maintenance, repair and operations, which directly reports to our Chief Financial Officer. By enhancing our inventory management, changing our end customer down-payment rate and extending certain supplier payment terms to our Asian-based suppliers, we also reduced our net working capital as a percentage of revenue from 2.5% for the year ended June 30, 2014 to 0.8% for the year ended June 30, 2015 to (4.6)% (i.e., negative 4.6%) for the year ended June 30, 2016. Due to our continuous improvement in cash management, our working capital was structurally negative for the year ended June 30, 2016. We intend to further carry out our cost reduction program through a dedicated task force aimed at reducing overhead expenses.

Strengthen Product Offering and Sourcing Platform. In addition, through our continued efforts to strengthen our product offering and sourcing platform, we aim to source a wider range of products from a broader network of suppliers, to enable us to source products from the least expensive location for a given quantity and design as well as to benefit from increased bargaining power when negotiating with suppliers and better adapt to cost, whereby our purchasing arrangements with XXXLutz Group will help accelerate our operational and sourcing initiatives.

Improve Product Mix and Profitability. We intend to continue to increase our profitability through more effective pricing and a continued shift in our product mix. In the first quarter of our 2014 financial year, we adopted a new pricing approach that is focused on optimizing the pricing of our products based on the price sensitivity of our customers with respect to such products and the comparability of such products to similar products offered by our competitors. As a result, we are now able to calibrate our pricing to compete effectively with competitors on price-sensitive products while maximizing margins on less sensitive products. Our gross product margin rate increased by 2.2 percentage points from 39.0% in the year ended June 30, 2014, the year in which the new pricing approach was adopted, to 41.2% in the year ended June 30, 2016.

We initiated our product mix transition strategy in 2010 by moving away from grey goods, such as computers and printers, due to their low margin potential. In addition, we have been focusing on increasing the share of decorative products such as lighting, textiles and wall decorations, which provide similar benefits as those of brown goods in terms of encouraging Footfall in our stores, but which also generate significantly higher margins. Compared to our other product categories, decorative products have the highest commercial margins and present the highest cross-selling rates. As a result of this strategy, our Like-for-like Sales increased continuously between July 2014 and June 2016. We intend to continue this focus on our decorative product offering by optimizing product placement and mix in our stores, which we believe will help to enhance the customer experience, increase Footfall Conversion Rates and increase margins. In the decoration market, where home equipment retailers have gained market share from hypermarkets, we have experienced a market share growth of 0.4% since 2012 as well as Like-for-like Sales growth of 7.7% in the year ended June 30, 2016, which followed a 6.7% growth in the year ended June 30, 2015. In the next year, we currently expect the overall decorative market to grow further. For the years ended June 30, 2014, 2015 and 2016, our gross margins for furniture, white goods, brown goods and decorative goods ranged approximately between 35-40%, 20-25%, 10-15% and 35-45%, respectively. In addition, we plan to further increase the proportion of furniture in our product mix over the next several years, concentrating in particular on furniture items with higher margins such as sofas, bedding products and kitchens.

Continue Shift of Communication Strategy into More Efficient Channels. We believe that we offer a compelling customer value proposition by offering at competitive prices the entire suite of products needed to equip a home in a single location. We intend to continue to reinforce our customers' perception of our price competitiveness to drive increased traffic to our stores and website by improving customer communications through increased and targeted leaflet campaigns around seasonal sale periods and focused radio advertisements. Our marketing campaigns aim to showcase the breadth of our product offering and also emphasize the competitiveness of our product pricing. For example, we launched the "*100% remboursés*" campaign during August and September 2015, which offered customers promotions for their future purchases from September to November 2015. Similarly, we launched an anniversary campaign called "*Anniversaire Royal*" in September 2015, during which customers received vouchers to buy additional products. We also send targeted SMS and email communications to our customers, which we believe is a cost-effective means of advertising. With approximately 10 million in-store purchases (including franchisees) made in the year ended June 30, 2016, and a database of approximately 1.3 million customer e-mail addresses, we believe our existing customer base presents an important opportunity for further customer communication initiatives, on which we intend to capitalize through the implementation of customer relationship management tools that allow us to send targeted email or SMS campaigns and plan local store events.

Implement Cross-Channel Strategy. Our online platform now has approximately 1.5 million unique visitors per month and approximately 60 million total visits annually. We intend to further advance the interconnectivity between our stores and online platform in order to deliver a continuously improving seamless, multi-channel experience for our customers. For instance, we plan on capitalizing on the opportunities presented by our multi-channel platform by standardizing promotions, achieving visual consistency across stores and maintaining product availability across all channels. We believe our online platform will be a significant driving force of future sales growth in stores due to the growing "click and collect" trend among our retail customers. According to an industry survey, on-line sales in 2015 represented 25% of total sales in the brown goods market, 20% in the white goods market, 15% in the decoration market and 9% in the furniture market. We believe this represents a significant growth opportunity for us, as in the past, our online platform has represented a relatively smaller proportion of our total sales (approximately 2% in 2015) as compared to our rivals (approximately 3-4% for Ikea and 7% for Conforama in the same period, according to an industry survey). By extending the number of web-based offered products from 380 in the year ended June 30, 2014 to 630 in the year ended June 30, 2016 and simplifying our website, and through our new mobile site launched in May 2016, we are expecting to further grow our online presence as a retailer. The online sales under our banner have been growing steadily from €28.9 million in the year ended June 30, 2013 to €46.8 million in the year ended June 30, 2016. Furthermore, we have created over 7,000 pickup points, where customers can pick up their online orders. We are therefore focused on providing an improved online offering through comprehensive online product descriptions, shortening the time between orders and in-store pick-ups or home deliveries and creating dedicated "click and collect" areas in each BUT store.

Selectively Expand Store Footprint. In the year ended June 30, 2016, our store network further expanded with four new directly-operated stores and one new franchise store, and we have identified a number of sites for potential future openings as we continue to implement our strategy to expand and optimize our store footprint. In late 2014, we acquired six stores in the Paris region that were previously operated under the FLY and ATLAS brands by Société d'Exploitation RAPP SER (which is part of the RAPP group). After a period of refurbishment, two of these stores were opened in March 2015, one was opened in May 2015, one was opened in June 2015 and the remaining two stores were opened in July 2015. In May 2015, we also opened a store in Gennevilliers, near Paris, which at 7,000 square meters is one of our largest stores. We also opened one new store in Douai (Northern France) in September 2015 and another new store in Besançon (Eastern France) in October 2015. We expect that these new store openings will significantly strengthen our position in the important Paris market. We also continue to focus on expanding the number of our BUT Cosy concept stores, which are located in mid-sized towns and are significantly smaller in size than our traditional stores (approximately 1,500 square meters compared to 3,300 square meters for BUT Classic stores).

We have been exercising rights to purchase our franchises as directly-operated stores are generally more profitable and we have greater control over them. In furtherance of this strategy, on September 1, 2016, we acquired the Yvrai Group, a franchise network of 18 stores. We plan to continue to pursue a strategy of opportunistically acquiring franchises to increase our number of directly-operated stores.

To strengthen the performance of our expanded network, we overhauled our oversight and store management structures in 2015 with the objective of providing more support to store managers and creating greater visibility with respect to store performance. We divided our store network between two dedicated national directors who each manage regional directors in their region, thus allowing us to manage our stores more closely and efficiently. In addition, we have a dedicated team of merchandising experts and product controllers to implement and enforce our stringent execution guidelines for each of our stores, which cover metrics such as Footfall Conversion Rates, customer discounts, cross selling results and sale of accessories.

In addition, we also may look at opportunistic acquisitions of different banners both in France and outside of France. We may consider medium-size as well as larger transactions, with the aim of realizing synergies with our existing business and creating value. In our core geographic market, we may seek to consolidate our positions through "bolt-on" acquisitions.

Recent Developments

Acquisition of the Yvrai Group

On September 1, 2016, BUT International SAS completed the acquisition (the ***Yvrai Acquisition***) of Yvrai Distribution Equipement du Foyer, a holding company owning a franchise network, for consideration of €47.8 million (subject to post-closing adjustments for net debt movements).

The franchise network of the Yvrai Group, comprised of 18 stores, has a particular presence in the Rhône-Alpes and Midi-Pyrénées regions and generated €132.5 million in revenue in the twelve months ended May 31, 2016, according to Yvrai's accounts. The average store size is 3,708 square meters and we expect that the integration of the network will increase our sales of extended warranties and the average sales per square meter in our stores. As a result of the Yvrai Acquisition, we also expect an increase in our consumer financing activities.

For the twelve months ended May 31, 2016, the Yvrai Group EBITDA, the Yvrai Group Adjusted EBITDA and the rental expense of the Yvrai Group were €5.8 million, €7.8 million and €7.1 million, respectively. For the twelve months ended June 30, 2016, the Estimated Combined Adjusted EBITDA was €103.4 million, giving effect to the Yvrai Acquisition as if it had occurred at the beginning of the period. For a reconciliation of Estimated Combined Adjusted EBITDA, see "*—Summary Historical Consolidated Financial Information and Other Financial and Operating Data*".

Recent Trading and Developments

For the three months ended September 30, 2016, our Like-for-like Sales declined by 2.4% (assuming 171 constant stores in each period) and our revenue increased by 1.0% (which takes into account the performance of the Yvrai Group in the month of September 2016), in both cases, as compared to the same period in 2015. We believe the decline in our Like-for-like Sales in the three months ended September 30, 2016 as compared to the previous year is mainly attributable to unusually hot weather in France during the summer period as well as shaky consumer confidence in France after the terrorist attacks in Nice on July 14, 2016, and that these same factors also generally affected the furniture market in France, which declined by 8% in the month of August. These factors, among others, have impacted profitability during the quarter, such that we expect our Estimated Combined Adjusted EBITDA for the twelve months ended September 30, 2016 will exhibit a slight decline as compared to the Estimated Combined Adjusted EBITDA for the twelve months ended June 30, 2016, but will not materially impact our leverage, as adjusted for the Transactions on a *pro forma* basis. The overall trends in the business have shown improvement in the months of September and October 2016 as compared to the previous two months.

Our History

Our business was founded in 1972 by the Venturini family and focused primarily on furniture products until electrical products were introduced in 1978. In 1987, Carrefour, the French retail conglomerate, acquired a 47% ownership in the business and took us public in 1990. We were then acquired by Kingfisher, a European home improvement retail company, in 1998 and subsequently acquired by Kesa Electricals plc, an electronics retailer based in the United Kingdom, in 2003.

In 2008, Kesa Electricals plc sold us to investment funds associated with or advised by Colony Capital, Goldman Sachs European Special Situations Group and OpCapita.

Since 2013, five new members have joined our executive team including our current Chief Executive Officer, Frank Maassen, who joined from Sun European Partners LLP where he was an operating partner responsible for the operational management of European-based portfolio companies such as furniture distributor SCS and furniture pure-player Sharps Bedroom. See "*—Our Competitive Strengths—Experienced Management Team Delivering Strong Results*". In recent years, we have focused on strengthening our management structure.

We are now in the process of being acquired by certain investment funds managed by Clayton, Dubilier & Rice, LLC and by WM Holding GmbH. We expect this acquisition to be completed on the Completion Date. See "*The Transactions*".

The Transactions

The Acquisition

The Transactions involve the acquisition on the Completion Date of 100% of the issued share capital of the Target by Bidco (the ***Acquisition***), an entity formed by the Sponsors for purposes of completing the Acquisition.

The Issuer is wholly-owned by Bidco and Bidco is indirectly wholly-owned by investment funds managed by Clayton, Dubilier & Rice, LLC and WM Holding GmbH. From and after the Completion Date, Bidco is expected to also be indirectly owned by senior members of our management team. See "*Principal Shareholders*".

The Financing and the Completion Date Transactions

On the Completion Date, the Financing will be completed, and the net proceeds thereof will be used to complete the Debt Repayment and the Acquisition and to pay fees and expenses incurred in connection with the foregoing, including fees and expenses incurred in connection with the Offering. See "*The Transactions—The Financing and the Completion Date Transactions*".

Sources and Uses

The expected estimated sources and uses of the funds necessary to consummate the Transactions, including the proceeds of the Offering of the Notes, are shown in the table below assuming the Completion Date occurs on November 4, 2016 and that the Yvrai Acquisition (which was completed on September 1, 2016) also occurs on the Completion Date. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses, the actual date of the Completion Date and cash flow generated by the Group up to the Completion Date.

Sources	(€ millions)	Uses	(€ millions)
Equity Contribution[1]	199.5	Acquisition consideration[3]	394.6
Notes offered hereby	380.0	Debt Repayment[4]	257.6
Super Senior Revolving Credit Facility	—	Transaction fees and expenses[5]	39.0
Cash on balance sheet[2]	168.4	Tax liabilities[6]	8.9
		Yvrai Acquisition[7]	47.8
Total Sources	**747.9**	**Total Uses**	**747.9**

(1) The Sponsors, together with management, will directly or indirectly through subscriptions for (i) shares and preferred equity certificates or loans of Mobilux S.à r.l., Mobilux 1 SAS, Mobilux 2 SAS, and (ii) ordinary shares of Bidco, provide Bidco with €199.5 million in equity funding (the ***Equity Contribution***).

(2) In addition to €168.4 million of balance sheet cash being used to partially finance the Transactions, following completion of the Transactions, we expect to have cash on hand of approximately €30.0 million and €100 million of undrawn availability under the Super Senior Revolving Credit Facility. See "*Description of Certain Financing Arrangements—Super Senior Revolving Credit Facility*".

(3) Represents the total estimated Acquisition consideration, including €15.0 million in escrowed funds available to satisfy potential claims against the Seller in relation to certain tax liabilities of the Group.

(4) Represents the amounts required to redeem all of the 2019 Notes, which includes principal of €246.0 million and aggregate accrued unpaid interest and redemption premium of €11.6 million. The amounts of interest and redemption premium are calculated assuming redemption of the 2019 Notes on November 4, 2016. It is not expected that there will be any amounts outstanding under the Existing Revolving Credit Facility and we will terminate it on the Completion Date.

(5) Represents estimated fees and expenses associated with the Transactions, including commitment, placement, financial advisory, Initial Purchasers' commissions and discounts and other transaction costs and professional fees. Approximately €19.0 million of these fees and expenses are attributable to the debt financing of the Transactions.

(6) Represents taxes payable by the Group in connection with the Transactions.

(7) Represents the consideration paid for the Yvrai Acquisition. The Yvrai Acquisition was consummated on September 1, 2016.

Our Principal and New Shareholders

On the date of this Offering Circular and on the Completion Date, Bidco and the Issuer are, and upon the completion of the Acquisition on the Completion Date, the Group will be, indirectly owned 50% by investment funds managed by Clayton, Dubilier & Rice, LLC and 50% by WM Holding GmbH (***WM Holding***). On or after the Completion Date, it is expected that senior members of our management team will directly or indirectly acquire up to approximately 12% of the share capital in Mobilux 1 SAS in connection with our management incentive plan, and upon such investment each of our Sponsors' indirect ownership of the Group will be reduced proportionately.

Clayton, Dubilier & Rice, LLC, also referred to as "CD&R", is a private equity firm that manages investments in global businesses, primarily divisions of large multinational corporations, and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has managed the investment of over $22 billion in 70 U.S. and European-headquartered companies with an aggregate transaction value of more than $100 billion. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies. Notably, CD&R has had a history of success of investing in transactions with strategic partners such as its partner in the Acquisition.

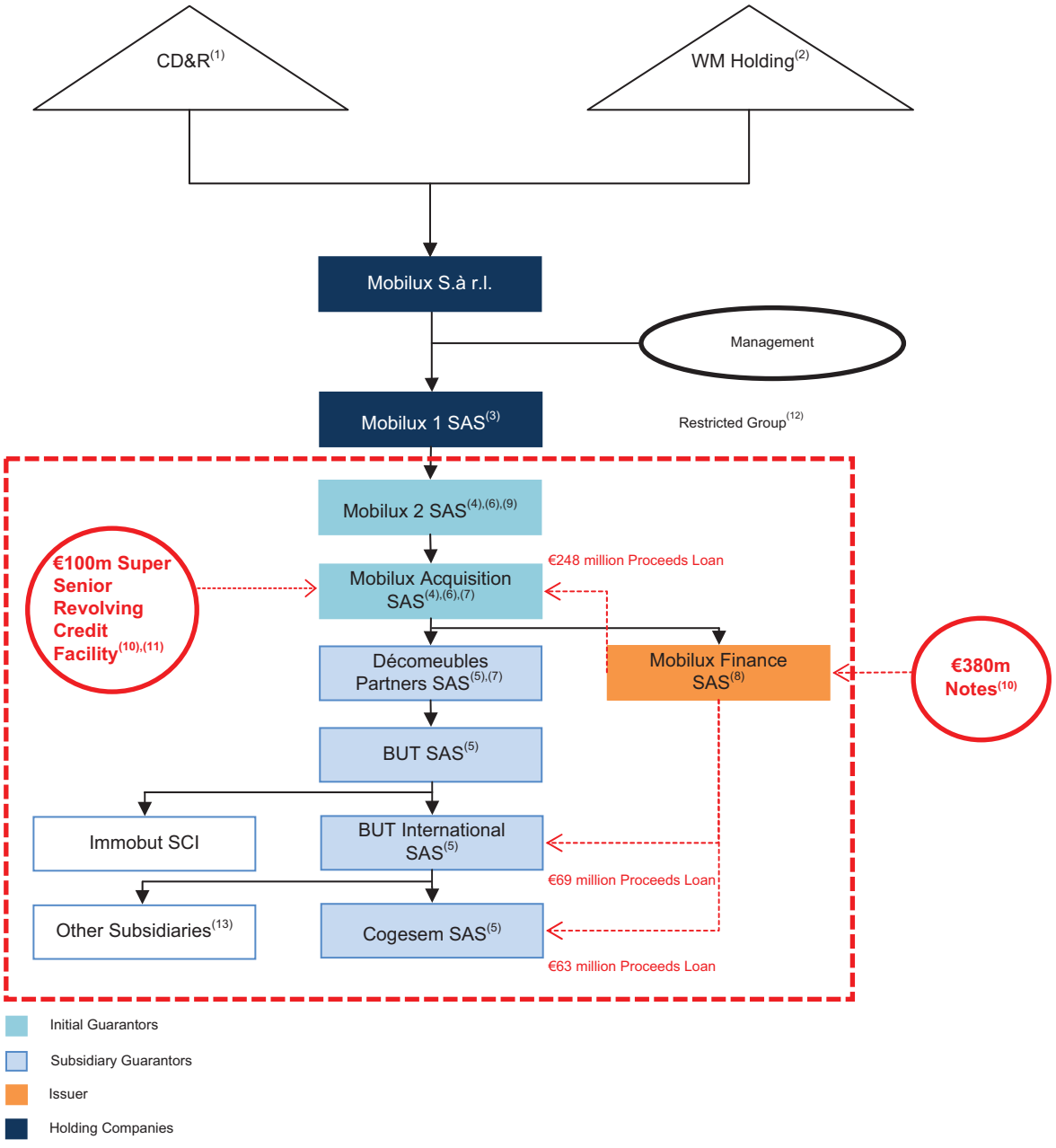
WM Holding is an Austrian incorporated investment company. WM Holding is 100% owned by MW Holding GmbH (***MW Holding***), also an Austrian incorporated investment company, which in turn is 100% directly owned by Dr. Andreas Seifert, a member of the founding family and the Chief Operating Officer of XXXLutz KG. XXXLutz Group is one of Europe's three largest furniture retailers. Established in 1945 and headquartered in Wels, Austria, XXXLutz Group employs approximately 20,800 employees and has approximately €3.9 billion annual turnover. In addition to furniture, XXXLutz Group sells home furnishings, curtains, baby items, lighting, flooring, oriental carpets, giftware, housewares and home accessories.

The Issuer

The Issuer is Mobilux Finance SAS, a private limited liability company (*société par actions simplifiée)* incorporated under the laws of France on July 25, 2016 with registration number 821 716 032. The Issuer's registered office is 8, rue François Villon, 75015 Paris, France. The entirety of the Issuer's share capital is held by Bidco. On the Issue Date, the Issuer's share capital was €1, divided into 1 fully paid share, with a nominal value of €1 per share.

Corporate and Financing Structure

The following chart shows a summary of our corporate structure as of the Completion Date, upon giving effect to the Transactions. For a summary of the debt obligations referenced in this diagram, see "*Description of Certain Financing Arrangements*" and "*Description of the Notes*":



(1) On the Completion Date, investment funds managed by CD&R are expected to hold 50% of Mobilux S.à r.l.'s share capital. See "*Principal Shareholders*".

(2) WM Holding GmbH is wholly-owned by MW Holding GmbH, which in turn is wholly-owned by Andreas Seifert, a member of the founding family and Chief Operating Officer of XXXLutz KG. On the Completion Date, WM Holding is expected to hold 50% of Mobilux S.à r.l.'s share capital. See "*Principal Shareholders*".

(3) On or after the Completion Date, it is expected that senior members of our management team will directly or indirectly acquire up to approximately 12% of the share capital in Mobilux 1 SAS in connection with our management incentive plan, and upon such investment each of our Sponsors' indirect ownership of the Group through Mobilux S.à r.l. will be reduced proportionately. See "*Principal Shareholders*".

(4) On the Issue Date, the Notes will be guaranteed on a senior basis by the Parent Guarantor and Bidco, the Issue Date Guarantors.

(5) On the earlier of (i) the date on which such entity accedes to the Super Senior Revolving Credit Facility Agreement and (ii) the 90th day following the Completion Date subject to the Agreed Security Principles (as defined in "*Description of the Notes—Certain Definitions*"), the Notes will be guaranteed on a senior basis by Décomeubles Partners SAS, BUT SAS, BUT International SAS and Cogesem SAS, the Subsidiary Guarantors.

(6) The Notes will rank pari passu in right of payment with all existing and future indebtedness of the Issuer and the Guarantors that is not expressly subordinated in right of payment to the Notes, including indebtedness incurred under the Super Senior Revolving Credit Facility. The Guarantors will be subject to certain limitations under applicable law, as described under "*Risk Factors—Risks Related to Our Financial Profile and the Notes—The guarantees/security interests may be limited by French law or subject to certain limitations or defenses that may adversely affect their validity and enforceability*".

As of June 30, 2016, the Guarantors and the Issuer would have represented 88.4% of the total assets of the Group on a non-consolidated combined basis (before intercompany eliminations). For the year ended June 30, 2016, the Guarantors and the Issuer would have been responsible for 88.0% of the Group's total combined recurring operating profit before depreciation and amortization, and other operating income and expense on the same non-consolidated combined basis (before intercompany eliminations). The foregoing figures do not give any *pro forma* effect to the completion of the Yvrai Acquisition by the Group on September 1, 2016.

(7) Our corporate headquarters is in Emerainville. Our registered office is 1 avenue Spinoza, 77184 Emerainville, France. Décomeubles Partners SAS is registered with the Trade and Companies Registry (*Registre du Commerce et des Sociétés*) of Meaux under number 501 586 382. As of the Completion Date, the entire share capital of Décomeubles Partners SAS will be owned by Bidco.

Prior to the completion of the Acquisition, Bidco will not control the Company, and the Company will not be subject to the covenants described in the section entitled "*Description of the Notes*".

(8) The Issuer is a wholly-owned subsidiary of Bidco, organized as a private limited liability company (*société par actions simplifiée*) under the laws of France. The Issuer's registered office is located at 8, rue François Villon, 75015 Paris, France. The Issuer is registered with the Trade and Companies Registry (*Registre du Commerce et des Sociétés*) of Paris under number 821 716 032.

(9) On the Completion Date, we expect to use the proceeds of the Notes, together with the proceeds of the Equity Contribution and existing available cash of the Target Group, for the following purposes: (i) to repay the 2019 Notes, including all accrued and unpaid interest and applicable redemption premiums; (ii) to fund the proposed Acquisition; and (iii) to pay associated fees and expenses. See "*The Transactions*" and "*Use of Proceeds*".

(10) On or prior to the Completion Date, the Notes and obligations under the Super Senior Revolving Credit Facility Agreement will be secured, subject to the terms of the security documents, on a first-priority basis (by virtue of the Intercreditor Agreement) by the Completion Date Collateral, which comprises of (i) pledges of all of the issued share capital of the Issuer, Bidco and the Target, (ii) pledges of certain existing and/or future intercompany receivables and of Bidco's rights under the Sale and Purchase Agreement and (iii) pledges of certain bank accounts, in each case as more specifically described under "*Description of the Notes—Security*". On the earlier of (i) the date on which such entity accedes to the Super Senior Revolving Credit Facility Agreement and (ii) the 90th day following the Completion Date, subject to the Agreed Security Principles, the Notes and the obligations under the Super Senior Revolving Credit Facility Agreement will be secured, subject to the terms of the security documents, on a first-priority basis (by virtue of the Intercreditor Agreement) by the Post-Completion Collateral, which comprises of (i) pledges of all of the issued share capital of BUT SAS, BUT International SAS and Cogesem SAS, (ii) pledges of certain existing and/or future intercompany receivables of the Subsidiary Guarantors and (iii) pledges of certain bank accounts of the Subsidiary Guarantors. See "*Description of the Notes—Security*" for further information.

(11) On or prior to the Completion Date, the Parent Guarantor, the Issuer and Bidco will enter into the new Super Senior Revolving Credit Facility Agreement, and BUT SAS and BUT International SAS will terminate the Existing Revolving Credit Facility. The Super Senior Revolving Credit Facility will provide for up to €100 million in multicurrency super senior revolving credit to be made available to Bidco and certain of the Guarantors. We do not expect to draw down funds under our Super Senior Revolving Credit Facility on the Completion Date. See "*Description of Certain Financing Arrangements—Super Senior Revolving Credit Facility*".

(12) The entities in the "Restricted Group" will be subject to the covenants in the Super Senior Revolving Credit Facility Agreement and the Indenture.

(13) Other subsidiaries include, since the consummation of the Yvrai Acquisition on September 1, 2016, the Yvrai Group.

THE OFFERING

The summary below describes the principal terms of the offering of the Notes. It may not contain all the information that is important to you. Some of the terms and conditions described below are subject to important limitations and exceptions. You should carefully read the ''Description of Notes'' section of this Offering Memorandum for a more detailed description of the terms and conditions of the Notes.

Issuer	Mobilux Finance SAS, a direct subsidiary of Mobilux Acquisition SAS, organized under the laws of France as a *société par actions simplifiée* (the ***Issuer***).
Guarantors	Upon issuance, the Notes will be guaranteed (the ***Guarantees*** and, each, a ***Guarantee***) on a senior secured basis by the Parent Guarantor and Bidco (together, the ***Issue Date Guarantors***). In addition, on the earlier of (i) the date on which such entity accedes to the Super Senior Revolving Credit Facility Agreement and (ii) the 90th day following the Completion Date, subject to the Agreed Security Principles (as defined in "*Description of the Notes—Certain Definitions*"), the Notes will also be guaranteed on a senior secured basis by Target, BUT SAS, BUT International SAS and Cogesem SAS (together, the ***Subsidiary Guarantors***, and together with the Issue Date Guarantors, the ***Guarantors***).
Notes Offered	€380,000,000 aggregate principal amount of 5½% Senior Secured Notes due 2024 (the ***Notes***).
Issue Date	November 10, 2016.
Maturity Date	November 15, 2024.
Issue Price	100.00%, plus accrued and unpaid interest, if any, from the Issue Date.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on May 15 and November 15 of each year, commencing on May 15, 2017. Interest on the Notes will accrue from the Issue Date.
Denominations	Each Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	The Notes: • are senior secured obligations of the Issuer; • are secured on a first-priority basis; • rank pari passu in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes; • rank senior in right of payment to any existing and any future indebtedness of the Issuer that is subordinated in right of payment to the Notes; • are effectively senior in right of payment to any existing or future unsecured obligations of the Issuer, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes; • are guaranteed on a senior basis by the Guarantors, which guarantees may be subject to the guarantee limitations as

described in "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*"; and

- are structurally subordinated to any existing and future indebtedness of the Parent Guarantor's subsidiaries that are not Guarantors.

Ranking of the Guarantees . . . . . After the Completion Date, the Guarantee of each Guarantor:

- will be senior secured obligations of the relevant Guarantor;
- will be secured on a first-priority basis;
- will rank pari passu in right of payment with any existing and future indebtedness of that Guarantor that is not subordinated in right of payment to the relevant Guarantee;
- will rank senior in right of payment to any existing and any future indebtedness of that Guarantor that is subordinated in right of payment to the relevant Guarantee;
- will be effectively senior to any existing or future unsecured obligations of that Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under the relevant Guarantee; and
- will be structurally subordinated to any existing and future indebtedness of such Guarantor's subsidiaries that are not Guarantors.

Security . . . . . On or prior to the Completion Date, the Notes will be secured by:

(1) pledges of all of the issued share capital of the Issuer, Bidco and the Target;

(2) pledges of certain existing and/or future intercompany receivables;

(3) pledges of certain bank accounts; and

(4) a pledge by Bidco over its rights under the Sale and Purchase Agreement (the ***Completion Date Collateral***).

On the earlier of (i) the date on which such entity accedes to the Super Senior Revolving Credit Facility Agreement and (ii) the 90th day following the Completion Date, the Notes will be secured, subject to the Agreed Security Principles (as defined in "*Description of Notes—Certain Definitions*"), by:

(1) pledges of all of the issued share capital of BUT SAS, BUT International SAS and Cogesem SAS;

(2) pledges of certain existing and/or future intercompany receivables of the Subsidiary Guarantors; and

(3) pledges of certain bank accounts of the Subsidiary Guarantors (the ***Post-Completion Collateral***).

The Collateral will also secure the liabilities under the Super Senior Revolving Credit Facility Agreement and may secure certain Hedging Obligations, and certain other future indebtedness; provided, that lenders under the Super Senior Revolving Credit Facility Agreement, counterparties to certain Hedging Obligations and certain other lenders or creditors will receive proceeds from the enforcement of the Collateral in priority to holders of the Notes as further described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*." Any proceeds received upon any enforcement over any Collateral, after all such liabilities have been discharged from such recoveries, will be applied pro rata in payment of all liabilities in respect of obligations under the Notes and any other indebtedness of the Parent Guarantor or its restricted subsidiaries permitted to be incurred and secured by the Collateral on a pari passu basis pursuant to the indenture governing the Notes and the Intercreditor Agreement.

Optional Redemption . . . . . At any time on and after November 15, 2019, the Issuer will be entitled to redeem, at its option, all or a portion of the Notes at the redemption prices described under "*Description of Notes—Optional Redemption*" plus accrued and unpaid interest to the redemption date.

Prior to November 15, 2019, the Issuer may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus a ''make whole'' premium as described under ''*Description of Notes—Optional Redemption*,'' plus accrued and unpaid interest to the redemption date.

Prior to November 15, 2019 the Issuer may, at its option, and on one or more occasions, redeem up to 40% of the original aggregate principal amount of the Notes (including Additional Notes) with funds in an equal aggregate amount (the ***Redemption Amount***) not exceeding the aggregate proceeds of one or more equity offerings, at a redemption price equal to 105.50% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date, so long as at least 50% of the original aggregate principal amount of the Notes (including Additional Notes of the same series) remains outstanding immediately after the redemption. Any amount payable in any such redemption may be funded from any source (including amounts in excess of the Redemption Amount).

At any time prior to November 15, 2019, the Issuer will be entitled at its option to redeem during each calendar year up to 10% of the original aggregate principal amount of the Notes (including Additional Notes), at a redemption price equal to 103% of the principal amount of the Notes, plus accrued and unpaid interest to the redemption date.

	In connection with any tender for any Notes, if holders of not less than 90% in the aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any other person making such tender offer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer will have the right, upon notice given not more than 30 days following such purchase pursuant to such tender offer, to redeem all of the Notes that remain outstanding following such purchase at a price in cash equal to the price offered to each holder in such tender offer, plus accrued and unpaid interest to the redemption date. See "*Description of Notes—Optional Redemption*".
Redemption for Tax Reasons	If certain changes in the law of any Relevant Taxing Jurisdiction are announced, enacted or become effective on or after the date of this Offering Circular that would impose withholding taxes or other deductions on the payments on the Notes or any Guarantee, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See ''*Description of Notes—Optional Redemption for Changes in Withholding Taxes*''.
Additional Amounts	Any payments made by the Issuer or any Guarantor under or with respect to the Notes or any Guarantee will be made without withholding or deduction for taxes imposed or levied by any Relevant Taxing Jurisdiction, unless required by law. If withholding or deduction for such taxes is required to be made with respect to a payment on the Notes or a Guarantee, subject to certain exceptions, the Issuer or the Guarantor, as the case may be, will pay such additional amounts as may be necessary so that the net amount received by the holders of Notes after such withholding or deduction is not less than the amount that they would have received in the absence of such withholding or deduction. See ''*Description of Notes—Additional Amounts*''.
Change of Control	Upon the occurrence of certain events constituting a change of control, we may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest to the date of such repurchase. "*Description of the Notes—Change of Control*".
Certain covenants	The Indenture governing the Notes will contain covenants that will, among other things, limit our ability and the ability of our restricted subsidiaries to, among other things: • incur additional indebtedness; • create liens; • pay dividends, redeem capital stock or make certain other restricted payments or investments;

- enter into agreements that restrict dividends from restricted subsidiaries;
- sell assets, including capital stock of restricted subsidiaries;
- impair the security interests for the benefit of the holders of the Notes;
- engage in transactions with affiliates; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions and certain of them will be suspended if and when, and for so long as, the Notes are rated investment grade or, following a public offering in respect of the Parent Guarantor or any parent thereof, a certain leverage test is met. For more details see "*Description of the Notes— Certain Covenants*".

Intercreditor Agreement . . . . . On or before the Completion Date, the Trustee, the Security Agent and certain other parties will enter into an intercreditor agreement (the ''***Intercreditor Agreement''***), which will govern the relative rights of the obligors and creditors under certain of our existing and future financing arrangements (including the Super Senior Revolving Credit Facility, the Notes and certain hedge counterparties). Among other things, with respect to such indebtedness, the Intercreditor Agreement will regulate its relative priority, the ranking of security interests from which it benefits, the timing of payments, enforcement procedures and release of guarantees and security interests as well as providing for the subordination of certain of our indebtedness and turnover, equalization and redistribution provisions. For more information, see "*Description of Certain Financing Arrangements— Intercreditor Agreement*".

Use of Proceeds . . . . . We estimate that the gross proceeds from the Offering will be approximately €380 million. On the Completion Date, we expect to use the proceeds of the Notes, together with the proceeds of the Equity Contribution and existing available cash of the Target Group, for the following purposes: (i) to redeem the 2019 Notes; (ii) to fund the proposed Acquisition and (iii) to pay associated fees and expenses. See "*The Transactions*" and "*Use of Proceeds*".

No Registration Rights . . . . . We will not register the Notes under the U.S. federal or state securities laws or under the securities laws of any other jurisdiction.

Transfer Restrictions . . . . . The Notes and the Guarantees have not been registered under the U.S. Securities Act and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Notes will be subject to certain other restrictions on transfer as described under "*Notice to Investors*".

Listing	Application will be made after the Completion Date to list the Notes on the Official List and for the Notes to be admitted to trading on the Euro MTF market. See *"Listing and General Information*".
	There can be no assurance that the Notes will be listed and admitted to trading on the Euro MTF market. See ''*Risk Factors—Risks Relating to Our Financial Profile and the Notes—The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*.''
Governing Law	The Notes and the indenture governing the Notes will be governed by the laws of the State of New York. The Intercreditor Deed will be governed by English law. The Security Documents will be governed by the laws of France, where applicable.
Registrar, Listing Agent, and Transfer Agent	Deutsche Bank Luxembourg S.A.
Trustee	Deutsche Bank Trustee Company Limited.
Paying Agent	Deutsche Bank AG, London Branch.
Security Agent	BNP Paribas.
Risk Factors	Investing in the Notes involves a high degree of risk. Please see the "*Risk Factors*" section beginning on page 25 for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER FINANCIAL AND OPERATING DATA

The Issuer was incorporated on July 25, 2016. It does not have any business operations or material assets or liabilities other than those incurred in connection with its incorporation and the Transactions; as a result, there is no financial information regarding the Issuer presented in this Offering Circular. We do not intend to report the Issuer's financial statements in the future.

The following tables set forth selected financial data and other operational information of the Target and its subsidiaries. The financial data in the tables below are derived from the English translation of the audited consolidated financial statements of the Target and its subsidiaries as of and for the years ended June 30, 2014, 2015 and 2016. The financial statements have been prepared in accordance with IFRS as adopted by the European Union. The annual financial statements were originally issued in French.

The audited consolidated financial statements of the Target and its subsidiaries as of and for the years ended June 30, 2014, 2015 and 2016 have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres, as stated in their reports, English translations of which are included elsewhere in this Offering Circular.

The tables below also include certain financial data on a *pro forma* basis to illustrate the effect to the Transactions on the net financial position and cash interest expenses of the Target and its subsidiaries as of and for the year ended June 30, 2016 as if the Transactions had occurred (i) on June 30, 2016 for purposes of the calculation of the net financial position of the Target and its subsidiaries and (ii) on July 1, 2015 for purposes of the calculation of *pro forma* interest expense.

In addition, we present in the tables below Estimated Combined Adjusted EBITDA for the year ended June 30, 2016 as an additional measure of our operating performance to provide an indicative illustration of how the Yvrai Acquisition would have contributed to our results of operations had the Yvrai Acquisition occurred on July 1, 2015. Estimated Combined Adjusted EBITDA has been prepared for illustrative purposes only, is inherently subject to risks and uncertainties and does not represent what our actual results would have been had the Yvrai Acquisition occurred on July 1, 2015, nor does it purport to project our Adjusted EBITDA at any future date. The presentation of Estimated Combined Adjusted EBITDA is based upon a number of significant assumptions and estimates, which we believe are reasonable and have set out in this section. There can be no assurance, however, that we will successfully integrate the operations associated with the Yvrai Acquisition, or that our estimates and assumptions are or will prove accurate in all material respects. Estimated Combined Adjusted EBITDA has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the EU Prospectus Directive or any generally accepted accounting standards. Certain information used to calculate Estimated Combined Adjusted EBITDA has been derived from the Yvrai Group's interim consolidated financial statements as of and for the five months ended May 31, 2016 and May 31, 2015, which were consolidated in accordance with IFRS. In addition, the EBITDA calculations for the Yvrai Group and the Target are for different periods. As such, the EBITDA for the Yvrai Group and the Target are not comparable to one another. See "*Presentation of Financial and Other Information*". For this purpose, the Yvrai Group Adjusted EBITDA has been adjusted for annual administration and logistic fees paid under its former ownership prior to the Yvrai Acquisition and which are no longer payable. These administration and logistic fees have therefore been added back for the purposes of calculating Estimated Combined Adjusted EBITDA to reflect the impact of the Yvrai Acquisition.

The financial information below includes certain non-IFRS measures used to evaluate our economic and financial performance. These measures should not be considered as an alternative measure to evaluate the performance of the Target and its subsidiaries. See "*Presentation of Financial and Other Information*".

This financial information should be read in conjunction with the audited consolidated financial statements and the unaudited consolidated financial statements included elsewhere in the Offering Circular and with "*Presentation of Financial and Other Information*", "*Selected Historical Consolidated Financial Data*", and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

The results of operations for prior years, periods and for the year ended June 30, 2016 are not necessarily indicative of the results to be expected for any future period.

	For the year ended June 30		
	2014	2015	2016
		(€ millions)	
CONSOLIDATED INCOME STATEMENTS:			
Retail revenue	1,168.0	1,200.8	1,364.6
Other revenue	88.9	97.4	114.0
Revenue	**1,256.9**	**1,298.2**	**1,478.6**
Cost of sales	(766.2)	(773.4)	(868.7)
Gross profit	**490.7**	**524.8**	**609.9**
Personnel expenses	(207.7)	(214.4)	(236.9)
Other expenses[1]	(266.4)	(270.6)	(309.0)
Other income from operations	28.7	25.3	25.0
Recurring operating profit before depreciation, amortization, and impairment, and other operating income and expense	**45.3**	**65.1**	**88.9**
Other operating income and expense[2]	0.2	(6.4)	(12.1)
Depreciation, amortization and impairment of non-current assets	(34.8)	(31.5)	(30.9)
Operating profit (loss)	**10.6**	**27.1**	**45.9**
Cost of debt	(20.1)	(16.3)	(20.7)
Interest income	0.1	0.2	0.4
Other financial income and expense	0.6	(2.9)	(5.1)
Share of profit of associates	(1.2)	(0.1)	0.1
Income tax	2.5	(3.2)	(11.0)
Profit (loss) from continuing operations	**(7.6)**	**4.9**	**9.6**
Loss from discontinued operations	—	(0.2)	(0.3)
Profit (loss) for the period	**(7.6)**	**4.6**	**9.2**

(1) This line item includes external expenses, other expenses from operations and taxes other than on income.

(2) This line item mainly includes gains on disposals of non-current assets sold or retired, restructuring costs, sales and acquisitions of investments and other non-recurring costs.

	For the year ended June 30		
	2014	2015	2016
		(€ millions)	
CONSOLIDATED STATEMENT OF CASH FLOWS:			
Net cash flows provided by operating activities	76.8	68.7	152.4
Of which Change in working capital[1]	*36.2*	*19.8*	*79.6*
Net cash flows provided by (used in) investing activities	(14.4)	(27.8)	(15.0)
Net cash flows used in financing activities	(32.1)	(92.7)	43.2
Impact of changes in exchange rates	(0.0)	0.1	—
Net increase (decrease) in cash and cash equivalents	**30.3**	**(51.7)**	**180.7**

(1) Change in working capital is defined as variations in inventories plus variations in trade and other receivables plus variations in trade and other payables.

	As of June 30		
	2014	2015	2016
		(€ millions)	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA:			
Assets			
Non-current assets	**305.5**	**331.9**	**333.1**
Of which Goodwill	127.2	127.2	127.2
Of which Other intangible assets	63.0	68.3	71.0
Of which Property, plant and equipment	103.3	99.8	100.0
Current assets	**464.9**	**423.7**	**625.6**
Of which Inventories	265.3	276.7	288.1
Of which Trade and other receivables	90.4	74.1	92.2
Of which Derivative financial instrument	0.1	16.2	6.9
Of which Cash and cash equivalents	108.2	56.5	237.3
Assets held for sale	**3.8**	**9.1**	**0.3**
Total assets	**774.2**	**764.7**	**959.0**
Equity and Liabilities			
Non-current liabilities	**253.8**	**260.7**	**336.9**
Of which Other loans and borrowings	185.9	188.2	257.2
Current liabilities	**355.8**	**383.0**	**500.7**
Of which Other loans and borrowings	1.2	5.5	6.9
Of which Trade and other payables	331.1	353.2	462.6
Liabilities related to assets held for sale	**0.0**	**1.8**	—
Equity	**164.6**	**119.2**	**121.4**
Total equity and liabilities	**774.2**	**764.7**	**959.0**

	As of and for the year ended June 30		
	2014	2015	2016
CERTAIN PERFORMANCE INDICATORS:			
Total stores[(1)]	283	300	303
of which directly-operated	178	185	186
of which franchised	105	115	117
of which BUT Classic	202	215	218
of which BUT Cosy	81	85	85
Like-for-like Sales Growth	(0.6)%	1.9%	6.6%

(1) Total stores includes French Overseas Territories.

	For the year ended June 30		
	2014	2015	2016
	(€ millions, except percentages)		
OTHER FINANCIAL DATA:			
Net working capital[1]	30.9	11.0	(68.4)
Net working capital as percentage of revenue[1]	2.5%	0.8%	(4.6)%
Adjusted EBITDA[2]	58.0	73.3	95.6
Adjusted EBITDA Margin	4.6%	5.6%	6.5%
Property lease expense	61.5	65.9	73.1
Capital expenditure	19.5	34.1	31.9
Maintenance capital expenditure[3]	9.8	7.4	7.3
Central capital expenditure[4]	4.8	9.8	8.5
Growth capital expenditure[5]	4.9	16.9	16.1
Pro Forma Free Cash Flow[6]	79.6	76.0	159.4
Pro Forma Free Cash Flow conversion[7]	137.2%	103.7%	166.7%

(1) Net working capital consists of working capital minus liabilities and receivables related to fixed assets.

(2) Adjusted EBITDA is a non-IFRS measure that represents operating profit (as reported in consolidated financial statements) before depreciation, amortization and impairment of non-current assets (as reported in consolidated financial statements), other operating income and expense (as reported in consolidated financial statements), management fees and non-recurring items. While the amounts included in Adjusted EBITDA have been derived from our consolidated financial statements, such measure is not a financial measure calculated in accordance with IFRS. Accordingly, Adjusted EBITDA should not be considered as an alternative to net income or operating income as an indicator of our performance, or as an alternative to operating cash flows as a measure of our liquidity. Our management uses Adjusted EBITDA to assess our operating performance and to make decisions about allocating resources among our various segments. In addition, we believe that Adjusted EBITDA is a measure commonly used by investors. Adjusted EBITDA, as presented in this Offering Circular, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. The table below sets for the reconciliation of Adjusted EBITDA:

	For the year ended June 30		
	2014	2015	2016
	(€ millions)		
Operating Income	**10.6**	**27.1**	**45.9**
Depreciation, amortization and impairment of non-current assets	34.8	31.5	30.9
Other operating income and expense	(0.2)	6.4	12.1
Recurring operating profit before depreciation and amortization, and other operating income and expense	**45.3**	**65.1**	**88.9**
One-off items[a]	9.9	5.5	3.8
Service cost[b]	1.4	1.2	1.3
Management fees[c]	1.5	1.5	1.5
Adjusted EBITDA	**58.0**	**73.3**	**95.6**

(a) The table below sets forth our one-off items:

	For the year ended June 30		
	2014	2015	2016
	(€ millions)		
Severance and restructuring costs[i]	4.0	5.6	1.7
Supplier risk provisions[ii]	0.1	—	—
Insurance indemnity and other related costs[iii]	—	0.4	—
Incurred expenses related to prior years[iv]	1.4	0.8	1.7
Provision for other litigations[v]	—	(1.4)	0.6
Exceptional profit sharing[vi]	2.7	(0.3)	—
Promotional brochures[vii]	1.3	—	—
Other one-off items[viii]	0.4	0.4	(0.1)
One-off items	**9.9**	**5.5**	**3.8**

(i) Severance costs over the period included the reorganization of distribution centers, reorganization of top management, non-recurring dismissals of employees in our stores and other ongoing restructuring costs.

(ii) Supplier risk provisions relate to, in the year ended June 30, 2014, a €0.1 million provision relating to a litigation with a supplier.

(iii) In the year ended June 30, 2015, we accounted for an insurance indemnity loss of €0.4 million.

(iv) Incurred expenses related to prior years include expenses incurred in the years ended June 30, 2014, 2015 and 2016 that related to prior years/periods. Such expenses included expenses relating to (i) in the year ended June 30, 2014, a

correction of the DEA tax (tax on furniture, also called *Taxe éco-mobilier*) that was underestimated as at June 30, 2013, and a real estate tax (CFE) complement of the amount incurred in the year ended June 2012, which has been revised upward following detailed information released by tax administration in June 2014; and (ii) in the year ended June 30, 2015, tax provision relating to bad debt considered as non-recurring. In the year ended June 30, 2016 we recorded an expense of €1.7 million generated for a modification in a French tax law concerning tax on retail sales areas (TaSCom) "taxe sur les surfaces commerciales" which was modified by France's Amended Finance Act for 2015 on December 29, 2015.

(v) Other litigation mainly included litigation with the owner of stores in Chelles and Meaux, a legal action against us for copyright infringement of a set of tables and the provision of a receivable we had with a former franchisee acquired by a competitor. In the year ended June 30, 2015, we recorded €1.0 million as a result of a successful legal action against a former franchisee. In the year ended June 30, 2016, we recorded an outflow of €0.6 million in connection with the termination of certain arrangements with one of our counsel.

(vi) An exceptional employee profit sharing payment of €2.7 million in connection with the issuance of the Original Notes in June 2014. In the year ended June 30, 2015, we recorded an adjustment of €0.3 million in relation to an exceptional employee profit sharing payment made in June 2014.

(vii) The costs of promotional brochures were previously spread over the period of distribution of the brochures. Since the end of the fiscal year ended 2014, costs of promotional brochures have been recognized when delivered by the printer. Following this transition, promotional brochures distributed in July 2014 were charged in the year ended June 2014, in addition of the charge already incurred in July 2013 following previous method. This one-month exceptional additional charge was considered one-off.

(viii) The line "Other one-off items" includes miscellaneous non-recurring charges of a non-significant amount if taken on an individual basis.

(b) Service costs are costs relating to retirement indemnities and similar benefits.

(c) Management fees incurred in the years ended June 30 2014, 2015 and 2016 were costs relating to customary annual fees for the performance of monitoring services by our previous ultimate beneficial owners, Colony Capital, Goldman Sachs European Special Situations Group and OpCapita (formerly Merchant Equity Partners) (or any of their affiliates) for Decomeubles Partners SAS or any of its subsidiaries.

(3) Maintenance capital expenditure consists of capital expenditures in relation to maintenance and refurbishments.

(4) Central capital expenditure consists of capital expenditures not directly related to our stores.

(5) Growth capital expenditure consists of capital expenditures in relation to our acquisitions, store openings and store transfers.

(6) *Pro Forma* Free Cash Flow is a non-IFRS measure defined as Adjusted EBITDA less maintenance capital expenditures and central capital expenditure and changes in working capital. See "*Presentation of Financial and Other Information*".

(7) *Pro Forma* Free Cash Flow conversion consists of *Pro Forma* Free Cash Flow as a percentage of Adjusted EBITDA.

	For the year ended June 30, 2016
	(€ millions)
OTHER *PRO FORMA* AND ESTIMATED COMBINED FINANCIAL DATA:	
Estimated Combined Adjusted EBITDA[1]	103.4
Pro forma cash and cash equivalents[2]	30.0
Pro forma total gross debt[3]	399.0
Pro forma total net debt[4]	369.0
Pro forma interest expense[5]	22.2
Ratio of *pro forma* total net debt to Estimated Combined Adjusted EBITDA[1][2]	3.6x
Ratio of Estimated Combined Adjusted EBITDA to *pro forma* interest expense[1][3]	4.7x

(1) Estimated Combined Adjusted EBITDA represents Adjusted EBITDA adjusted to reflect the impact of the Yvrai Acquisition, which closed on September 1, 2016. See "*Summary—Recent Developments—Acquisition of the Yvrai Group*". Estimated Combined Adjusted EBITDA is a non-IFRS measure and accordingly should not be considered as an alternative to net income or operating income as an indicator of our performance, or as an alternative to operating cash flows as a measure of our liquidity. Estimated Combined Adjusted EBITDA is a non-IFRS measure that has been calculated as follows:

	For the twelve months ended May 31, 2016[(a)]
	(€ millions)
Yvrai Group EBITDA	**5.8**
Administration fees(b)	1.4
Logistic fees(c)	0.6
Yvrai Group Adjusted EBITDA	**7.8**

	For the year ended June 30, 2016[(d)]
	(€ millions)
Yvrai Group Adjusted EBITDA	7.8
Adjusted EBITDA for Décomeubles Partners SAS	95.6
Estimated Combined Adjusted EBITDA	**103.4**

(a) The most recent financial statements available for the Yvrai Group are for the five months ended May 31, 2016. As a result, the financial data from the Yvrai Group consolidated financial statements for the twelve months ended May 31, 2016 has been used for the purposes of calculating the Yvrai Group Adjusted EBITDA for the most recent twelve month period. The Yvrai Group's consolidated financial statements as of and for the year ended May 31, 2016 have not been audited as of the date of this Offering Circular. Line items for the twelve month period ended May 31, 2016 are calculated based on the accounting records underlying the preparation of the interim consolidated financial statements of Yvrai Distribution Équipement du Foyer SAS as of and for the five month periods ended May 31, 2016 and May 31, 2015 and the additional information for the year ended December 31, 2015 included therein. Each line item was calculated by adding balances for the year December 31, 2015, and the five month period ended May 31, 2016, and deducting the balance for the five month period ended May 31, 2015.

(b) The Yvrai Group pays an annual administration fee of €1.4 million to its shareholders. This maintenance fee will no longer be payable following the consummation of the Yvrai Acquisition and has therefore been added back for the purposes of calculating Yvrai Group Adjusted EBITDA to reflect the impact of the Yvrai Acquisition.

(c) The Yvrai Group pays an annual logistics fee of €0.6 million in connection with its distribution center. This logistics fee will no longer be payable following the consummation of the Yvrai Acquisition and has therefore been added back for the purposes of calculating Yvrai Group Adjusted EBITDA to reflect the impact of the Yvrai Acquisition.

(d) The Yvrai Group Adjusted EBITDA for the twelve months ended May 31, 2016 has been added to the Adjusted EBITDA for Décomeubles Partners SAS for the year ended June 30, 2016 in order to calculate Estimated Combined Adjusted EBITDA to reflect the Yvrai Acquisition.

(2) *Pro forma* cash and cash equivalent represents cash and cash equivalents as of June 30, 2016, as adjusted for net proceeds from the Offering and the estimated use of cash and cash equivalents in connection with the Transactions. The amount shown has been further adjusted from €47.8 million for payments made in connection with the Yvrai Acquisition that closed on September 1, 2016. See "*Summary—Recent Developments—Acquisition of the Yvrai Group*", "*Use of Proceeds*" and "*Capitalization*".

(3) *Pro forma* total gross debt represents total gross debt as adjusted to give effect to the Transactions as if they had occurred on June 30, 2016. See "*Use of Proceeds*" and "*Capitalization*".

(4) *Pro forma* total net debt represents our *pro forma* total gross debt less cash and cash equivalents as adjusted to give effect to the Transactions assuming they occurred on November 4, 2016. See our estimate of our "*Use of Proceeds*" and "*Capitalization*".

(5) *Pro forma* interest expense represents cash interest expense as adjusted to give effect to the Transactions as if they had occurred on July 1, 2015. The calculation assumes the Super Senior Revolving Credit Facility will not be drawn down on the Completion Date. *Pro forma* interest expense does not include interest payable on headquarter leases (€0.3 million), finance leases (€0.5 million) and other loans (€0.1 million). *Pro forma* interest expense has been presented for illustrative purposes only and does not purport to represent what our cash interest expense would have actually been if the Transactions had occurred on July 1, 2015, nor does it purport to project our cash interest expenses for any future period or our financial condition at any future date.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this Offering Circular, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition or results of operations. If these events occur, the trading prices of the Notes could decline, and we may not be able to pay all or part of the interest or principal on the Notes and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial could also adversely affect our businesses, financial condition or results of operations, or our ability to fulfill our obligations under the Notes and affect your investment.

This Offering Circular contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Offering Circular. Please see "Forward-Looking Statements".

Risks Relating to Our Business and Industry

Furniture and appliances purchases represent a significant discretionary expenditure for consumers and thus a reduction in consumer spending levels could negatively affect our business, financial condition and results of operations.

Demand for furniture and electrical appliances in France is influenced by the prevailing economic conditions. In particular, demand is influenced by consumer spending levels (which in turn are determined by, among other factors, consumer confidence, income levels and interest rates), the availability of consumer credit and the level of housing market activity. Due to the discretionary nature of most furniture and appliances purchases and the fact that such purchases often represent a significant expenditure, we believe consumers are more likely to defer the purchase of these items in times of economic uncertainty, personal economic hardship, or in environments of constrained consumer credit, which has been the trend in France in recent years.

Given that, in general, we derive all of our sales and profits in France, our results are and have been impacted by the prevailing economic climate and associated decline in consumer confidence and consumption, availability and cost of consumer credit, the level of consumer debt, interest rates and taxes in France and changes to any of the foregoing. This may adversely affect our revenues and profits through reduced purchases of our products. Continued weakness in the French economy and uncertain economic outlook, along with increases in unemployment levels, a reduction in government spending and possible tax rises, may continue to adversely affect consumer spending habits, which may negatively affect our business, financial condition and results of operations. In such circumstances, we may increase our promotional offerings to maintain sales volumes, which would further adversely affect our profitability and cash flow.

The retail furniture and electrical goods industries in France are highly competitive and our failure to compete effectively could erode our market share.

The retail furniture market in France is highly competitive. Competition is generally based on product quality and choice, brand name recognition, price (including the availability of attractive consumer financing options) and service, as well as the number and location of stores. We currently compete against international value furniture retailers such as Ikea and national home equipment retailers such as Conforama. See "*Industry*".

The retail electrical goods market in France is highly competitive. We currently compete against a diverse set of retailers in the home appliances and consumer electronic markets, including national merchants such as Darty, Conforama, Fnac and Boulanger, as well as locally-owned regional or independent retail specialty stores that have a product offering similar, and often identical, to ours.

Most of our stores are located outside of town or city centers and thus require our customers to travel to our stores. Sales at our stores are derived, in part, from the high volume of traffic and, unlike

stores in city centers or in retail parks, we must make our stores attractive destinations. As such, the majority of our stores must compensate for the ability of many of our competitors to generate consumer Footfall due to the location of their stores or mix of products. Sales volume and retail traffic may be adversely affected by economic downturns in a particular area, competition from other retail and non-retail attractions and the perceived or actual difficulty in visiting our locations. Failure to make our stores an attractive destination for customers or a significant decline in the volume of customer traffic would have a material adverse effect on our business financial condition and results of operations.

We also face competition from retailers that market products through catalogues and the internet. In particular, international online retailers such as Amazon and Cdiscount sell consumer electronics and appliances, and as a result of their scale and lower overhead costs, may be able to offer products at more attractive prices than we can. Further, the market for second hand goods (including through on-line portals such as eBay) has expanded in the last few years and any continued expansion could adversely affect our sales.

Certain of our competitors have financial resources that are substantially greater than ours and may be able to purchase inventory at lower costs, spend more on advertising and the promotion of products, adopt aggressive pricing policies to attract customers or expand their store portfolios. Further, more recent entrants into the retail upholstered furniture market, such as homeware specialists, department stores and other large retailers, could increase competition in the market, particularly if their buying power is similar to ours. Any of these actions taken by our current or future competitors may have an adverse effect on our business, financial condition and results of operations.

In addition, the household equipment market has recently experienced consolidation and there may be further market consolidation in the future. For example, Fnac's recent acquisition of Darty has resulted in consolidation of the white goods market, beating a rival bid by Conforama, a subsidiary of Steinhoff. Although market consolidation has not yet had a significant negative impact on our business, if we do not have sufficient market presence or are unable to differentiate ourselves from our competitors, we may not be able to compete successfully against other companies. If, as a result of consolidation, our competitors are able to obtain more favorable terms from suppliers, including more favorable rebates, otherwise take actions that could increase their competitive strengths, or the impact of any potential merger is assessed incorrectly, our competitive position and therefore our business, financial condition and results of operations may also be materially adversely affected.

Our inability to accurately forecast consumer demand could negatively impact our ability to manage inventories, the prices we can charge for products and thus, our results of operations.

Furniture products have become increasingly subject to changing consumer tastes and trends in recent years. Although some of our traditional product ranges are less sensitive to consumer trends, our success depends in part on our ability to effectively predict and respond to changing consumer tastes, in particular with respect to our contemporary product ranges, and to translate consumers' preferences effectively into marketable designs. We may be unable to forecast consumer demand for individual products and services, which could result in excess inventory or a shortage of inventory. The lead times between ordering and the delivery of products from our suppliers makes it challenging to predict the demand for products that we sell. If orders do not match actual demand, we could have higher or lower than anticipated inventory levels. Excess inventory could lead to higher interest charges, price reductions or write downs of slow moving or excess stock, any of which could result in profits lower than otherwise would be the case. Shortages of inventory could prevent us from delivering products on a timely basis and damage our reputation with customers. To the extent our inability to forecast results in inventory imbalances, this may have a material adverse effect on our business, financial condition and results of operations.

A large portion of our products are supplied by a small number of manufacturers, some of whom are located outside of France, and we are dependent on these manufacturers to meet our requirements.

Purchases from our top 10 external suppliers represented 27.7% of goods delivered (in terms of sourcing costs) in the year ended June 30, 2016. In addition, our largest external supplier accounted

for 4.5% of goods delivered (in terms of sourcing costs) in this period. While we have built long-term commercial relationships with most of our suppliers (formalized through one-year contracts that are renegotiated at the end of each term), we may be unable to procure certain goods from such suppliers should circumstances change. One of our suppliers was under receivership in 2015 and 2016 and there can be no assurances that further financial difficulties will not arise among this or other of our suppliers. While we maintain relationships with approximately 400 suppliers, any significant disruption or other adverse event affecting our relationship with any of our key suppliers, including supplier bankruptcies or other supplier financial difficulties, could have a material adverse effect on our business, financial condition and results of operations. In addition, if we are required to replace any of our key suppliers for any reason, we may face risks and costs associated with a transfer of operations, and the failure to replace any of our key suppliers on commercially reasonable terms, or at all, could have a material adverse effect on our business, financial condition and results of operations.

In addition, a significant portion of our products are manufactured in China, Southeast Asia, Eastern Europe, Italy, Germany and Brazil. We face a variety of risks generally associated with doing business in non-French markets and importing products from these regions, in particular the regions outside the European Union, including, among others, political instability; increased security requirements applicable to non-French goods; the imposition of taxes, duties, other charges and restrictions on imports; currency and exchange rate risks; risks related to labor practices, environmental matters or other issues in the foreign countries or factories in which our products are manufactured; delays in shipping; and increased costs of transportation. We renegotiate contract terms with suppliers on an on-going basis to adjust the prices to volumes, underlying currency exchange rate changes and various other drivers.

Many of our contracts with our Asian-based suppliers are denominated in U.S. dollars. We have entered into hedging arrangements which have mitigated the impact on, and in some cases proven advantageous (as compared to some of our competitors) to, our cost of sales and net income resulting from the fluctuations of the value of the euro to the U.S. dollar, but a substantial portion of these hedging arrangements are scheduled to expire in 2017. We have also been able to mitigate the impact of currency fluctuations through renegotiating terms with our suppliers. If the euro to dollar exchange rate deteriorates, there can be no assurances that we will be able to enter into new hedging arrangements on favorable terms or to continue to renegotiate favorable terms from our suppliers or that any purchasing savings will continue. In that case, our costs of production could increase, and if we are unable to adapt our cost base or otherwise pass on these increased costs to our customers, this could have a material adverse effect on our business, financial condition and results of operations.

There is also an increased risk in the prevailing global economic and political climates of supply disruptions, either resulting from the financial insolvency of a supplier or their inability to increase capacity to satisfy spikes in demand as the economy continues to recover. Further, in the prevailing economic climate, the ability of our suppliers to rely on credit insurance to protect against purchaser payment default (including by us) may be limited, which may restrict the ability of our suppliers to do business with their respective customers, including us. Any of these risks, in isolation or in combination, could adversely affect our reputation, business, financial condition and results of operations.

The unavailability of suitable raw materials at reasonable prices may limit our ability to procure furniture from suppliers and therefore may negatively impact our ability to deliver quality products to our customers on a timely basis or our gross margin.

We regularly depend upon the ability of third-party manufacturers to secure a sufficient supply of raw materials, adequately finance the production of goods ordered and maintain sufficient manufacturing and shipping capacity. These manufacturers purchase substantial amounts of timber, fabric, leather, upholstery filling material and foam, hardware, paint and finishing materials and other raw materials for use in the manufacturing of our furniture products. The price and availability of certain raw materials have fluctuated in the past, and may fluctuate in the future, depending on a variety of factors, including crop yields, weather, supply conditions, government regulation, war, terrorism, labor unrest, global health concerns, the economic climate, the cost of petroleum and other unpredictable factors. Additionally, costs of our third-party providers or our transportation costs may increase due to these same factors. The inability of these manufacturers to procure raw materials, or

to procure them at reasonable prices, may negatively impact our ability to deliver quality products to our customers on a timely basis, which may, in turn, impact our customer relationships and/or increase our costs, some or all of which we may be unable to pass on to our customers. If we are unable to pass on these cost increases to customers, our results of operations may be adversely affected.

A reduced supply of consumer finance or higher rates of customer defaults could have a significant impact on our future financial performance.

In our directly-operated stores we currently provide financing through Fidem SEP on the basis of a commercial agreement with BNP Paribas Personal Finance, from which we derive substantial economic benefits. In the year ended June 30, 2016, our consumer financing activities (excluding Cafina) contributed €14.1 million of operating profit. As of June 30, 2016, the book value of loans issued to customers through Fidem SEP was €726.1 million, which represents a decrease of €42.9 million as compared to our loan portfolio value of €769.0 million as of June 30, 2012, resulting from increased credit regulation during this period. See "*—Material adverse trends in the factors affecting our offering of finance options to our customers, including further tightening of credit standards, could have a significant negative impact on our future financial performance*". While the duration of our commercial agreement with BNP Paribas Personal Finance has been extended until December 31, 2017, to the extent that BNP Paribas Personal Finance chooses not to renew the agreement, terminate our arrangement for any reason or sell its business to another party, we cannot guarantee that we will be able to find suitable alternative sources of consumer finance on commercially acceptable terms or that delays in finding such alternative sources would not disrupt our consumer finance offering. In addition, although we do not bear a direct risk of loss in connection with the arrangement, we may face lower income from the arrangement in the event consumer defaults exceed the reserve provisions we have made. If we are unable to find a suitable financing partner or face or experience higher rates of customer defaults, this could have a material adverse effect on our customer proposition, business, financial condition and results of operations.

Material adverse trends in the factors affecting our offering of finance options to our customers, including further tightening of credit standards and recent and future regulatory changes, could have a significant negative impact on our future financial performance.

A substantial portion of our sales are to customers who utilize our finance offering, which enables them to purchase products by paying for them in monthly installments over terms of up to 90 months. Our consumer finance offering in our stores is provided through Fidem SEP on the basis of a commercial agreement between us and BNP Paribas Personal Finance and through other external providers some of our franchisees may use. The consumer credit card we offer through our consumer financing accrues interest at rates up to 16% subject to BNP Paribas Personal Finance's discretion. Conventional loans offered through our consumer financing have fixed rates dependent on factors such as the amount borrowed or the duration of the loan with the current average rate being approximately 12%.

The Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes (***DGCCRF***), which is represented at the local level by the Directions Départementales de la Protection des Populations and the Directions Départementales de la Protection de la Cohésion Sociale et de la Protection des Populations, is responsible for implementing competition regulation and ensuring consumer protection and security. As for consumer protection and security, the DGCCRF requires businesses to comply with various consumer-related laws and regulations, including rules on advertising style and content, the nature, composition and labelling of products supplied, product safety and customer service processes in France. Changes in consumer protection and security laws and regulations, as well as the interpretation of such provisions by the relevant authorities could materially affect the operating costs or sales of the business.

Moreover, given that all those consumer-related laws and regulations are highly technical and formalistic and that there is not necessarily case law and/or developments regarding the interpretation of the relevant legal requirements and their practical application, it is always difficult to ensure full compliance with these obligations, including as this is often linked to questions of fact.

Our failure to comply with consumer protection requirements set by the French laws and regulations can give rise to criminal and administrative sanctions (including financial penalties). Furthermore, any breach of these laws and regulations can lead to legal actions which may result in the payment of damages under civil liability, impair the enforceability of certain consumer agreements, lead to the forfeiture of the lender's right to interest on the loan or give rise to the loss of a license. More generally, any sanction or legal action may undermine our reputation in the furniture retail market in France.

The French legal and regulatory framework applicable to the consumer credit facilities was amended by the Consumer Credit Act n°2010-737 dated July 1, 2010 (the ***Lagarde Law***). This regulation aims to strengthen the protection of consumers and provides, among other things, that:

- advertising must comply with additional information requirements (Art. L.312-6, L.312-59 and D.312-21 *et seq.* of the French *Code de la consommation*, which also provide for additional pre-contractual information requirements: before subscribing credit agreements, consumers must be provided with an "information sheet" enabling them in particular to compare the lender's various offers (Art. L.312-12 of the French *Code de la consommation*));
- compensation of salespeople cannot depend on the type of credit contract they made customers enter into or the interest rate at which the credit was granted (Art. L.314-23 of the French *Code de la consommation*);
- loyalty programs associated with renewable credits cannot be subject to the use of a credit facility (Art. L.312-68 of the French *Code de la consommation*); and
- the overall interest rate that can be charged in connection with consumer financing is limited.

Most of these changes affecting the consumer credit regulation in France came into full effect on May 1, 2011. The Lagarde Law restricts the ability of financial services providers to provide automatically renewable credit. As a portion of the customers in our commercial loan portfolio have their credit renewed automatically, the implementation of the Lagarde Law has impacted our results of operations. For instance, the contribution of our consumer financing activities (excluding Cafina) to operating profit has decreased from €18.1 million in the year ended June 30, 2012 to €13.6 million in the year ended June 30, 2015. While the effects of the Lagarde Law have been partially mitigated and the contribution of our consumer financing activities have stabilized at €14.1 million in the year ended June 30, 2016, the Lagarde Law could have additional negative impacts on our future financial services offering.

In addition, a new law, *Loi Hamon*, was introduced on March 17, 2014 and requires retailers offering a loyalty program including a renewable credit to also offer customers another loyalty program distinct from any credit offering (since July 1, 2016, this requirement is applicable to any retailer offering a loyalty program including a credit even if the credit is not renewable). Because we previously only combined our loyalty card program with our consumer credit card, customers who had been incentivized to apply for our credit cards as a result of the loyalty card program might no longer apply for such cards as a result of the *Loi Hamon*. We launched a new loyalty card not associated with the provision of credit on December 18, 2014. This could adversely impact the number of credit cards issued to our customers and therefore impact the revenues we derive from our consumer finance business.

This very complex and changing legislative environment may lead to complexity and uncertainty notably to determine which regulations are applicable to each credit agreement entered into with consumers over the past years.

Furthermore, BNP Paribas Personal Finance and any external providers of consumer finance offering in our franchise stores may tighten its credit standards and/or increase its charges for the provision of such credit if default rates among consumers increase. This may limit the ability of our consumers to obtain finance on commercially acceptable terms and/or may increase the amount of the fee paid by us to these external providers. Further, the availability of credit card debt to consumers in periods of economic uncertainty is typically restricted due to tightening credit standards or reductions in available credit limits. Any further tightening of credit standards or adverse changes in other factors impacting these arrangements could have a significant impact on our future margins and negatively affect our results of operations.

With respect to the French legal and regulatory framework applicable to consumer credit facilities, the French *Code de la consommation* has been restructured by government order n°2016-301 dated March 14, 2016, which entered into force on July 1, 2016. This restructuring of the legal framework has primarily resulted in changes to the numbering and order of the Code articles; however, certain articles of the Code have been amended, which could result in some changes to the rules governing consumer credit.

In addition, our insurance subsidiaries, Cafina S.A. (organized in Luxembourg) and Cafina Holding Limited and Cafina Assurances Limited (each organized in Malta), and their respective activities are subject to regulation by the Luxembourg and Malta insurance regulatory authorities (the Luxembourg *Commissariat aux Assurances* and Malta Financial Services Authority, respectively). Accordingly, each of these subsidiaries is subject to comply with requirements regarding its capital adequacy or policies regarding investment of its cash and other assets. In the event a relevant insurance regulatory authority decides to require any subsidiary subject to its regulatory oversight to increase its regulatory capital or change its current investments, we may have reduced cash available to fund our business outside of Luxembourg or Malta (as applicable), or both, in connection with such change. Any such changes required by any insurance regulatory authority may nonetheless reduce our available cash.

Our results fluctuate on a quarterly basis and our business could suffer as a result of weak sales during peak promotional periods and/or our failure to deliver effective advertising campaigns.

In the past, our results of operations have fluctuated on a quarterly basis as a result of seasonality in the business. The key factors driving these fluctuations are consumer demand, the actions of our competitors, changes in our product mix, the timing of new store openings, the completion of our capital expenditure projects and other external events that may be out of our control. Our business is subject to promotional peaks, with a large proportion of our sales being generated during specific promotional periods. Historically, our most important trading periods in terms of order generation and subsequently realization of sales and operating profit have been December and January as a result of the holiday season and promotional periods. In the year ended June 30, 2016 we generated 26.2%, 27.3%, 25.2% and 21.3% of our sales in the fiscal first, second, third and fourth quarter, respectively. Moreover, our cash position usually reaches a peak in February and March as a result of the higher sales during promotional periods and is relatively lower in October and November as sales are comparatively slower from April to November. We have significant fixed costs, such as rents and employee wages and salaries. Therefore, if we experience lower sales during certain quarterly periods or if sales during our peak promotional periods are significantly lower than we expect for any reason, we may be unable to reduce our costs in the short term to offset the lower revenue and as a result, our business, financial condition and results of operations could be materially adversely affected. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors that Affect Our Results of Operations—Seasonality*".

Our success in appliances and consumer electronics is partially dependent on new technologies and products being developed by third parties, including our suppliers and other manufacturers.

The appliances and consumer electronics that we sell are produced by our suppliers and certain components of those items are produced by the manufacturers that supply our suppliers. While we have a choice in selecting the products to be sold at our stores, we are unable to control the development of products, including the extent to which products include new technologies, features or designs that are attractive to customers. Accordingly, if our suppliers and/or the manufacturers that serve our suppliers are unable to develop products to meet the demands of our customers, this may have a material adverse effect on our business, financial condition and results of operations.

Average selling prices of products can decrease over time and our results of operations depend on our ability to introduce new products and shift our product mix towards higher margin products.

After a product is introduced, the costs associated with such product and its average selling price typically decrease as the supply of such product becomes more prevalent in the market and new

products are developed and introduced for sale. Accordingly, as is common in the electronics industry and to a lesser extent in the furniture industry, we often expect to reduce the average price of products as a result of new product introductions, increases in sales volumes or competitive pressures. In order to maintain margins and offset reductions in average selling prices, we must be able to shift our product mix towards higher margin products by selecting and procuring products from our suppliers that offer improved designs, features or comfort. The failure to do so could have a material adverse impact on our business, financial condition and results of operations.

We do not recognize revenue on sales for products that we deliver until we complete the delivery. Interruptions at any stage of the manufacturing, distribution and delivery processes could have a material adverse effect on our results of operations.

We do not recognize revenue on sales until we deliver and install our products in our customers' homes. On average, it takes between one to two weeks from the time an order is placed for our products to be delivered to our customers' homes. Any major breakdown of plant or equipment, or accident such as a serious fire, in any or all of our distribution centers, warehouses or delivery vehicles might significantly impact our ability to distribute products to our customers or affect the number of products and product lines in our stores, any of which could have a material adverse effect on our business, financial condition and results of operations.

We cannot assure you that any of our strategies will be successful.

Our future performance is dependent on our ability to identify, develop and execute our strategies. Because we have outlined an ambitious growth and strategic development platform on which to expand our business, our failure to properly deploy and utilize capital and other resources may adversely affect our planned initiatives. While we believe our focus on optimizing our in-store execution, improving product availability, achieving purchasing synergies, improving customer communication, developing our online platform and expanding our store footprint in the Paris area, reducing our cost base, and enhancing our product mix and margins, will positively benefit our business, misjudgments or flaws in our execution could have a material adverse effect on our business, financial condition and results of operations.

In particular, we intend to selectively further increase the number of our retail stores in France. We opened four new directly-operated stores and one new franchise store in the year ended June 30, 2016. The success of any further expansion of our retail store portfolio will depend in part upon our ability to open and operate new stores in a timely and cost-effective manner while minimizing cannibalization. Successful execution of any new store roll-out also depends upon a number of other factors, including the identification of suitable available store sites in optimal locations; the negotiation of acceptable financial terms; the hiring, training and retention of qualified personnel; the level of existing and future competition in areas where new stores are to be located; our ability to integrate new stores into our operations on an economically acceptable basis; the capability of our existing information technology and distribution systems to accommodate new stores; and general economic conditions in France. Historically there has been, and we anticipate that in the future there will continue to be, significant competition among retailers for desirable store sites, which may impact the speed with which we can locate new store sites and increase the rents payable for such new stores. There can be no assurances that we will be able to open new stores on a timely or profitable basis or that we will be able to secure store sites on acceptable terms or at all. In addition, we have historically expanded our directly-operated store network through the acquisition of our franchisees' stores and there can be no assurances that we will be able to do so in the future. See "*—A significant portion of our stores are operated by franchisees and this store ownership mix presents a number of risks*".

Furthermore, we opened a new distribution center in June 2016, which is located in the east of Paris and will deliver furniture and electrical goods to our stores in Northern France. See "*Business—Our Operations—Distribution Centers*". Since its opening, we have not experienced any material disruptions to our delivery process as a result of the opening, however any such disruptions in the future could significantly impact our ability to distribute products to our customers or affect the number of products and product lines in our stores, any of which could have a material adverse effect on our business, financial conditions and results of operations.

After the Acquisition, we anticipate entering into purchasing arrangements with XXXLutz Group, a company related to one of the Sponsors. We expect to receive significant benefits under these arrangements. However, there can be no assurance that any of these benefits will materialize, and moreover these arrangements may also limit or restrict our ability to expand in certain geographic areas or source from or transact with certain counterparties. See "*Certain Relationships and Related Party Transactions*".

Failure in our pursuit or execution of new business ventures, strategic alliances and acquisitions could have a material adverse impact on our business.

Our growth strategy also includes expansion via new business ventures and strategic alliances. Our acquisition of a franchise network of 18 stores from the Yvrai Group on September 1, 2016 is in furtherance of this strategy. As part of our strategy, we may seek to acquire additional stores from our franchises and enter into business ventures and strategic alliances. In addition, we may pursue acquisitions of different banners both in France and outside of France. Assessing these opportunities involves extensive due diligence. However, the amount of information we can obtain about a potential growth opportunity may be limited and the assessment of this information involves a number of assumptions including, among other things, profitability, growth, interest rates and company valuations, and there can be no assurance that new business ventures, strategic alliances and acquisitions will positively affect our financial performance or will perform as planned or that unexpected or unforeseen risks or obligations may materialize.

Among the risks associated with our strategy, which could materially adversely affect our business, financial condition and results of operations, are the following:

- we may incur substantial costs, delays or other operational or financial problems in integrating acquired businesses;
- we may not achieve financial and operational synergies on a timely basis, if at all;
- acquisitions may divert our management's attention and capital from the operation of existing businesses, other business issues and opportunities;
- we may not be able to successfully assimilate or integrate companies that we acquire, including their personnel, financial systems, distribution, operations and general operating procedures;
- we may impair our relationships with our vendors or strategic partners by implementing new strategic alliances or business ventures;
- the assumptions underlying the business plans supporting the valuations may prove inaccurate, in particular with respect to synergies;
- we may be forced to divest or limit the growth of certain businesses so as to obtain the necessary regulatory authorizations, in particular with respect to anti-trust authorizations;
- we may not be able to retain key personnel or customer contracts of acquired businesses; and
- we may encounter unanticipated events, circumstances or legal liabilities related to the acquired businesses.

A significant portion of our stores are operated by franchisees and this store ownership mix presents a number of risks.

Approximately 39% of our stores were operated by franchisees as of June 30, 2016 and we receive revenue in the form of royalties and fees from such franchisees. We have limited influence over our franchisees. We rely on them to implement major initiatives and we have a limited ability to facilitate changes in store ownership. In addition, we face limitations on our ability to enforce franchisee obligations due to bankruptcy or insolvency proceedings as well as the inability or unwillingness of franchisees to participate in our strategic initiatives. Although we have certain rights to terminate a franchise agreement for non-compliance with its terms, we may not be able to identify problems and take action quickly enough to prevent our results of operations or reputation from suffering. Our principal competitors may have greater influence over their respective store networks than we do because of their ownership of stores and underlying real estate.

As part of our business strategy, we have continuously purchased stores from our franchisees that were being sold in strategic locations. We believe that these store purchases provide important synergies to our business and prevent our competitors from moving to these locations. However, there can be no assurance that we will have the funds necessary to complete such purchases in the future and if we cannot finance such purchases, we will not be able to generate our expected synergies or prevent our competitors from purchasing stores from our franchisees, which would materially adversely affect our business, results of operations and financial condition. Our acquisition of a franchised network of 18 stores from the Yvrai Group on September 1, 2016 is in furtherance of this strategy. See "*Summary—Recent Developments—Acquisition of the Yvrai Group*". However, there can be no assurance that we will be able to generate the expected cost-savings or any other synergies from the Yvrai Group acquisition.

Furthermore, our competitors may seek to acquire our franchisees. Since July 1, 2010, we believe that ten stores that were managed by franchisees have been acquired by our competitors, the most recent being in December 2013. As a result, our operating income and Adjusted EBITDA were adversely impacted and we will no longer be able to offer consumer financing at these stores, which generates significant income for us. We have a right of first refusal to purchase franchisees under the terms of certain of our franchise agreements, but we may not have the resources to acquire franchisees at prices agreed by our competitors or other third parties. The loss of certain franchisees could have a material adverse impact on our market share, business, financial condition and results of operations.

Any events that negatively impact the reputation of, or value associated with, our brand could adversely affect our business.

Our brand is an important asset of our business. Maintaining the reputation of, and value associated with, our brand and product offering is central to the success of our business. As such, our ability to maintain the reputation of our brand with respect to the quality and design of our products and high levels of customer service are important factors in earning and maintaining customer goodwill. Unfavorable publicity concerning us, our products or any of our retail stores or manufacturers (both internal and external), or a substantial erosion in the reputation of our brand could adversely affect our business, financial condition and results of operations.

Currency fluctuations and hedging risks could materially adversely affect our earnings and cash flow.

Our business is subject to risks due to fluctuations in currency exchange rates. In the year ended June 30, 2016, although the majority of our cost of sales was denominated in euro, a significant portion of our purchases, primarily from Asia-based and Eastern European suppliers, was denominated in U.S. dollars. Our revenues are denominated primarily in euro, and we report our consolidated financial results in euro. The exchange rate between U.S. dollars and euro has fluctuated significantly in recent years and may fluctuate significantly in the future. The average noon buying rates for U.S. dollars per euro for the years ended June 30, 2014, 2015 and 2016 were 1.3571, 1.2019 and 1.1139, respectively and the average spot rate during the month of June was 1.1242. Although we may benefit from any future weakening of the U.S. dollar or the strengthening of the euro, we could be adversely affected by future unfavorable shifts in currency exchange rates.

We have entered into hedging arrangements to reduce our exposure to fluctuations in currency exchange rates. A substantial portion of our existing hedging agreements are set to expire in 2017. These expiring hedging arrangements have mitigated the impact on, and in some cases proven advantageous (as compared to some of our competitors) to, our cost of sales resulting from the effect of the weakening euro against the dollar over recent periods. As our hedges expire, more of our future procurement will be sourced at market prices exposed to the fluctuations in the value of the U.S. dollar and our cost of sourcing could increase significantly, or be subject to increased volatility, or both. If we are unable to enter into new hedging arrangements on favorable terms, renegotiate favorable terms with our suppliers or otherwise adapt our cost base or pass on these increased costs to our customers, our exposure to these fluctuations in currency exchange rates may have a material adverse effect on our business, financial condition and results of operations.

Compliance with and liability under environmental, real estate, health and safety laws and regulations could impose substantial costs upon us and could subject us to fines and penalties.

Our operations and properties are subject to local, national and EU laws and regulations related to environmental, health and safety protection. Laws and regulations that may affect our business include those governing remediation of contaminated soil, groundwater and buildings, water supply and use, water discharges, air emissions, waste management (including end-of-life requirements, recycling regulations and producers' extended responsibility), product safety and liability and workplace health and safety. Environmental, health and safety laws and regulations have tended to become more stringent and more expansive over time, and enforcement has tended to increase over time. Compliance with future requirements could result in substantial costs to us. If we fail to comply with any such laws or regulations, we could be subject to sanctions which could have an adverse effect on our financial condition or results of operations. Future changes in such laws and regulations could also have an adverse effect on our business, financial condition and results of operations.

Some of the sites we currently own or occupy (or previously owned or occupied) have a long history of industrial activities that could have resulted in contamination of the soil, groundwater or buildings with hazardous materials (including without limitation asbestos containing materials and PCBs). For example, as owners and occupiers of property we are under a duty to locate, manage and (where appropriate) remove asbestos from relevant properties. Failure to comply with this duty of care could lead to increased refurbishments costs or liabilities in respect of personal injury arising out of exposure to asbestos. Under some environmental, health and safety laws and regulations, we could be liable to investigate environmental issues or remediate contamination at properties we currently own or occupy (or previously owned or occupied) or at third parties' properties, even if the contamination was caused by a party unrelated to us and not through our fault, and even if the activity causing the contamination was legal. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination, could result in substantial unanticipated costs. We could be required to establish or increase financial reserves for these obligations or liabilities. In addition, as owners or occupiers of property we are under a duty to locate, record, manage and (where appropriate) remove asbestos from relevant properties. While landlords are required to co-operate, any failure to comply with these duties is an offence and could similarly give rise to liabilities in respect of personal injury arising out of exposure to asbestos.

We also may be liable for any violation of waste management, disposal and recycling regulations regardless of our actions or fault.

Further, under certain French real estate laws, companies operating commercial business centers that are open to the public must obtain regular licenses and authorizations to do so. While we endeavor to comply with these laws and regulations, any failure to do so may have a material adverse effect on our ability to operate certain stores and accordingly, impact our results of operations.

If the European Monetary Union ceases to exist or one or more countries leave the European Monetary Union, our margins and results of operations and financial condition may be materially adversely affected.

Recent economic events affecting the European economies, including the anticipated exit of the United Kingdom from the European Union or sovereign debt and other economic crises in certain EU countries, have raised a number of questions regarding the overall stability of the European Monetary Union and the European Union. Despite measures taken by countries in the European Monetary Union and the European Central Bank to alleviate credit risk, concerns persist with respect to the ability of certain European Monetary Union countries to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual European Monetary Union member states.

Governments and regulators have implemented austerity programs and other remedial measures to respond to the Eurozone debt crisis and stabilize the financial system, but the actual impact of such programs and measures are difficult to predict. If the Eurozone debt crisis is not resolved, it is possible that one or more countries may default on their debt obligations and/or cease using the euro and re-establish their own national currency or that the Eurozone may collapse. If such an event were to occur, it is possible that there would be significant, extended and generalized market dislocation,

which may have a material adverse effect on our business, results of operations and financial condition, especially as substantially all of our operations are in Europe. In addition, the departure of one or more countries from the Eurozone may lead to the imposition of, among others, exchange rate control laws.

Any of these developments, or a perception that any of these developments may be likely to occur, could have a material adverse effect on the economic development of the affected countries or lead to economic recession or depression that could jeopardize the stability of financial markets or the overall financial and monetary system. This, in turn, may have a material adverse effect on our business, financial condition, and results of operations.

The occurrence of catastrophic events including terrorist attacks could adversely affect retail sales.

Catastrophic events such as floods, fires, earthquakes, pandemics or epidemics, petrol shortage, terrorist and war activities in France and elsewhere have a negative effect on retailers, particularly for retailers who sell non-essential goods. For example, for the three months ended September 30, 2016, our Like-for-like Sales declined by 2.4% as compared to the same period in 2015 (assuming 171 constant stores in each period), and we believe this decline is partly attributable to the terrorist attack in Nice on July 14, 2016. The occurrence of other catastrophic events could adversely affect our business, financial condition and results of operations. We cannot accurately predict the extent to which such events may affect us, directly or indirectly, in the future. There can be no assurance that we will be able to obtain or choose to purchase any insurance coverage with respect to occurrences of terrorist acts and any losses that could result from these acts. If there is a prolonged disruption at our properties due to natural disasters, terrorist attacks or other catastrophic events, our business, financial condition and results of operations could be materially adversely affected.

If we are unable to renew or replace our store leases or enter into leases for new stores on favorable terms, or if any of our current leases are terminated prior to the expiry of their stated term and we cannot find suitable alternate locations, our growth and profitability could be adversely affected.

As of June 30, 2016, we leased approximately 98% of our store locations. Our current leases expire at various dates ranging from less than one year to more than nine years. However, our leases provide for rent reviews, generally annually, at which time our rents could increase. Our ability to maintain our existing rental rates during renewals or to renew any expired lease on favorable terms will depend on many factors that are not within our control, such as conditions in the local real estate market, competition for desirable properties and our relationships with current and prospective landlords. We have made certain assumptions about future rent reviews in respect of our leasehold property. If rent reviews were to be agreed at rates higher than currently anticipated, there would be an adverse impact on our financial performance.

In addition, there is a risk that the leases may not be renewed in due course or at all due to, among other factors, the state of the real estate market at such time and the competition for retail space. This would result in additional costs being incurred in selecting appropriate or equally suitable alternative premises and relocating to them and there is a risk that suitable alternative premises may not be available. If our lease payments increase or we are unable to renew existing leases or lease suitable alternate locations, this may have a material adverse effect on our business, financial condition, and results of operations.

A disruption in our information technology systems and/or website could adversely affect our operations.

The timely development, implementation, and continuous and uninterrupted performance of our hardware, network, applications, website and other systems, including those which may be provided by third parties, are important factors in our delivery of products and services to our customers. Our ability to protect these processes and systems against unexpected adverse events is a key factor in continuing to offer customers our full complement of products on time in an uninterrupted manner. Our operations are vulnerable to interruption from a variety of sources, many of which are not within our control, such as: power loss and telecommunications failures; software and hardware errors,

failures, defects, or crashes; computer viruses and similar disruptive problems; fire, flood, and other natural disasters; attacks on our network or damage to our business intelligence tools, software and systems carried out by hackers or Internet criminals; and the performance of third-party vendors. Delays or interruptions in the delivery of our products could result from unknown data, software, or hardware defects, insufficient capacity, or the failure of our website hosting and telecommunications vendors to provide continuous and uninterrupted service. A failure of our information technology systems in any store would limit our ability to complete sales, as we would be unable to process credit cards or obtain credit approval to offer product financing. Moreover, a failure that causes our website to become unavailable could materially adversely affect Footfall to our stores, online product viewing opportunities and online sales, any of which could have a material adverse effect on our business, financial condition and results of operations.

Failure to protect the integrity, security and use of our customers' information and media could expose us to litigation and materially damage our standing with our customers.

The use of individually identifiable data by our business and our business associates is regulated at the sub-national, national and international levels. Increasing costs associated with information security, such as increased investment in technology, the costs of compliance with consumer protection laws and costs resulting from consumer fraud, could cause our business and results of operations to suffer materially. Additionally, the success of our online operations depends upon the secure transmission of confidential information over public networks, including the use of cashless payments. While we have taken significant steps to protect customer and confidential information, there can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography or other developments will prevent the compromise of our customer transaction processing capabilities and personal data. If any such compromise of our security were to occur, it could have a material adverse effect on our business, financial condition and results of operations. Any such compromise may materially increase the costs we incur to protect against such information security breaches and could subject us to additional legal risk.

Intellectual property claims by third parties or our failure or inability to protect our intellectual property rights could diminish the value of our brand and weaken our competitive position.

We may be subject from time to time to intellectual property claims brought against us by third parties, particularly as we expand our business to include new products. Our defense of any claim, regardless of its merit, could be expensive and time consuming, and could divert management resources. Successful infringement claims against us could result in significant monetary liability and prevent us from selling some of our products. In addition, the resolution of claims may require us to abandon or seek redesign of our own-label products, or acquire license rights from third parties, which could have a material adverse impact on our business, results of operations and financial condition.

We currently rely on a combination of copyright, trademark and unfair competition laws, as well as confidentiality procedures and licensing arrangements, to establish and protect our intellectual property rights. We believe that our trademarks and other proprietary rights have significant value and are important to identifying and differentiating our brand and certain of our products from those of our competitors, and creating and sustaining demand for certain of our products. We cannot assure you that the steps taken by us to protect our intellectual property rights will be adequate to prevent infringement of such rights by others, including the imitation of our products and the misappropriation of our brand. If we are unable to protect and maintain our intellectual property rights, the value of our brand could be diminished and our competitive position could suffer.

Product liability and product recall may adversely affect our results of operations and may not be covered by our product liability insurance.

We require our suppliers to satisfy certain standards regarding the quality, safety and specification of our products. However, it is possible that one or more of our products may, at some point, malfunction or present non-compliance or safety issues in a way that exposes us to liability and/or requires us to undertake recall and repair efforts. In the event of a product recall being required in circumstances where the financial consequences are not satisfied by one of our suppliers or covered by our product liability insurance, there may be an adverse effect on our business, financial condition and results of operations.

After the Transactions, the interests of our controlling shareholders may be inconsistent with the interests of holders of Notes.

The interests of the Sponsors, our principal shareholders, in certain circumstances may conflict with your interests as holders of Notes. The Sponsors have, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. For example, the Sponsors could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends distributions, in each case, so long as permitted under the Indenture, the Super Senior Revolving Credit Facility Agreement and the Intercreditor Agreement. The interests of the Sponsors could conflict with interests of holders of Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. The Sponsors could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments although such transactions might involve risks to the holders of Notes.

In addition, the Sponsors may come to own businesses that directly compete with our business. Affiliates of WM Holding, one of the Sponsors, as part of their strategic growth plan, have entered into various joint venture agreements and investments that are or can result in participations in other competing furniture retailers, in particular, among others, in a holding company of Conforama, one of our two key competitors. Some of these ended in disputes which are currently the subject matter of ongoing legal proceedings. If, as a result of these legal proceedings or otherwise, affiliates of WM Holding were to obtain an interest in a holding company of Conforama, such an interest could create, or appear to create, potential conflicts of interest when WM Holding and its representatives are faced with decisions which could have different implications for our Group.

After the Acquisition, we anticipate entering into purchasing arrangements with XXXLutz Group, a company related to one of the Sponsors. We expect to receive significant benefits under these arrangements. However, there can be no assurance that any of these benefits will materialize, and moreover these arrangements may also limit or restrict our ability to expand in certain geographic areas or source from or transact with certain counterparties. See *"Certain Relationships and Related Party Transactions".*

A loss of key personnel or of our ability to attract and retain experienced employees could adversely affect our business.

The success of our business depends significantly on both our ability to retain members of our senior management, many of whom have significant experience in our business and industry, and our ability to attract and retain a work force that includes experienced sales, product design and production personnel. There is significant competition for skilled employees in the furniture industry, and it therefore may be difficult to attract and retain the personnel necessary for the development and sustainability of our business. The loss of the services of our senior management or key personnel or the failure to attract experienced personnel as required could harm our future operations.

Higher labor costs could adversely affect our business.

We compete with other retailers for competent and dependable employees. The supply of such employees is limited and competition to hire and retain them results in higher labor costs. In recent years, higher labor costs have been offset by declining costs of goods sold driven by cheaper production costs and excess supplies overseas. If this trend does not continue, or other factors, such as import restrictions, lead to higher costs and we are not able to pass on such higher costs to our customers, these higher labor costs could adversely affect our profitability.

We may face labor disruptions and disputes that would interfere with our operations.

Our operations may be affected by labor disruptions and disputes involving our employees and employees of third parties. While we believe our relationships with the trade unions representing our employees are good, negotiations with these unions have been challenging at certain times, particularly in connection with annual salary negotiations in March and April. For example, we experienced a work stoppage in March 2011, which resulted in work breaks of two or three hours for certain employees although no stores were required to close as a result.

As is the case for most companies of our size in France, we also have ongoing legal disputes with certain of our former employees and may face further litigation in the future. In the future, we may be affected by more significant strikes or disputes which could adversely affect our business, financial condition and results of operations.

We are subject to changes in tax laws, rules and regulations and periodic tax audits and reassessments by tax authorities resulting therefrom, any of which could result in significant additional tax payments.

The application of various domestic and international sales, use, occupancy, value-added and other tax laws, rules and regulations is subject to interpretation by the applicable taxing authorities. We often rely on generally available interpretations of tax laws, rules and regulations in the jurisdictions in which we operate. We cannot be sure that these interpretations are accurate or that the responsible taxing authority is in agreement with our views. If the tax laws, rules and regulations are amended, if new adverse laws, rules or regulations are adopted or if current laws are interpreted adversely to our interests, our tax payments could increase (prospectively or retrospectively) and/or we could become subject to penalties. As a result, these changes could decrease the capital we have available to operate our businesses and could have a material adverse effect on our business, financial condition and results of operations.

Due to the global aspect of our business, we are subject to income taxes in several jurisdictions. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are also subject to periodic tax audits, which could result in reassessments by applicable taxing authorities. Recent tax audits of BUT SAS and BUT International SAS resulted in assessments by the French tax authorities. We strongly disagree with the reassessments and are currently disputing them. See "*Business—Legal Proceedings—Tax Audit Related Proceedings*". While we strongly disagree with the assessment, if the reassessments were upheld, or if we became subject to other audits or reassessments, we could become subject to significant additional tax payments, including penalties and interest of late payment, which could have a material adverse effect on our business, financial condition, results of operations, or cash flows in the period or periods for which that determination is made.

If we do not continue to meet credit and debit card provider requirements, we may lose the ability to accept or process such payments or receive funds from credit and debit card providers for purchases already made.

A substantial portion of our customers pay for their purchases with a credit or debit card. For credit and debit card payments, we pay interchange and other fees, which may increase over time and raise our operating expenses and adversely affect our profits. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. A failure by us to maintain adequate levels of liquidity (including under a scenario whereby we accumulate large quantities of customer refunds) may subject us to fines and higher transaction fees, the loss of our ability to accept credit and debit card payments from our customers, or the cessation of payments from credit and debit card providers to us for purchases already made. Any of these scenarios may have a material adverse effect on the results of our business, financial condition and results of operations.

Our results may be adversely affected by fluctuations in energy costs.

Energy costs have fluctuated dramatically in the past and continue to fluctuate. These fluctuations may result in an increase in our transportation costs for distribution, utility costs for our retail stores and costs to purchase products for our sale. A continual rise in energy costs could adversely affect consumer spending and demand for our products and could increase our operating costs, both of which could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Financial Profile and the Notes

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

We currently have, and after the issuance of the Notes will continue to have, a significant amount of debt with substantial debt service requirements. As of June 30, 2016, and as adjusted to give effect to the Transactions, our total gross debt would have been approximately €399.0 million. In addition, the Super Senior Revolving Credit Facility will provide for an additional €100 million in future borrowings on a committed basis, which may be increased in the future. Our significant leverage could have important consequences for our business and operations and for you as a holder of the Notes, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debts and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund acquisitions, organic growth projects and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- impairing security interest for the benefit of the holders of the Notes;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Our ability to make payments on and refinance our indebtedness and to fund acquisitions, working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or fund our future acquisitions or other working capital expenditures. For a discussion of our cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*".

In addition, we and our subsidiaries may be able to incur substantial additional debt in the future, including indebtedness in connection with any future acquisition. Although the Indenture and the Super Senior Revolving Credit Facility Agreement will contain restrictions governing the incurrence of additional indebtedness, the restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If we or our subsidiaries incur new debt or other obligations, the related risks that we now face, as described elsewhere in these "*Risk Factors*", could intensify.

For further information regarding our substantial leverage and for more information about our outstanding indebtedness, please see "*Description of the Notes*" and "*Description of Certain Financing Arrangements*".

We are subject to restrictive covenants which limit our operating and financial flexibility.

The Super Senior Revolving Credit Facility Agreement and the Indenture will contain covenants which impose significant restrictions on the way we can operate, including restrictions on our ability to:

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

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes*" and "*Description of Certain Financing Arrangements*". 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. The restrictions contained in the Super Senior Revolving Credit Facility Agreement and the Indenture could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs.

Any future indebtedness may include similar or other restrictive terms. These restrictions could materially and adversely affect our ability to finance our future operations or capital needs or to engage in other business activities or consummate transactions that may be in our best interest.

In addition to limiting our flexibility to operate our business, our failure to comply with the covenants under the Super Senior Revolving Credit Facility and the Indenture, including as a result of events beyond our control, could result in an event of default under the terms of our other financing agreements and cause all the debt under those agreements to be accelerated. If this were to occur, it could materially and adversely affect our financial condition and results of operations and we can make no assurance that we would have sufficient assets to repay our debt.

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

We may incur substantial additional debt in the future. Although the Indenture and the Super Senior Revolving Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial and secured. Under the Indenture, in addition to specified permitted indebtedness, we will be able to incur additional indebtedness (which may be unsecured, or secured, on a junior priority basis) so long as on a *pro forma* basis our consolidated coverage ratio (as defined in the Indenture) is at least 2.00 to 1.00, and any additional secured indebtedness so long as on a *pro forma* basis our consolidated secured leverage ratio (as defined in the Indenture, which, among other things, excludes certain specified permitted indebtedness from the calculation of such ratio) is no more than 4.00 to 1.00. We will also be able to refinance indebtedness outstanding under the Super Senior Revolving Credit Facility with debt incurred in compliance with these ratios and then be able to draw amounts under our Super Senior Revolving Credit Facility at a time when we do not meet these ratios. The terms of the Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the

Indenture. Moreover, some of the debt we may incur in the future could be structurally senior to the Notes and may be secured by collateral that does not secure the Notes. In addition, the Indenture and the Super Senior Revolving Credit Facility will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this Offering Circular.

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

The Issuer and the Issue Date Guarantors are newly-formed companies that were created for the purpose of issuing the notes or acquiring the Target and its subsidiaries. The Issuer and the Guarantors are shell or holding companies with no business operations and no assets other than intercompany receivables and the equity interests they hold in each of their subsidiaries, including, after the Acquisition, the Target and its subsidiaries. The Issuer and the Issue Date Guarantors will therefore be dependent upon the cash flow from the operating subsidiaries of the Group in the form of dividends, interest payments on intercompany loans or other distributions or payments to meet their obligations, including their obligations under the Notes and the Guarantees, as well as under the Super Senior Revolving Credit Facility Agreement. The obligations of the subsidiaries of the Parent Guarantor under intercompany loans will be subordinated in right of payment to certain existing and future senior indebtedness of such subsidiaries, including obligations under the Super Senior Revolving Credit Facility Agreement. If the subsidiaries of the Parent Guarantor do not fulfill their obligations under the intercompany loans and do not distribute cash to the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow it to make payments to the holders of the Notes. The amounts of dividends and distributions available to the Issuer and the Guarantors will depend on the profitability and cash flows of the companies comprising the Group. The subsidiaries of the Parent Guarantor may not, however, be able to, or may not be permitted under applicable law to make dividends, distributions or otherwise make upstream payments or advance upstream loans to their shareholders (including the Issuer and the Guarantors) to make payments in respect of our indebtedness, including the Notes and the Guarantees. None of the Target or its subsidiaries will initially, and they may never, guarantee the Notes. The subsidiaries of the Target that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

The Notes will be structurally subordinated to the liabilities of Non-Guarantor Subsidiaries.

Not all of our subsidiaries will guarantee the Notes and our subsidiaries do not have any obligations to pay amounts due under the Notes or to make funds available for that purpose unless they guarantee the Notes. Generally, holders of indebtedness of, and trade creditors of, any of the non-guarantor Subsidiaries, including lenders under bank financing agreements, are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-guarantor Subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

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

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-guarantor Subsidiaries. As of June 30, 2016, the non-guarantor Subsidiaries had 11.4% of total liabilities on a combined basis including the Target and the Issuer (before intercompany eliminations and not including Yvrai). Any of the debt that our non-guarantor Subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

We will require a significant amount of cash to meet our obligations under our indebtedness and to 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 our obligations under the Notes, and to fund our ongoing operations, depends on our performance and our 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 these "*Risk Factors*", many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations, that currently anticipated cost savings, revenue growth and operating improvements will be realized or that future debt or equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs, including the repayment at maturity of the then outstanding amount under the Super Senior Revolving Credit Facility Agreement, which matures in 2022.

If our future cash flow from operations and other capital resources (including borrowings under the Super Senior Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

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

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. At the maturity of the Notes or any other debt which we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to refinance our indebtedness. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business activities or capital expenditures, sell assets or raise additional debt or equity financing in amounts that could be substantial. In addition, the terms of the Notes and any future debt may limit our ability to pursue any of these measures.

If we are unable to satisfy our obligations through alternative financing, we may not be able to satisfy our debt obligations, including under the Notes. In that event, borrowings under other debt agreements or instruments that contain cross acceleration or cross default provisions, including the Notes and the Super Senior Revolving Credit Facility, may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

French restrictions on interest deduction may limit our capacity to deduct, for tax purposes, the interest paid in relation to the Notes and thus reduce the cash flow available to service our indebtedness.

Under Article 212 § I of the French Tax Code (*Code général des impôts*) (***FTC***), the deductibility of interest paid to a related party within the meaning of Article 39.12 of the FTC is subject to a specific requirement: if the lender is a related party to the borrower within the meaning of Article 39.12 of the FTC, the French borrower shall demonstrate, at the French tax authorities' request, that the lender is, for the current financial year and with respect to the concerned interest, subject to an income tax in an amount which is 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 (*Code monétaire et financier*) (which includes UCITSs and AIFs as well as other collective investment schemes such as SICAVs and SPPICAVs with a single shareholder) or, subject to certain conditions, a similar entity organized under a foreign law. The interest due by the Issuer under the Notes will not fall within the scope of Article 212 § I of the FTC to the extent the Noteholders are not related to the Issuer, while interest due by the Group to related parties will fall within the scope of this provision.

Under Article 212 § II of the FTC (French thin capitalization rules), the deduction of interest paid on loans granted by a related party within the meaning of Article 39.12 of the FTC or on loans granted by a third party that are guaranteed by a related party (a third party assimilated to a related party) may be subject to certain limitations. Deduction for interest paid on such loans may be partially disallowed in the financial year during which they are accrued if such interest exceeds 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 (and assimilated indebtedness owed to third parties) over the relevant financial year; (ii) 25% of the company's earnings before tax and extraordinary items (as adjusted for the purpose of these limitations); and (iii) the amount of interest received by the indebted company from related parties. Deduction may be disallowed for the portion of interest that exceeds in a relevant financial 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 financial year that the indebtedness ratio of the group to which it belongs is higher or equal to its own indebtedness ratio. The portion of interest for which deduction is disallowed may be deducted under certain conditions, in the following fiscal years, subject to a 5% discount after the second year. Specific rules apply to companies that belong to French tax-consolidated groups.

On the date of this Offering Circular, interest due under the Notes falls within the scope of the limitations provided for by Article 212 § II of the FTC as the Notes will be guaranteed by certain of the Issuer's subsidiaries/parent companies and are therefore considered, at least in part, as related-party debt. The Issuer is expected to comply with the threshold (iii) above as the interest received under the Proceeds Loans should fully cover the interest incurred on the Notes. The thin capitalization rules will also apply at the level of the Company, BUT International SAS and Cogesem SAS to the interest on the Proceeds Loans.

In addition, Article 209 § IX of the FTC 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 FTC and if such acquiring company cannot demonstrate, with respect to the financial years running over the twelve-month period from the acquisition of the shares, 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 Commercial Code (*Code de commerce*), which is located in France) and (ii) where control or 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, which is located in France). The Issuer will not fall within the scope of Article 212 § I of the FTC to the extent the Issuer will not acquire shares of another company, while notably Bidco will fall within the scope of this provision in respect of the Acquisition.

Although we believe that the requirements of Articles 212 § I and 209 § IX of the FTC will be complied with, these restrictions to tax deductibility of interest are recent and there is not yet any case law or established administrative practice enabling to shed more light on the relevant regulations and their interpretation. We cannot therefore provide assurance that the French tax authorities will not disagree with our position and that these regulations would not limit the tax deductibility of interest on the indebtedness of the Group.

Moreover, Article 212 *bis* of the FTC provides for a general limitation of deductibility of net financial charges, subject to certain exceptions. 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 are deductible from their taxable result only up to 75% of their amount in respect of financial years commencing as from January 1, 2014, to the extent that such companies' financial charges (net of financial income) are at least equal to €3.0 million in a given financial year. Under Article 223 B *bis* of the FTC, special rules apply to companies that belong to French tax consolidated groups. The 75% limitation is factored on the basis of the group's consolidated taxable result and applies to the adjusted aggregate net financial charges incurred by companies that are members of the French tax consolidated group with respect to amounts made available by lenders outside such group, to the extent that the tax group companies' consolidated financial charges (net of financial income) are at least equal to €3.0 million in a given financial year. This limitation will apply at the level of the tax consolidated group to which the Issuer belongs, of which Mobilux 1 is the parent.

Finally, the French restrictions on interest deduction should be amended at the latest by January 1, 2024 pursuant to the EU anti-avoidance directive 2016/1164 of 12 July 2016 providing for a limitation of deductibility of net interest expenses to an amount of 30% of the taxpayer's earnings before interest, tax, depreciation and amortization (adjusted EBITDA).

These abovementioned tax rules and Directive proposal (if implemented) may limit our ability to deduct interest accrued on our indebtedness incurred in France and may thus increase our tax burden, which could adversely affect our business, financial condition and results of operations and reduce the cash flow available to service our indebtedness.

The loans under our Super Senior Revolving Credit Facility bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

The loans under our Super Senior Revolving Credit Facility bear interest at floating rates of interest per annum equal to EURIBOR, as adjusted periodically, plus a margin. These interest rates could rise significantly in the future. Although we are permitted to enter into interest rate hedging arrangements in order to mitigate some of the risk associated with fluctuations in these rates, there can be no assurance that hedging will be available on commercially reasonable terms at the relevant time. Under these interest rate agreements, we would be exposed to credit risk in respect of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate hedging agreements, we may be required to make termination payments, which would result in a loss. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

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

The Indenture will require us to make an offer to repurchase all outstanding Notes at 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to (but excluding) the date of repurchase upon the occurrence of certain events constituting a change of control. Additionally, a change of control under the Super Senior Revolving Credit Facility (which includes a different definition of change of control), unless waived by the lenders, would permit any lender under the Super Senior Revolving Credit Facility to elect to cancel its commitments thereunder and the participation of that lender in all amounts outstanding under the Super Senior Revolving Credit Facility would become immediately due and payable. The source of funds for any repurchase required as a result of any such event would be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by our subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered and we may not be able to secure access to enough cash to finance the required repurchases of the Notes tendered. Our failure to effect a change of control offer when required would constitute an event of default under the Indenture, which would, in turn, constitute a default under the Super Senior Revolving Credit Facility. See "*Description of the Notes—Change of Control*". In addition, a change of control could constitute a default under our other indebtedness.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events that might adversely affect the value of

the Notes (including certain reorganizations, restructurings, mergers or other similar transactions), in particular a reorganization, merger or similar transaction involving transfers between the Sponsors, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control*", the Indenture will not contain provisions that require us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction. Among other things, we will not be required to offer to repurchase or redeem the Notes if either of our Sponsors, or their respective affiliates, acquires the interest of the Sponsor.

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control, provided that upon consummation thereto, a certain consolidated leverage ratio is met.

The definition of "change of control" contained in the Indenture includes a disposition of all or substantially all of the assets of the Parent Guarantor and the restricted group taken as whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Parent Guarantor 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.

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

The Notes are denominated and payable in euro. If you measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which such investors measure the return on their investments. These changes may be due to economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which such investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which such investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations for U.S. Holders*".

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed in these "*Risk Factors*" 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.

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

The Issuer and the Guarantors and their respective subsidiaries are organized outside the United States, and their business is conducted entirely outside the United States. The directors and executive

officers of the Issuer and the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws or under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, because all of the assets of the Issuer and the Guarantors and their respective subsidiaries and all or a majority of the assets of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*".

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

Under various circumstances, the Collateral securing the Notes and the Guarantees will be released automatically, including, but not limited to:

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided under "*Description of the Notes—Defeasance*" and "*—Satisfaction and discharge*";
- as described under "*Description of the Notes—Amendments and Waivers*" and "*Description of the Notes—Certain Covenants—Limitation on Liens*";
- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;
- if the lien granted in favor of the Super Senior Revolving Credit Facility or such other indebtedness that gave rise to the obligation to grant the lien over such collateral is released (other than pursuant to the repayment and discharge thereof);
- in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement;
- as described under "*Description of the Notes—Impairment of Security Interest*";
- in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the terms of the Indenture;
- upon the full and final payment of the Notes and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;
- in accordance with the Security Documents; or
- as otherwise permitted under the Indenture.

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

- in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary 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 Parent Guarantor or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;
- if the Parent Guarantor designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under "*Description of the Notes—Defeasance*" and "*—Satisfaction and Discharge*";

- in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement;
- as described under "*Description of the Notes—Amendments and Waivers*";
- as a result of a transaction permitted by "*Description of the Notes—Merger and Consolidation*"; or
- upon the release of the Guarantor's Note Guarantee under any Indebtedness that triggered such Guarantor's obligation to guarantee the Notes under the covenant described in "*Description of the Notes—Certain Covenants—Future Guarantors*".

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

The guarantees/security interests may be limited by French law or subject to certain limitations or defenses that may adversely affect their validity and enforceability.

Under French financial assistance rules, a company is prohibited from guaranteeing or securing indebtedness of another company that is used, directly or indirectly, for the purpose of the acquisition of its shares.

Under French corporate benefit rules, a court could subordinate or void any guarantee or security interest and, if payment had already been made under the relevant guarantee/security interest, require that the recipient return the payment to the relevant guarantor/security provider, if the court found that the French guarantor/security provider did not derive an overall corporate benefit from the transaction involving the grant of the guarantee/security interest as a whole. Existence of corporate benefit is a factual matter which must be determined on a case-by-case basis. Based on current case law:

- the company giving the guarantee/security interest must itself receive an actual benefit or advantage (direct or indirect) from the transaction involving the giving of the guarantee/security interest taken as a whole which is commensurate with the liability which it takes on under the guarantee/security interest; and
- the financial commitment assumed by the guarantor/security provider must not exceed its financial capability.

In addition, each of the 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.

Accordingly, notwithstanding anything to the contrary in a guarantee/security interest provided by a French company, such guarantee/security interest will be subject to the following limitations:

A. the obligations and liabilities of a French company under its guarantee/security interest will not include any obligation or liability which if incurred would constitute the provision of financial assistance within the meaning of Article L. 225-216 of the French Commercial Code and/or would constitute a "misuse of corporate assets or powers" within the meaning of Article L. 241-3, L. 244-1 or L. 242-6 of the French Commercial Code or any other laws or regulations having the same effect, as interpreted by French courts and/or would infringe L. 511-7 of the French Monetary Code;

B. the obligations and liabilities of a French company under its guarantee/security interest for the obligations of a parent company issuing notes will be limited, at any time, to an amount equal to the lesser of (i) the aggregate nominal amount of all notes issued by the parent company and (ii) the amount of the proceeds of such notes (if any) (x) directly or indirectly on-lent to the French company and/or any subsidiaries of such French company under intercompany loans or similar arrangements or (y) used by the Issuer to refinance any indebtedness that was previously directly or indirectly, by way of intercompany loans or similar arrangements, on-lent by it or any borrower or guarantor under such indebtedness, to such French company and/or its subsidiaries, in each case to the extent such intercompany loan or similar arrangement is outstanding at the date a payment is to be made by such French company under its guarantee/security interest, it being specified that any payment made by a French company under its guarantee/security interest shall automatically reduce pro tanto the outstanding amount of the relevant intercompany loans or similar arrangements due by such French company to the parent company or its subsidiaries; and

C. the obligations and liabilities of a French company for the obligations of any obligor which is its subsidiary will cover all amounts due by such obligor as issuer or borrower under any applicable finance document and as guarantor (the ***Guaranteed Obligor***). However, where such Guaranteed Obligor is not incorporated in France, the amounts payable by the French company under this paragraph (C) in respect of the obligations of the Guaranteed Obligor as guarantor, shall be limited as set out in paragraph (B) above.

Not all proceeds of the Offering will initially be on-lent to each of the Guarantors. While we expect that this process will be completed in the 90 days following the Completion Date, as a result of the foregoing limitations, there is a significant risk that the Guarantees and security interests granted by the Issue Date Guarantors will be ineffective as of the Completion Date.

It is acknowledged that no French company is acting jointly and severally with the other guarantors and no French company shall therefore be considered "*co-débiteur solidaire*" as to its obligations and liabilities under its guarantee/security interest.

Shares or securities accounts held by us in certain of our French subsidiaries shall be pledged under French law. In the event of an insolvency event affecting such French subsidiaries, insolvency proceedings may be initiated in France to the extent that such French subsidiaries have their center of main interests in France. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—European Union*" below. Such proceedings would then be governed by French law.

Certain of our related companies incorporated in France whose shares are pledged to secure the Notes are not required to guarantee such Notes nor do they provide any collateral to secure such Notes. Such companies may however become subject to certain insolvency proceedings governed by French law under circumstances further described below and affecting their own liabilities.

Pursuant to Article L. 650-1 of the French Commercial Code, where insolvency or safeguard proceedings have been commenced, creditors may be held liable for the losses suffered as a result of credit support granted to the debtor, if the grant of such credit support is wrongful, on the following grounds: (i) fraud; (ii) interference with the management of the debtor; and (iii) the guarantees or security interests taken to secure the amounts made available to a debtor are disproportionate to those amounts. In addition, where the creditor is held liable by the relevant court on this ground, guarantees, security interests and any other credit support granted to secure the amounts made available to the debtor could be held null and void or reduced if found to be disproportionate to those amounts.

See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*".

The courts having jurisdiction to commence insolvency or similar proceedings with respect to the Guarantors may not be the courts within the territory of which the Guarantors have their respective registered offices.

The insolvency or similar proceedings to which the Guarantors may be subject will be under the jurisdiction of the courts within the territory of which each of the Guarantors has its respective center of main interests (for further information see "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—European Union*" below). The location of the center of main interests of each Guarantor would be determined at the date on which its petition for insolvency or similar proceedings is filed. It is therefore possible that a Guarantor may be the subject of insolvency or similar proceedings in a jurisdiction other than the jurisdiction in which it has its registered office.

The insolvency laws of France may not be as favorable to you as the insolvency laws of the United States or those of other jurisdictions with which you are familiar; other limitations on the Guarantees and the Security Interests, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

The Issuer and the Guarantors are organized under the laws of France. Our obligations under the Notes are guaranteed by the Guarantors and secured by Security Interests over the Collateral. In addition, the Collateral includes among others a security interest in the shares in certain direct and indirect subsidiaries of the parent entities incorporated under the laws of France, pledges of certain present and future intercompany loan receivables held by the Parent Guarantor and certain of its subsidiaries incorporated under the laws of France, and certain bank accounts opened in France.

The insolvency laws of France may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In particular, the French insolvency laws and regulations are unfavorable to creditors in many respects.

For instance, during French safeguard proceedings, as described in "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—France*", the debtor's management prepares and presents a safeguard plan to its creditors and the court may vet a restructuring plan which could lead to the rescheduling of creditors' debts over a period of up to ten years (without any compensation such as an increased interest rate or other fee) without obtaining their approval for such a plan. While a new reform has introduced the possibility for members of the creditors' committee to also prepare their own alternative safeguard or reorganization plan which will be submitted to the vote of creditors, holders of the Notes are not members of any creditors' committee and therefore they will not be able to propose any such alternative plans.

In the event of safeguard or reorganization proceedings commenced in France with respect to the Issuer, all holders of bonds issued by the Issuer in France or abroad (including the Notes) would be consulted on the restructuring plan in one single general meeting of bondholders. The provisions relating to the representation of the Notes would be discarded to the extent they are inconsistent with mandatory provisions of French law applicable to distressed companies in the context of these proceedings.

The safeguard or reorganization plan could include a rescheduling of the claims held by holders of bonds (including the Notes), debt write-offs as well as debt-to-equity swaps if approved by shareholders of the debtor. This plan would have to take into account existing subordination agreements and could provide for a differentiated treatment between the members of the bondholders' general meeting if the differences in situation so justify.

A two-third majority of the principal amount of the bonds held by the bondholders who did vote in the general meeting would be required for the plan to be approved by the bondholders' general meeting, notwithstanding any clause to the contrary pursuant to the issuance agreements. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations— France—Insolvency*". Upon the approval of the safeguard or reorganization plan, as applicable, the plan would be binding on all holders of Notes, including those who voted against the plan in the bondholders' general meeting.

Under the insolvency laws and regulations of France, the court may in certain circumstances void the Security Interests or the guarantee or payments made thereunder where the debtor was already insolvent (as such term is defined under the laws of France) when the Security Interest or the guarantee was granted or the payment made. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations—France—Creditors' Liability*".

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

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 or following an initial public offering of the Capital Stock of the Parent Guarantor the consolidated secured leverage ratio (as defined in the Indenture) is less than 3.00 to 1.00 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 on Achievement of Investment Grade Status*". 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.

You may be required to pay a "soulte" in the event you decide to enforce the pledges over shares of French companies by judicial or contractual foreclosure of the Collateral consisting of shares rather than by a sale of such Collateral in a public auction.

In the event that management decides not to file for insolvency proceedings, or alternatively upon a voluntary winding up of the company, the pledges over shares of French companies may be enforced at the option of the secured creditor either by a sale of the pledged shares in a public auction (the proceeds of the sale being paid to the secured creditors), by judicial foreclosure (*attribution judiciaire*) or by contractual foreclosure (*attribution conventionnelle*) of the shares to the secured creditor, following which the secured creditor is the legal owner of the pledged shares. In a proceeding for judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*attribution conventionnelle*), an expert is appointed to value the collateral (in this case, the pledged shares) and if the value of the collateral exceeds the amount of secured debt, the secured creditors may be required to pay the relevant pledgor a "*soulte*" equal to the difference between the value of the shares and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditors from a subsequent sale of the Collateral.

Consequently, in the event the lenders under the Super Senior Revolving Credit Facility or the holders of the Notes decide to, and are entitled to, enforce the share pledges through a judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*attribution conventionnelle*) or *pacte commissoire* and if the value of such shares exceeds the amount of the secured debt, the lenders under the Super Senior Revolving Credit Facility and the holders of the Notes may be required to pay to the relevant pledgors a *soulte* equal to the value by which such shares exceed the amount of the secured debt.

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

If the holders of the Notes decline to request the judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*attribution conventionnelle*) of the shares, sale of the pledged shares could be undertaken by public auction in accordance with applicable law. As public auction procedures are not designed for a sale of a business as a going concern, the sale price received in any such auction might not reflect the value of our group as a going concern.

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

The granting of security interests to secure the Notes and the Guarantees may create hardening periods for such security interests in certain jurisdictions. The granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in certain jurisdictions, in particular, as the Indenture will permit the release and retaking of security granted in favour of the Notes in certain circumstances including in connection with the incurrence of future indebtedness. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted 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 Completion Date, any security interest in Collateral delivered after the Completion Date would face a greater risk than security interests in place on the Completion 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, holders of the Notes would lose the benefit of the security interest. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency 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—Security*."

Under the Intercreditor Agreement, the holders of the Notes are required to share recovery proceeds with other secured creditors, recover proceeds only after the lenders under the Super Senior Revolving Credit Facility, certain priority hedging counterparties and lenders or creditors under certain other indebtedness that we may incur in the future are repaid in full, and are subject to certain limitations on their ability to enforce the Security Interests.

The Trustee under the Indenture governing the Notes is expected to enter into the Intercreditor Agreement with, among others, the agent under the Super Senior Revolving Credit Facility and the Security Agent on or around the Completion Date. Other creditors may become parties to the Intercreditor Agreement or we may enter into additional intercreditor agreements in the future. Among other things, the Intercreditor Agreement will govern the enforcement of the Security Interests, the sharing in any recoveries from such enforcement and the release of the Collateral by the Security Agent.

The Notes will, as far as is possible under law, be secured by the same Collateral that will secure on a first-priority basis our obligations under the Super Senior Revolving Credit Facility, certain priority hedging obligations and certain other Indebtedness that we may incur in the future. The Indenture will also permit the same Collateral to be pledged on a *pari passu* basis with the Notes, to secure additional indebtedness and certain hedging obligations in accordance with the terms of the Indenture and the Intercreditor Agreement. The Indenture and the Intercreditor Agreement may limit the amount of hedging that can be "superpriority" hedging.

In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, the liabilities under the Super Senior Revolving Credit Facility, certain hedging obligations and certain other Indebtedness that we may incur in the future will have priority over the proceeds received from the sale of the Collateral pursuant from the enforcement of such Collateral. The Intercreditor Agreement will provide that the Security Agent, who will also serve as the security agent for the lenders under the Super Senior Revolving Credit Facility and holders of any permitted future shared security indebtedness, will act to enforce the security interest in the Collateral and take instructions from the secured creditors in respect of the Collateral only as provided for in the Intercreditor Agreement. In the event that the shared Collateral has become enforceable, the Security Agent shall enforce or refrain from enforcing such Collateral on the instructions of (a) the majority (more than 66⅔% by value) of the super senior creditors (the "**majority 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) (the "**majority senior secured creditors**").

If the Security Agent receives conflicting instructions from the majority super senior creditors and from the majority senior secured creditors, then, to the extent instructions from the majority senior secured creditors are given in accordance with the Intercreditor Agreement, the Security Agent will comply with such instructions, provided that, if:

(i) the majority senior secured creditors have not either (A) made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing); or (B) appointed a financial advisor to assist them in making such a determination, within three months of the date of the initial enforcement notice; or

(ii) the majority senior secured creditors have not either (A) made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing); or (B) appointed a Financial Advisor to assist them in making such a determination, and the majority super senior creditors determine in good faith (and notify the other creditor representatives, the hedge counterparties and the Security Agent) that a delay

in issuing enforcement instructions could reasonably be expected to have a material adverse effect on the ability to effect a distressed disposal or on the expected realization proceeds of any enforcement and deliver enforcement instructions which they reasonably believe to be consistent with the security enforcement principles and necessary or advisable to enhance the prospects of achieving the security enforcement objective before the Security Agent has received any enforcement instructions from the majority senior secured creditors; or

(iii) the super senior discharge date (being the date on which all of the super senior liabilities have been fully and finally discharged) has not occurred within six months of the date of the initial enforcement notice; or

(iv) an insolvency event (other than an insolvency event directly caused by any enforcement action taken by or at the request or direction of the credit facility lenders) is continuing with respect to a debtor, then the Security Agent will act in accordance with enforcement instructions received from the majority super senior creditors until the super senior discharge date has occurred.

In addition, lenders under the Super Senior Revolving Credit Facility, certain hedging counterparties and lenders or creditors under certain other Indebtedness that we may incur in the future will receive priority to the proceeds from the enforcement of shared security. The holders of the Notes will only benefit from the proceeds from the enforcement of Collateral after the obligations to the priority creditors have been satisfied in full. As such, in the event of a foreclosure on the Collateral, your recovery on the Collateral may be limited or may be zero, if the proceeds from an enforcement sale of the Collateral are only sufficient to satisfy the obligations to the priority creditors. In addition, the Intercreditor Agreement provides that any proceeds from an enforcement of security which is available to satisfy the obligations under the Notes will be paid *pro rata* in repayment of the Notes and any other obligations secured by the Collateral on a *pari passu* basis. The Intercreditor Agreement provides that the Security Agent may release certain Collateral in connection with sales of assets pursuant to a permitted disposal or enforcement sale and in other circumstances permitted by the Indenture and the Super Senior Revolving Credit Facility. Therefore, such collateral available to secure the Notes could be reduced in connection with the sales of assets or otherwise, subject to the requirements of the financing documents and the Indenture.

Certain additional amounts will be available for additional borrowing under the Super Senior Revolving Credit Facility by way of incremental facilities (subject to the fulfillment of certain conditions thereunder). In addition, the Indenture governing the Notes and the Super Senior Revolving Credit Facility will permit us, in compliance with the covenants in those agreements, to incur significant additional indebtedness secured by liens on the Collateral. Our ability to incur additional debt in the future secured on the Collateral may have the effect of diluting the ratio of the value of such Collateral to the aggregate amount of the obligations secured by the Collateral. As a result, holders of Notes may receive less, ratably, than holders of other secured indebtedness. The granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in certain jurisdictions. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted 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. Please see "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Considerations*".

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

The Issuer and each of the Guarantors is organized under the laws of France; the Collateral will include pledges over the shares of certain direct and indirect subsidiaries of the parent entities incorporated under the laws of France and pledges of certain present and future intercompany loan receivables held by the Issuer and certain of its parent entities' subsidiaries in respect of debtors in France. In the event of bankruptcy, insolvency, administration or similar event, proceedings could be initiated in France. Your rights under the Notes, the Guarantees and the Collateral are likely to be subject to insolvency and administrative laws of France and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings. See "*Limitations on Validity and Enforceability of Guarantees and Security and Certain Insolvency Law Considerations*". In addition, the multi-jurisdictional nature of enforcement over the Collateral may limit the realizable value of the Collateral.

The insolvency, administration and other laws of the jurisdiction of organization of France may be materially different from, or conflict with, each other and with the laws of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest, the duration of proceeding and preference periods. The application of these laws, and any conflict between them, could call into question whether, and to what extent, the laws of any particular jurisdiction should apply, adversely affect your ability to enforce your rights under the Guarantees and the security documents in these jurisdictions or limit any amounts that you may receive.

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

The Notes are secured only to the extent of the value of the Collateral, which consists of a security interest in, among others, the share capital of the Issuer and the Guarantors, certain intercompany loans and certain bank accounts. See "*Description of the Notes—Security*". Not all of our assets secure the Notes, and the Indenture allows the Parent Guarantor and its restricted subsidiaries to secure any future senior secured indebtedness (as defined in the Indenture) permitted to be incurred under the Indenture (which may be structurally senior to the Notes and the Guarantees) with the property and assets of the restricted subsidiaries that do not secure the Notes. The value of such assets and property could be significant. If there is an event of default and to the extent that the claims of the holders of the Notes exceed the value of the Collateral securing the Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes and the Guarantees.

While the Indenture creates certain obligations to provide additional guarantees and grant additional security over assets, or a particular class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries, the designation of an unrestricted subsidiary as a restricted subsidiary or otherwise, such obligations are subject to certain agreed security principles. The agreed security principles set forth in the Indenture set out a number of limitations on the rights of the holders of the Notes to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by the Issuer and the Guarantors.

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

The Notes will be secured by pledges over the shares in the Issuer and certain Guarantors, certain present and future intercompany loan receivables held by the Parent Guarantor and its subsidiaries to certain subsidiaries and certain bank accounts. If we default on the Notes, holders of the Notes will be secured only to the extent of the value of the assets underlying the security interests granted in favor of holders of the Notes. There is no guarantee that the value of the Collateral on the issue of the Notes or subsequently will be sufficient to enable the Issuer to perform its obligations under the Notes. There is no requirement to provide funds to enhance the value of the Collateral if it is insufficient. In the event of an enforcement of the pledges in respect of the Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer's obligations with respect to the Notes.

No appraisals of the Collateral have been prepared by or on behalf of the Issuer or the Guarantors in connection with the issue of the Notes. The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, whether or not our business is sold as a going concern, the jurisdiction in which the enforcement action or sale is completed, the ability to readily liquidate the Collateral, the availability of buyers and the condition of the Collateral and exchange rates. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of its assets in the event of an enforcement action.

By its nature, some or all of the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Trustee or investors as holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes or the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral. In addition, there can be no assurance that the Collateral could be sold in a timely manner, if at all. For instance, the shares and other Collateral that are pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these shares and intercompany loan receivables may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. Proceeds from enforcement sales of capital stock and assets that are part of the Collateral must first be applied in satisfaction of obligations under the Super Senior Revolving Credit Facility and counterparties under priority hedging obligations and thereafter towards application to repay on a *pari passu* basis the obligations of the Issuer and the Guarantor under the Notes.

The Indenture also allows incurrence of certain additional permitted debt in the future that is secured by the Collateral on a priority basis. See "*Description of the Notes—Certain Covenants—Limitation on Liens*" and the definition of Permanent Collateral Liens as defined in "*Description of the Notes—Certain Definitions*". The incurrence of any additional debt secured by the Collateral would reduce amounts payable to investors from the proceeds of any sale of the Collateral. The value of the Collateral and the amount to be received upon a sale of such Collateral will depend upon many factors including, among others, the ability to sell the Collateral in an orderly sale, the availability of buyers and other factors. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. Portions of the Collateral may be illiquid and may have no readily ascertainable market value. In the event of an enforcement of the liens in respect of the Notes, the proceeds from the sale of the Collateral may not be sufficient to satisfy the Issuer's obligations under the Notes.

To the extent that other first priority security interests, pre-existing liens, liens permitted under the Indenture and other rights encumber the Collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the security and the ability of the security trustee to realize or foreclose on the security.

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

Security over the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law.

In France, the security interests in the Collateral that secure the obligations of the Issuer under the Notes, the obligations of the Guarantors under the Guarantees are not granted directly to the holders of the Notes but are granted only in favor of the Security Agent. The Indenture and the Intercreditor Agreement provide that only the Security Agent has the right to enforce such security documents. As a consequence, holders of the Notes do not have direct security interests and are not entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who

will provide instructions (subject to the provisions of the Indenture) to the Security Agent in accordance with the Intercreditor Agreement. Holders of the Notes also bear some risks associated with a possible insolvency or bankruptcy of the Security Agent.

The security over the Collateral in France was also granted in favor of the Security Agent as beneficiary of parallel debt obligations (the ***Parallel Debt***) created to satisfy a requirement that the Security Agent, as grantee of certain types of collateral, be a creditor of the relevant Guarantor. The Parallel Debt is in the same amount and payable at the same time as the obligations of the Issuer under the Indenture and the Notes (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. The Security Agent has, pursuant to the Parallel Debt, a claim against the Issuer for the full principal amount of the Notes. The holders of the Notes are not entitled to enforce such security except through the Security Agent. Holders of the Notes bear some risks associated with a possible insolvency or bankruptcy of the Security Agent. The Parallel Debt obligations referred to above are contained in the Intercreditor Agreement, which is governed by English law. Although the French Supreme Court has held, in a decision dated September 13, 2011, rendered in the context of safeguard proceedings opened in France, that, subject to certain conditions being met, the concept of parallel debt governed by the laws of the State of New York was not incompatible with the French legal concept of international public policy (*ordre public international*), this decision cannot be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a parallel debt obligation, and no assurance can be given that such a structure will be upheld by other French courts if tested. There is no certainty that the parallel debt procedure will eliminate or mitigate the risk of unenforceability posed by French law. To the extent that the security interests in the Collateral created under the parallel debt structure are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the security interest in the Collateral, which in turn could materially and adversely affect the recovery under the Collateral in the case of an event of default.

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

The Collateral securing the Notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement and accepted by other creditors that have the benefit of first-priority security interests 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 and other imperfections could adversely affect the value of the Collateral securing the Notes as well as the ability of the Security Agent to realize or foreclose on such security. Furthermore, the first-priority security interests 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 are subject to practical problems generally associated with the realization of security interests over real or personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents or that such consents will be given when required. Accordingly, the Security Agent may not have the ability to foreclose upon security and the value of the security may significantly decrease.

Certain of our material contracts terminate or may be terminated by the counterparties thereto upon the occurrence of certain insolvency events. If we, the holders of the Notes, the Trustee or any other party causes such an insolvency event, we would lose our rights under those contracts, which represent a material percentage of our expected turnover and a substantial portion of our property portfolio. As a consequence, the alternative methods available to the holders of the Notes for enforcing the security interests in the Collateral in certain of our material contracts may be limited.

The rights of the holders of the Notes may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party

or the grantor of the security. In the event that management decides not to file for insolvency proceedings and holders of the Notes are hence allowed to enforce the share pledges, or alternatively upon a voluntary winding-up of the company, the security interests in the Collateral securing the Notes may thus not be perfected with respect to the claims of the Notes if we or the Security Agent fail or are unable to take the actions we or the Security Agent are required to take to perfect any of these security interests. The Security Agent will have no obligation to perfect or take actions required to perfect any of these security interests.

We have control over the Collateral securing the Notes and there are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes will be released automatically without your consent or the Trustee or the Security Agent obtaining your further consent.

The Security Documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture would result therefrom, we may, among other things, in a transaction that does not violate the Indenture, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness, which will automatically release the Collateral securing the Notes. 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. In addition, the Collateral could be automatically released in connection with an enforcement sale permitted under the Intercreditor Agreement. The Indenture also permits us to designate one or more restricted subsidiaries that are Guarantors as unrestricted subsidiaries. If we designate a Guarantor as an unrestricted subsidiary for purposes of the Indenture, all the liens on the Collateral owned by such subsidiary and any guarantees of the Notes by such subsidiary will be released under the Indenture, subject to certain conditions. Designation of an unrestricted subsidiary will reduce the aggregate value of the Collateral securing the Notes to the extent of liens securing the shares of such unrestricted subsidiary or of its subsidiaries.

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

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

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

Interests in the global notes representing the Notes trade in book-entry form only, and the Notes in definitive registered form, or definitive registered Notes, can be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests are not considered owners or holders of the Notes. The common depositary, or its nominee, for Euroclear and Clearstream is the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes are made to the paying agent, which makes payments to Euroclear and Clearstream. Thereafter, these payments are credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer, as applicable, has 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, they must rely on the procedures of Euroclear and Clearstream, and if you are not participants in Euroclear and Clearstream, you must rely on the procedures of the participant through which you own their interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

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

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

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.

Although the Issuer will, in the indenture governing the Notes, agree to use its commercially reasonable efforts to have the Notes listed on the Official List of the Luxembourg Stock Exchange and to maintain a listing on that or another internationally recognized stock exchange as long as the Notes are outstanding, the Issuer 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 listing on the Official List of the Luxembourg Stock Exchange or another internationally recognized stock exchange, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another stock exchange may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

We cannot assure you that the Notes will become or will remain listed. In addition, we cannot assure you as to the liquidity of any market for the Notes, your ability to sell them or the price at which you may be able to sell them.

Future trading prices of the Notes depend on many factors, including, among other things, prevailing interest rates, the market for similar securities, general economic conditions and our own financial condition, performance and prospects. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment grade securities, such as the Notes, has been subject to disruptions that have caused substantial price volatility. We cannot assure you that if a market for the Notes were to develop, such a market would not be subject to similar disruptions, which may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If there is no active trading market, you may not be able to resell your Notes at a fair value, if at all.

THE TRANSACTIONS

The Acquisition

The Transactions will involve the acquisition (the ***Acquisition***) on the Completion Date of 100% of the issued share capital of the Target by Bidco, an entity formed by the Sponsors for purposes of completing the Acquisition. The completion of the Acquisition is subject to satisfaction of certain conditions, including the receipt of approvals from the Luxembourg *Commissariat aux Assurances*.

The Issuer is wholly-owned by Bidco and Bidco is indirectly wholly-owned by investment funds managed by Clayton, Dubilier & Rice, LLC and WM Holding GmbH. On or after the Completion Date, it is expected that senior members of our management team will directly or indirectly acquire up to approximately 12% of the share capital in Mobilux 1 SAS in connection with our management incentive plan and upon such investment each of our Sponsors' indirect ownership of the Group through Mobilux S.à r.l. will be reduced proportionately. See "*Principal Shareholders*".

The Financing and Completion Date Transactions

The total aggregate financial resources required to complete the Acquisition and pay fees and expenses relating to the Transactions are expected to be €747.9 million and are expected to be financed with the following cash resources (the ***Financing***):

- The Issuer will issue the Notes offered hereby in the aggregate principal amount of €380 million.
- The Sponsors, together with management, will directly or indirectly through subscriptions for (i) shares and preferred equity certificates or loans of Mobilux S.à r.l., Mobilux 1 SAS, Mobilux 2 SAS, and (ii) ordinary shares of Bidco, provide Bidco with €199.5 million in equity funding (the ***Equity Contribution***).
- In connection with the Acquisition, on or prior to the Completion Date, Bidco will enter into the Super Senior Revolving Credit Facility Agreement, which will provide for up to €100 million in multicurrency super senior revolving credit to be made available to Bidco and certain of the Guarantors. We do not expect to draw down funds under the Super Senior Revolving Credit Facility on the Completion Date. See "*Description of Certain Financing Arrangements—Super Senior Revolving Credit Facility*".

On the Completion Date, the net proceeds from the Financing will be used to fund the following transactions (the ***Completion Date Transactions***):

- The Issuer will use the proceeds from the Offering to make interest-bearing loans to Bidco in an aggregate amount of €248 million (the ***Bidco Proceeds Loan***) and to BUT International SAS and Cogesem SAS in an aggregate amount of approximately €132 million (collectively, the ***Subsidiary Proceeds Loans***, and together with the Bidco Proceeds Loan, the ***Proceeds Loans***);
- Bidco, BUT International SAS and Cogesem SAS will use the proceeds received under the Proceeds Loans, together with available cash, to consummate the following transactions (the ***Debt Repayment***):
  - BUT International SAS will use €69 million of its Proceeds Loan, together with its available cash of up to €71 million, to reimburse a portion of its intra-group indebtedness to BUT SAS and to pay the portion of the transaction fees and expenses relating to the Financing allocated to BUT International SAS.
  - Cogesem SAS will use €63 million of its Proceeds Loan to reimburse a portion of its intra-group indebtedness to BUT SAS and to pay the portion of the transaction fees and expenses relating to the Financing allocated to Cogesem SAS.
  - BUT SAS will use a portion of its €80 million of available cash together with the aggregate amount of up to €203 million received as proceeds of the intra-group loan reimbursements from BUT International SAS and Cogesem SAS to redeem all of the 2019 Notes, which will require the payment of a redemption premium in respect of the 2019 Notes and all accrued but unpaid interest thereon.

- BUT SAS and BUT International SAS will repay all amounts outstanding, if any, under the Existing Revolving Credit Facility and terminate the Existing Revolving Credit Facility.

- Bidco will use the proceeds from the Equity Contribution, together with €248 million it received from the Issuer under the Bidco Proceeds Loan, to: (i) fund the purchase price for the Acquisition; and (ii) pay fees and expenses relating to the Transactions.

For more information on the Transactions, see "*Use of Proceeds*", "*Capitalization*", "*Description of Certain Financing Arrangements*" and "*Description of the Notes*".

USE OF PROCEEDS

We expect to receive total gross proceeds of approximately €380 million from the issuance of the Notes. We expect to use the proceeds from the Offering and the Equity Contribution to finance the consummation of the Transactions (including the payment of fees and expenses relating to the Transactions) on the Completion Date. See "*The Transactions—The Financing and Completion Date Transactions*".

The expected estimated sources and uses of the funds necessary to consummate the Transactions, including the proceeds of the Offering of the Notes, are shown in the table below assuming the Completion Date occurs on November 4, 2016 and that the Yvrai Acquisition (which was completed on September 1, 2016) also occurs on the Completion Date. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses, the actual date of the Completion Date and cash flow generated by the Group up to the Completion Date.

Sources	(€ millions)	Uses	(€ millions)
Equity Contribution[1]	199.5	Acquisition consideration[3]	394.6
Notes offered hereby	380.0	Debt Repayment[4]	257.6
Super Senior Revolving Credit Facility	—	Transaction fees and expenses[5]	39.0
Cash on balance sheet[2]	168.4	Tax liabilities[6]	8.9
		Yvrai Acquisition[7]	47.8
Total Sources	**747.9**	**Total Uses**	**747.9**

(1) The Sponsors, together with management, will directly or indirectly through subscriptions for (i) shares and preferred equity certificates or loans of Mobilux S.à r.l., Mobilux 1 SAS, Mobilux 2 SAS, and (ii) ordinary shares of Bidco, provide Bidco with €199.5 million in equity funding (the ***Equity Contribution***).

(2) In addition to €168.4 million of balance sheet cash being used to partially finance the Transactions, following completion of the Transactions, we expect to have cash on hand of approximately €30.0 million and €100 million of undrawn availability under the Super Senior Revolving Credit Facility. See "*Description of Certain Financing Arrangements—Super Senior Revolving Credit Facility*".

(3) Represents the total estimated Acquisition consideration, including €15.0 million of escrowed funds available to satisfy potential claims against the Seller in relation to certain tax liabilities of the Group.

(4) Represents the amounts required to redeem all of the 2019 Notes, which includes principal of €246.0 million and aggregate accrued unpaid interest and redemption premium of €11.6 million. The amounts of interest and redemption premium are calculated assuming redemption of the 2019 Notes on November 4, 2016. It is not expected that there will be any amounts outstanding under the Existing Revolving Credit Facility and we will terminate it on the Completion Date.

(5) Represents estimated fees and expenses associated with the Transactions, including commitment, placement, financial advisory, Initial Purchasers' commissions and discounts and other transaction costs and professional fees.

(6) Represents taxes payable by the Group in connection with the Transactions.

(7) Represents the consideration paid for the Yvrai Acquisition. The Yvrai Acquisition was consummated on September 1, 2016.

CAPITALIZATION

The following table sets forth (i) the consolidated capitalization and certain other statements of financial position information of the Target and its subsidiaries as of June 30, 2016 on an actual basis and (ii) the consolidated capitalization of Bidco and its subsidiaries as of June 30, 2016 on an as adjusted basis to give effect to the Transactions as described in "*The Transactions*" and "*Use of Proceeds*" and to give effect to certain other transactions as set forth in note (1) below.

You should read this table together with the sections of this Offering Circular entitled "*The Transactions*", "*Use of Proceeds*", "*Selected Historical Consolidated Financial Data*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and with our condensed interim consolidated financial statements and related notes included elsewhere in this Offering Circular. The as adjusted information below is illustrative only and does not purport to be indicative of our capitalization following the Transactions.

	As of June 30, 2016	
	Actual	As Adjusted
	(€ millions)	
Cash and cash equivalents	237.2	30.0[1]
Indebtedness with third parties		
Existing Revolving Credit Facility[2]	—	—
Super Senior Revolving Credit Facility[3]	—	—
2019 Notes[4]	246.0	—
Notes offered hereby[5]	—	380.0
Other debt[6]	18.1	19.0
Total Gross Debt[7]	**264.1**	**399.0**
Total Net Debt[8]	**26.9**	**369.0**
Total Equity[9]	**121.4**	**199.5**
Total Capitalization[10]	**148.3**	**568.5**

(1) The "as adjusted" amount represents our estimated cash and cash equivalents as of November 4, 2016 (net of bank overdrafts and accrued interest not yet due) after deducting the cash and cash equivalents of the Group used in connection with the Transactions and the payment of the consideration for the Yvrai Acquisition. See "*Summary—Recent Developments—Acquisition of the Yvrai Group*", "*Summary—The Transactions*".

(2) We currently have a €30 million Existing Revolving Credit Facility. We currently have no letters of credit outstanding under our Existing Revolving Credit Facility and do not expect to have any letters of credit outstanding at the Completion Date under the Super Senior Revolving Credit Facility. We intend to terminate the Existing Revolving Credit Facility on the Completion Date and replace it with the Super Senior Revolving Credit Facility.

(3) On or prior to the Completion Date, Bidco will enter into the Super Senior Revolving Credit Facility Agreement. We expect BUT SAS and BUT International SAS to terminate our Existing Revolving Credit Facility Agreement on the Completion Date. On the Completion Date, the new Super Senior Revolving Credit Facility will provide for borrowings of up to €100 million.

(4) Reflects the aggregate principal amount of the 2019 Notes. This amount does not include any applicable call premium and accrued and unpaid interest on the 2019 Notes or any debt issuance costs.

(5) The Notes have been reflected at their aggregate principal amount, excluding unamortized debt issue costs.

(6) Other debt consists of €11.6 million finance lease on the Company headquarters, €5.4 million other finance leases, €5.3 million accrued interest in relation to the 2019 Notes and €1.9 million other loans, which are offset by €6.2 million capitalized issuance costs, each as of June 30, 2016. On an as adjusted basis, other debt no longer accounts for capitalized issuance costs and accrued interest.

(7) Our total gross debt as of June 30, 2016 corresponds to the sum of current and non-current other loans and borrowings shown in note C. 16.

(8) Total Net Debt reflects Total Gross Debt less cash and cash equivalents. See footnote 1 above regarding the calculation of the "as adjusted" amount of cash and cash equivalents.

(9) The "as adjusted" amount reflects the €199.5 million Equity Contribution from the Sponsors and management, calculated on a consolidated basis for Bidco and its subsidiaries and does not account for the accounting impacts of the Transactions.

(10) Total Capitalization reflects Total Net Debt plus Total Equity.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth selected financial data and other operation information of the Target. The financial data in the tables below are derived from the audited consolidated financial statements of the Target and its subsidiaries as of and for the years ended June 30, 2014, 2015 and 2016. The financial statements have been prepared in accordance with IFRS.

The audited consolidated financial statements of the Target and its subsidiaries as of and for the years ended June 30, 2014, 2015 and 2016 have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres, as stated in their reports, an English translation of which are included elsewhere in this Offering Circular.

This financial information should be read in conjunction with the audited consolidated financial statements included elsewhere in the Offering Circular and with "*Presentation of Financial and Other Information*", "*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*", "*The Transactions*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

The results of operations for prior years are not necessarily indicative of the results to be expected for any future period.

	For the year ended June 30		
	2014	2015	2016
		(€ millions)	
CONSOLIDATED INCOME STATEMENTS:			
Retail revenue	1,168.0	1,200.8	1,364.6
Other revenue	88.9	97.4	114.0
Revenue	**1,256.9**	**1,298.2**	**1,478.6**
Cost of sales	(766.2)	(773.4)	(868.7)
Gross profit	**490.7**	**524.8**	**609.9**
Personnel expenses	(207.7)	(214.4)	(236.9)
Other expenses[1]	(266.4)	(270.6)	(309.0)
Other income from operations	28.7	25.3	25.0
Recurring operating profit before depreciation, amortization, and impairment, and other operating income and expense	**45.3**	**65.1**	**88.9**
Other operating income and expense[2]	0.2	(6.4)	(12.1)
Depreciation, amortization and impairment of non-current assets	(34.8)	(31.5)	(30.9)
Operating profit (loss)	**10.6**	**27.1**	**45.9**
Cost of debt	(20.1)	(16.3)	(20.7)
Interest income	0.1	0.2	0.4
Other financial income and expense	0.6	(2.9)	(5.1)
Share of profit of associates	(1.2)	(0.1)	0.1
Income tax	2.5	(3.2)	(11.0)
Profit/(loss) from continuing operations	**(7.6)**	**4.9**	**9.6**
Loss from discontinued operations	—	(0.2)	(0.3)
Profit/(loss) for the period	**(7.6)**	**4.6**	**9.2**

(1) This line item includes external expenses, other expenses from operations and taxes other than on income.

(2) This line item mainly includes gains on disposals of non-current assets sold or retired, restructuring costs, sales and acquisitions of investments and other non-recurring costs.

	For the year ended June 30		
	2014	2015	2016
		(€ millions)	
CONSOLIDATED STATEMENT OF CASH FLOWS:			
Net cash flows provided by operating activities	76.8	68.7	152.4
Of which Change in working capital[(1)]	*36.2*	*19.8*	*79.6*
Net cash flows provided by (used in) investing activities	(14.4)	(27.8)	(15.0)
Net cash flows used in financing activities	(32.1)	(92.7)	43.2
Impact of changes in exchange rates	(0.0)	0.1	0.0
Net increase (decrease) in cash and cash equivalents	**30.3**	**(51.7)**	**180.7**

(1) Change in working capital is defined as variations in inventories plus variations in trade and other receivables plus variations in trade and other payables.

	As of June 30		
	2014	2015	2016
		(€ millions)	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA:			
Assets			
Non-current assets	**305.5**	**331.9**	**333.1**
Of which Goodwill	127.2	127.2	127.2
Of which Other intangible assets	63.0	68.3	71.0
Of which Property, plant and equipment	103.3	99.8	100.0
Current assets	**464.9**	**423.7**	**625.6**
Of which Inventories	265.3	276.7	288.1
Of which Trade and other receivables	90.4	74.1	92.2
Of which Derivative financial instrument	0.1	16.2	6.9
Of which Cash and cash equivalents	108.2	56.5	237.3
Assets held for sale	**3.8**	**9.1**	**0.3**
Total assets	**774.2**	**764.7**	**959.0**
Equity and Liabilities			
Non-current liabilities	**253.8**	**260.7**	**336.9**
Of which Other loans and borrowings	185.9	188.2	257.2
Current liabilities	**355.8**	**383.0**	**500.7**
Of which Other loans and borrowings	1.2	5.5	6.9
Of which Trade and other payables	331.1	353.2	462.6
Liabilities related to assets held for sale	**0.0**	**1.8**	**—**
Equity	**164.6**	**119.2**	**121.4**
Total equity and liabilities	**774.2**	**764.7**	**959.0**

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

The following discussion and analysis of the financial condition and results of operations of the Company and its subsidiaries should be read in conjunction with "Presentation of Financial and Other Information" and "Selected Historical Consolidated Financial Data" included elsewhere in this Offering Circular. The following discussion should also be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements of the Company and its subsidiaries as of and for the years ended June 30, 2014, 2015 and 2016 prepared in accordance with IFRS as adopted by the European Union and included elsewhere in this Offering Circular.

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

Overview

We are one of the leading home equipment retailers in France. We offer a wide choice of products ranging from traditional to contemporary style furniture, kitchens and decoration as well as appliances and other electrical goods such as washing machines and refrigerators. Our product offering is complemented by our strong customer service offerings, which include consumer financing and extended warranties. With 303 stores (including franchisees) in France and French Overseas Territories as of June 30, 2016, we operate the largest home equipment store network in France. As of June 30, 2016, 186 stores were directly operated by us and the remaining 117 stores were operated by franchisees (which contributed 12.3% of our total revenue). In addition to our retail stores, we have five distribution centers in France.

In the year ended June 30, 2016, we generated revenue of €1,478.6 million and Adjusted EBITDA of €95.6 million. In the year ended June 30, 2016, furniture, electrical goods and decoration accounted for 59.5%, 32.6% and 7.9% of our revenues, respectively. For the year ended June 30, 2016, the Estimated Combined Adjusted EBITDA was €103.4 million, giving effect to the Yvrai Acquisition as if it had occurred at the beginning of the period.

Financial Statements

This Offering Circular includes our audited consolidated financial statements as of and for the years ended June 30, 2014, 2015 and 2016 (the ***Consolidated Financial Statements***).

Factors that Affect Our Results of Operations

Set forth below are certain key factors that have historically affected our results of operations, and that may impact our results of operations in the future:

General Economic Conditions

Our revenue has historically been affected by overall macroeconomic conditions in France. Due to the discretionary nature of most furniture and appliances purchases and the fact that such purchases often represent a significant expenditure, consumers are more likely to defer the purchase of these items in times of economic uncertainty, personal economic hardship, or in environments of constrained consumer credit, which has been the trend in France in recent years.

French GDP increased only slightly by 0.4% in the calendar years ended December 31, 2013 and 2014. In the calendar year ended December 31, 2015, French GDP increased by 1.1%. The low GDP growth experienced over this period coincided with the slow recovery of consumer confidence following the economic decline experienced from 2007 to 2010 and failed to curtail rising unemployment rates in France.

Customer financing, which plays an important role in our industry, has also experienced only a slight recovery since pre-2009 levels. See "*Risk Factors—Risks Relating to Our Business and Industry*".

As a result of this and certain other factors discussed below and elsewhere, our Like-for-like Sales Growth was (0.6)% in the year ended June 30, 2014. However, despite the adverse economic conditions, our Like-for-like Sales Growth was 1.9% and 6.6% in the years ended June 30, 2015 and 2016, respectively.

Revenue and Income Generated From Franchisees

We do not control our franchisees and do not consolidate our franchisees' results of operations with our own. However, we do generate income from our dealings with our franchisees, which is included in our Consolidated Financial Statements as either retail revenue or other revenue. Income received from our financial services offering (via our interest in Cogesem), which franchisees offer to customers at their stores in addition to our products, is reported in other income from operations, as described in "*—Customer Financing*" above.

Revenue associated with sales of BUT-branded products to our franchisees is recorded as retail revenue. Such revenue is primarily driven by the number of franchised stores in our store network as well as macroeconomic conditions. For instance, the increase in revenue from franchisees from €159.7 million for the year ended June 30, 2015 to €181.3 million for the year ended June 30, 2016 was primarily due to strong Like-for-like Sales growth by our franchisees and an increase in the number of franchised stores during the period, from 108 stores in the year ended June 30, 2015 to 110 stores in the year ended June 30, 2016 (our seven franchisee stores located in French Overseas Territories are not supplied through our distribution centers).

The following table sets forth the breakdown of our income generated from franchisees for the periods indicated:

	For the year ended June 30		
	2014	2015	2016
		(€ millions)	
Sales of BUT-branded products to franchisees	126.8	143.9	164.5
Services provided to franchisees	13.4	15.8	16.8
Total revenue generated from franchisees	**140.2**	**159.7**	**181.3**

Expansion of Store Network

Our results of operations are impacted by the number of stores we own and the number of stores in our franchise network. The following tables set forth our store acquisitions, refurbishments, relocations, openings and disposals for the periods indicated.

	For the year ended June 30		
	2014	2015	2016
DIRECTLY-OPERATED STORES			
Total directly-operated stores at the beginning of the period	**174**	**178**	**185**
Openings and acquisitions	3	8	4
Acquisitions of franchisees	1	—	—
Disposals	—	(1)	(1)
Transfer to franchise store	—	—	(2)
Total directly-operated stores at the end of the period	**178**	**185**	**186**
FRANCHISES IN FRANCE[1]			
Total franchise stores at the beginning of the period[2]	**61**	**105**	**115**
Openings of franchise stores	46	10	1
Transfer from a directly-operated store	—	—	2
Transfer to a directly-operated store	(1)	—	—
Closure of franchise stores	(1)	—	(1)
Total franchise stores at the end of the period	**105**	**115**	**117**
Total stores at the end of the period[3]	**283**	**300**	**303**

(1) Franchises in France includes French Overseas Territories. We had seven stores in French Overseas Territories as of June 30, 2016.
(2) Includes 18 stores that have been converted into directly-operated stores through the Yvrai Acquisition. See "*Summary—Recent Developments—Acquisition of the Yvrai Group*".
(3) Total stores includes franchises in French Overseas Territories.

	For the year ended June 30		
	2014	2015	2016
Refurbishments of directly-operated stores	16	2	12
Relocations of directly-operated stores	—	—	6

In the year ended June 30, 2016, we opened four new directly-operated stores. In the same period we opened one new franchise store. In the year ended June 30, 2016, disposals and closures of stores remained low and did not significantly affect our results from operations year-on-year. We also refurbished a significant number of directly-operated stores (16 and 2) during the years ended June 30, 2014 and 2015, respectively, and we refurbished 12 stores during the year ended June 30, 2016.

Changes in our footprint affect the comparability of our results by increasing revenue, cost of sales and other operating expenses. In particular, acquired stores may not be profitable just after the acquisition due to the necessity of integration of distribution, operations and general operating procedures and assimilations of concepts. The acquisition of franchisees and the opening of franchise stores, for which profitability differs from our directly-operated stores, also affect the comparability of our results. In addition to the effect of changes in our footprint, our results are impacted by large-scale refurbishments that introduce an updated store concept or a new store format or result in the conversions to the BUT brand of stores acquired from franchises. Our refurbished stores have usually experienced an increase in sales, outperforming the average network store in a comparable one-year period following the refurbishment, however such refurbishments may have an adverse impact on profitability during the refurbishment period. We expect to continue the strategic optimization of our store network over time through franchisee acquisitions, including rebranding such acquired stores, and store refurbishment, including the conversion of stores to our new store concepts and formats. On average, our stores are refurbished every eight years.

Customer Financing

As part of our overall marketing strategy and commitment to customer service, we offer customers the opportunity to purchase any of our products (subject to satisfactory customer credit references) by paying for them in installments through any one of multiple finance options. These finance options are provided by Fidem SEP pursuant to an agreement between us and Cetelem. Cetelem is a member of BNP Paribas' Personal Finance division and manages Fidem SEP's credit operations on a day-to-day basis (including loss reserves and credit scoring), directly undertakes the credit approval process and manages collection of outstanding payments. Cetelem owns 67% of Fidem SEP (26% directly and 41% indirectly through its wholly-owned subsidiary Fidem S.A.) and we own 33% through our wholly-owned subsidiary, Cogesem. Fidem SEP's profits are shared among its partners (i.e., Cetelem, Fidem S.A. and us through our subsidiary, Cogesem) in accordance with their respective ownership stakes. We do not bear a direct risk of default, but our allocation of earnings received from the agreement with Cetelem may be lower in case of default of the customer.

The book value of loans issued to customers of our partnership was €695.5 million, €691.8 million and €726.1 million for the years ended June 30, 2014, 2015 and 2016, respectively.

Income from Fidem SEP attributable to Cogesem is recorded in the line item "other income from operations" in our Consolidated Financial Statements. Our consumer finance activities (excluding Cafina, our reinsurance business) contributed €15.9 million of operating profit for the year ended June 30, 2014, €13.6 million of operating profit for the year ended June 30, 2015 and €14.1 million of operating profit for the year ended June 30, 2016.

We attribute the decrease in the book value of our loan portfolio and the decrease in the contribution of our consumer financing activities to operating profit in the year ended June 30, 2015 mainly to the impact of a higher cost of risk as compared to the year ended June 30, 2014. We

attribute the growth in the book value of our loan portfolio and the increase in the contribution of our customer financing activities to operating profit in the year ended June 30, 2016 mainly to the higher volume of trading in the year ended June 30, 2016 as compared to the year ended June 30, 2015.

Extended Warranties

As part of our strategy, we have focused on increasing the sales of our extended warranties by training and incentivizing our sales employees. We provide extended warranties for our products sold through our operated networks, including franchise stores. Such extended warranties generally provide three years of additional coverage for the majority of our products. Our extended warranties are sold directly in our stores through our sales personnel. This strategy has led to an increase in our service revenue included in "other revenue" line item in our Consolidated Financial Statements. For instance, our sales of extended warranties increased by €1.7 million in the year ended June 30, 2014 as compared to the year ended June 30, 2013, €6.0 million for the year ended June 30, 2015 as compared to the year ended June 30, 2014 and by €11.9 million for the year ended June 30, 2016 as compared to the year ended June 30, 2015. Extended warranties are a comparatively higher margin offering than certain of our other products, and, accordingly, increased sales of extended warranties have favorably impacted our profitability. Our extended warranties are insured by Cafina Assurance Ltd. and are reinsured by Cafina SA. Both entities are fully consolidated within our Consolidated Financial Statements. Cafina Assurance Ltd contributed €26.3 million to our consolidated revenue in the year ended June 30, 2014, €33.2 million for the year ended June 30, 2015 and €43.7 million for the year ended June 30, 2016. We take provisions on our Consolidated Financial Statements based on the portion of warranties sold, which is in line with historical payouts required to be made to customers in connection with our warranties. For the years ended June 30, 2014, 2015 and 2016, this provision amounted to €23.2 million, €25.7 million and €30.2 million, respectively. The increase in the provision, included in "other income and expenses from operations" line item in our Consolidated Financial Statements, is in line with the continuing growth of our sales of extended warranties.

Seasonality

Our business is subject to sales order peaks due to the effects of promotional periods, during which a significant proportion of our sales are generated. Each year, we conduct two national promotions, the timing and discount levels associated with which are government-mandated and regulated, across all of our stores. The promotions each last six weeks and take place in January and July.

Historically, our most important trading periods in terms of order generation and the subsequent realization of sales and operating profit have been December and January as a result of the holiday season and promotional periods. In the year ended June 30, 2016 we generated 26.2%, 27.3%, 25.2% and 21.3% of our sales in the fiscal first, second, third and fourth quarter, respectively. As a result of this seasonality, sequential interim period comparisons may not be a good indication of our performance. Historically, the last quarter of our year (April to June) has not been as strong as the other nine months (July to March). Moreover, our cash position usually reaches a peak in February and March as a result of the higher sales during promotional periods and is relatively lower in October and November as sales are comparatively slower from April to November. The seasonality of our cash position is directly related to our working capital, which is primarily driven by inventory and trade suppliers. Working capital typically reaches its highest level in October and November in line with inventory build-up for the peak sales experienced at Christmas and in January. Working capital reaches its lowest level in February and March due to lower activity in the last fiscal quarter.

Sale and Leaseback Transactions

We regularly enter into sale and leaseback arrangements, as a result of which our rental expenses (which are included in the line item "other expenses") have increased and may also in the future be affected.

For example, in late June and the beginning of July 2015, we sold a portfolio of five stores to Financière Teychené in the context of a sale and leaseback transaction (through financial leases granted by Bpifrance Financement and Arkea Crédit Bail or Batiroc Bretagne – Pays de Loire to

Financière Teychené) for an aggregate amount of €19.6 million. A total of €4.8 million was recognized in June 2015 with the remainder having been recognized in July 2015. The leases are treated as operating leases under IFRS and will increase our rent in future periods. Similarly, we sold three stores in June 2015, December 2015 and June 2016 for €0.8 million, €0.9 million and €0.4 million, respectively. As of June 30, 2016, we own four of our stores.

In the year ended June 30, 2016, our rents have increased by €1.9 million as a result of such sale and leaseback transactions as compared to the year ended June 30, 2015.

Non-Recurring Items

Certain non-recurring items impacted our financial results in the years ended June 30, 2015 and 2016. These items are presented in the line "Other operating income and expense" of our Consolidated Financial Statements. They include unusual and material items, notably capital gains and losses on disposals of non-current assets, restructuring costs, acquisition costs arising from business combinations and expenses relating to measures taken to simplify the Group's legal structure. In particular, the following non-recurring items are included in this line item:

- For the year ended June 30, 2014, we incurred a €4.4 million gain as the result of a reevaluation based on the price of additional shares acquired related to the acquisition of a non-controlling interest in LRAM and SourceCo France, which was partially offset by restructuring costs of €1.2 million related to (i) consulting fees incurred in relation to our supply chain and customer services and (ii) provision to close our distribution center in China. We booked an additional provision of €2.1 million related to long-term insurance provisions for the past period due to the non-deductibility of VAT in Malta, where we have part of our insurance and reinsurance activities. Additional provisions related to the period were included within recurring operating profit.
- For the year ended June 30, 2015, we incurred expenses mainly in relation to mergers and acquisitions as well as the store openings relating to the acquisition of six FLY/ATLAS stores (four of which opened in the year ended June 30, 2015). These expenses were partly offset by net capital gains due to assets disposals amounting to €1.4 million.
- For the year ended June 30, 2016, we incurred expenses mainly in relation to our acquisitions, pre-opening expenses as well as the store openings relating to the acquisition of six FLY/ATLAS stores (two of which opened in the year ended June 30, 2016). For the year ended June 30, 2016 we also incurred €6.2 million in expenses related to BUT sales process that resulted in the Acquisition, €1.9 million expenses related to write-offs of inventory due to a fire incident and a €2.9 million depreciation of receivables. These expenses were partly offset by net capital gains due to real estate asset disposals amounting to €6.8million.

For a description of these and other non-recurring items during the period under review, see "*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*". The non-recurring nature of these items and their impact on the results of our operations may affect the comparability of different accounting periods, and may also impact the comparability of our results of operations in future periods with historical results of operation. As a result, such non-recurring items are excluded from our Adjusted EBITDA which we use as a performance measure. See "*Summary Historical Consolidated Financial Information and Other Financial and Operating Data*".

Description of Principal Income Statement Items

The following is a description of the principal line items in our audited consolidated financial statements as reported under IFRS, which management focuses on in analyzing the results of operations of the Group.

Retail revenue consists of revenues from sales of products from our network of stores, from our on-line store and sales of BUT-branded products to our franchisees. In respect of products purchased from or collected at our stores, we recognize revenue when the customer leaves our store with the product. In respect of products delivered to customers, we recognize revenue at the time of delivery.

Other revenue consists principally of revenues from the sale of services to our franchisees as well as services to our customers such as extended warranties and insurance.

Cost of sales consists principally of our costs for the products we purchase from suppliers. This item also includes logistics costs related to receiving goods and delivering them to customers.

Personnel expenses principally include base salaries, bonuses, incentive compensation, social security charges and profit sharing.

Other income from operations primarily include contributions of Cogesem, a controlled and consolidated subsidiary which provides financing services to our customers, through Fidem SEP, and reversals in provisions, mainly related to extended warranties and insurances.

The following table summarizes other income from operations by nature for the periods indicated:

	For the year ended June 30		
	2014	2015	2016
		(€ millions)	
Income from credit operations (share in Cogesem)	15.9	13.6	14.1
Decrease in provisions[1]	9.1	8.6	8.1
Other	3.7	3.1	2.8
Total other income from operations	**28.7**	**25.3**	**25.0**

(1) Provisions relate to extended warranties and insurances

Other expenses include taxes other than income taxes, external expenses such as rental expenses for our stores, advertising expenses, the hiring of temporary staff and outsourcing, provisions and impairment losses on current assets and other expenses from operations.

The following table summarizes our other expenses by nature for the periods indicated:

	For the year ended June 30		
	2014	2015	2016
		(€ millions)	
Outsourcing	43.1	44.1	50.3
Real estate leases	61.5	65.9	73.1
Other operating leases and related expenses	18.2	20.0	22.7
National advertising	38.0	39.4	45.0
Local advertising	7.7	6.1	10.2
Compensation in respect of temporary and external employees	12.5	12.9	13.9
Insurance	6.5	5.2	4.6
Increase in provisions and impairment losses on current assets	10.6	11.4	15.3
Taxes other than on income	17.5	18.3	19.3
Other expenses from operations	50.9	47.2	54.6
Total Other Expenses	**266.4**	**270.6**	**309.0**

Other operating income and expenses include non-recurring items, notably capital gains and losses on disposals of non-current assets, restructuring costs, acquisition costs arising from business combinations and expenses relating to measures taken to simplify our legal structure.

Depreciation, amortization and impairment of non-current assets includes regular depreciation and amortization of tangible and intangible assets. All assets are amortized under the straight-line method except for listing agreements which are amortized under the declining balance method.

Cost of debt principally consists of interest expense on our debt.

Other financial income and expense principally consists of gains and losses relating to foreign currency exchange rate movements.

Share of profit of associates mainly consists of our share of the net profit of COFISER and its subsidiary La Compagnie du SAV (20% interests), which relate to our after-sales services activities. On June 15, 2016 we completed the disposition of our investments in Cofiser and Compagnie du SAV.

Income tax is the tax paid on income amounts (including CVAE and income taxes) and deferred taxes.

Key Performance Indicators

Our key performance indicator is Like-for-like Sales, which is based on our directly-operated stores and which is defined as the amount of sales generated by a constant number of stores from one year to the next. This uses an assumption of 160 constant stores for the year ended June 30, 2014 as compared to the year ended June 30, 2013, 173 constant stores for the year ended June 30, 2015 as compared to the year ended June 30, 2014, and 167 constant stores for the year ended June 30, 2016 as compared to the year ended June, 30 2015.

The main driving factors for changes in our Like-for-like Sales are the average basket size, Footfall and Footfall Conversion Rate. The shift in our product mix to a greater focus on decorative products (and, to a lesser extent, adverse economic conditions) has led to a decrease in our average basket size. However, we believe that the increase in the share of decorative products encourages Footfall in our stores, and these products also create significantly higher margins as compared to our other products.

Our Like-for-like Sales Growth was (0.6)% in the year ended June 30, 2014, 1.9% in the year ended June 30, 2015 and 6.6% in the year ended June 30, 2016.

Beginning in the year ended June 30, 2014, we implemented a new strategy focused on increasing gross margin by focusing on higher margin products and closer monitoring of our store performance in order to improve our Like-for-like Sales performance despite adverse economic conditions and a declining furniture market. This strategy led to an improvement in our Like-for-like Sales Growth for the years ended June 30, 2014, 2015 and 2016. Over the period between June 30, 2014 and June 30, 2016, our Like-for-like Sales Growth has generally outpaced market growth.

The following table sets forth our quarterly Like-for-like Sales Growth for the years ended June 30, 2015 and 2016:

	For the three months ended							
	September 30 2014	December 31 2014	March 31 2015	June 30 2015	September 30 2016	December 31 2015	March 31 2016	June 30 2016
	(%)							
Total sale of goods	3.5	1.7	0.4	2.3	7.3	3.7	5.8	10.7

Results of Operations

Results of Operations for the year ended June 30, 2016 and June 30, 2015.

	For the year ended June 30	
	2015	2016
	(€ millions)	
Retail revenue	1,200.8	1,364.6
Other revenue	97.4	114.0
Revenue	**1,298.2**	**1,478.6**
Cost of sales	(773.4)	(868.7)
Gross profit	**524.8**	**609.9**
Personnel expenses	(214.4)	(236.9)
Other expenses	(270.6)	(309.0)
Other income from operations	25.3	25.0
Recurring operating profit before depreciation and amortization and impairment, and other operating income and expense	**65.1**	**88.9**
Other operating income and expense	(6.4)	(12.1)

	For the year ended June 30	
	2015	2016
	(€ millions)	
Depreciation, amortization and impairment of non-current assets	(31.5)	(30.9)
Operating profit	**27.1**	**45.9**
Cost of debt	(16.3)	(20.7)
Interest income	0.2	0.4
Other financial income and expense	(2.9)	(5.1)
Share of profit of associates	(0.1)	0.1
Income tax	(3.2)	(11.0)
Profit/(loss) from continuing operations	**4.9**	**9.6**
Loss from discontinued operations	(0.2)	(0.3)
Profit/(loss) for the period	**4.6**	**9.2**

Retail revenue

Our retail revenue increased by €163.8 million or 13.6%, from €1.2 billion in the year ended June 30, 2015 to €1.4 billion in the year ended June 30, 2016. This increase in our retail revenue was mainly attributable to (i) our organic growth (Like-for-like Sales Growth of +6.6%), (ii) the expansion of our store network (four new directly operated stores opened in the year ended June 30, 2016) and (iii) an increase in our sales of BUT-branded products to franchisees as the result of a higher number of franchised stores in our network (we had 110 franchised stores in the year ended June 30, 2016 as compared to 108 franchised stores in the year ended June 30, 2015).

Other revenue

Other revenue increased by €16.6 million, or 17.1%, from €97.4 million in the year ended June 30, 2015 to €114.0 million in the year ended June 30, 2016. This increase in other revenue was mainly driven by (i) an increase in extended warranty sales of €11.9 million mainly fuelled by our organic growth, (ii) an increase of €2.9 million in other revenue (mainly composed of delivery services, kitchen installation services and rents of commercial van), (iii) an increase of €1.0 million in services to franchisees due to the rise in the number of franchisees and (iv) an increase of €0.9 million in listing fees due to a higher level of discounts and rebates obtained from our suppliers as a result of higher trading volumes.

Cost of sales

Cost of sales increased by €95.3 million, or 12.3%, from €773.4 million in the year ended June 30, 2015 to €868.7 million in the year ended June 30, 2016. This increase was mainly due to higher sales volumes and was offset by more favorable rebates and discounts received from certain suppliers as a result of higher purchase volumes.

Cost of sales as a percentage of revenue decreased from 59.6% in the year ended June 30, 2015 to 58.7% in the year ended June 30, 2016 as a result of more favorable rebates and discounts received from certain suppliers as mentioned above.

Personnel expenses

Personnel expenses increased by €22.5 million, or 10.5%, from €214.4 million in the year ended June 30, 2015 to €236.9 million in the year ended June 30, 2016. The rise in personnel expenses was mainly due to (i) the increase in full-time equivalent employees, as a result of the acquisition of six FLY/ATLAS stores and the opening of four directly operated stores and (ii) the reinforcement of our logistics and web departments. These increases were partially offset by the positive impact of the CICE Tax credit, which amounted to €7.5 million in the year ended June 30, 2016 as compared to €7.0 million in the year ended June 30, 2015.

As a percentage of revenue, personnel expenses decreased from 16.5% in the year ended June 30, 2015 to 16.0% in the year ended June 30, 2016.

Other expenses

Other expenses increased by €38.4 million, or 14.2%, from €270.6 million in the year ended June 30, 2015 to €309.0 million in the year ended June 30, 2016 in line with the increase in our revenue during the period.

As a percentage of revenue, other expenses slightly increased from 20.8% in the year ended June 30, 2015 to 20.9% in the year ended June 30, 2016.

Other income from operations

Other income from our operations decreased by €0.3 million, or 1.2%, from €25.3 million in the year ended June 30, 2015 to €25.0 million in the year ended June 30, 2016 in line with the increase in our revenue during the period. As a percentage of revenue, other income from operations remained fairly stable.

Other operating income and expense

Other operating income and expenses increased by €5.7 million from €6.4 million in the year ended June 30, 2015 to €12.1 million in the year ended June 30, 2016. For the year ended June 30, 2016, we incurred expenses mainly in relation to our acquisitions, pre-opening expenses as well as the store openings relating to the acquisition of six FLY/ATLAS stores (two of which opened in the year ended June 30, 2016). We also incurred €6.2 million in expenses related to the Acquisition, €1.9 million expenses related to write-offs of inventory due to a fire incident and a €2.9 million depreciation of receivables. These expenses were partly offset by net capital gains due to real estate asset disposals amounting to €6.8 million.

Depreciation, amortization and impairment of non-current assets

Depreciation and amortization decreased by €0.7 million, or 2.1%, from €31.5 million in the year ended June 30, 2015 to €30.9 million in the year ended June 30, 2016. This decrease was primarily attributable to (i) real estate disposal and (ii) the recovery of a provision of €1.6 million related to the disposal of two BUT City stores, which were transferred to franchisees during the year ended June 30, 2016.

Cost of debt

Cost of debt increased by €4.5 million, or 27.4%, from €16.3 million in the year ended June 30, 2015 to €20.7 million in the year ended June 30, 2016. This increase was primarily due to the issuance of our 2019 Notes in August 2015.

Other financial income and expense

Other financial income and expenses, which mostly include foreign exchange gains and losses, increased by €2.2 million in the year ended June 30, 2016 as compared to the year ended June 30, 2015.

Share of profit of associates

We no longer have any minority interests remaining.

Income tax

For the year ended June 30, 2016, we recorded an income tax expense of €11.0 million, as compared to an income tax expense of €3.2 million for the year ended June 30, 2015. The income tax expense recorded for the year ended June 30, 2016 related to a CVAE (French business tax) accrual of €6.0 million, income tax of €2.8 million and a change in deferred taxes resulting in a charge of €2.3 million.

Results of Operations for the years ended June 30, 2015 and June 30, 2014

	For the year ended June 30	
	2014	2015
	(€ millions)	
Retail revenue	1,168.0	1,200.8
Other revenue	88.9	97.4
Revenue	**1,256.9**	**1,298.2**
Cost of sales	(766.2)	(773.4)
Gross profit	**490.7**	**524.8**
Personnel expenses	(207.7)	(214.4)
Other expenses	(266.4)	(270.6)
Other income from operations	28.7	25.3
Recurring operating profit before depreciation and amortization and impairment, and other operating income and expense	**45.3**	**65.1**
Other operating income and expense	0.2	(6.4)
Depreciation, amortization and impairment of non-current assets	(34.8)	(31.5)
Operating profit	**10.6**	**27.1**
Cost of debt	(20.1)	(16.3)
Interest income	0.1	0.2
Other financial income and expense	0.6	(2.9)
Share of profit of associates	(1.2)	(0.1)
Income tax	2.5	(3.2)
Profit/(loss) from continuing operations	**(7.6)**	**4.9**
Loss from discontinued operations	—	(0.2)
Profit/(loss) for the period	**(7.6)**	**4.6**

Retail revenue

Our retail revenue increased by €32.8 million or 2.8%, from €1,168.0 million in the year ended June 30, 2014 to €1,200.8 million in the year ended June 30, 2015. This increase in our retail revenue was mainly attributable to (i) our organic growth as reflected by our Like-for-like Sales Growth of 1.9% over the period, (ii) the expansion of our store network of directly-operated stores, which together contributed €15.6 million to our sale of products, and (iii) an increase of €17.1 million in our sales of BUT-branded products to franchisees as result of a higher number of franchised stores in our network (108 franchised stores in the year ended June 30, 2015 as compared 98 franchised stores in the year ended June 30, 2014). This increase was partly offset by a decrease of €23.5 million in our retail revenue due BUT Sourcing Limited ceasing its operations and stopping its contribution to our consolidated revenue.

Other revenue

Other revenue increased by €8.5 million, or 9.6%, from €88.9 million in the year ended June 30, 2014 to €97.4 million in the year ended June 30, 2015. This increase in other revenue was mainly driven by (i) an increase of €6.0 million in extended warranty sales mainly related to our organic growth, (ii) an increase in services to franchisees by €2.3 million due to the rise in the number of franchisees and (iii) an increase of €1.1 million in listing fees due to a higher level of discounts and rebates obtained from our suppliers as a result of higher sales volumes, which was partially offset by a decrease of €0.9 million in insurance services revenue still impacted by the Lagarde Law.

Cost of sales

Cost of sales increased by €7.2 million, or 0.94%, from €766.2 million in the year ended June 30, 2014 to €773.4 million in the year ended June 30, 2015. This increase was mainly due to higher sales volumes as a result of additional acquisitions and openings of directly-operated stores. This increase was partially offset by more favorable rebates and discounts received from suppliers as a result of higher purchase volumes.

Cost of sales as a percentage of revenue decreased slightly from 61.0% in the year ended June 30, 2014 to 59.6% in the year ended June 30, 2015 as a result of more favorable rebates and discounts received from suppliers as mentioned above.

Personnel expenses

Personnel expenses increased by €6.7 million, or 3.2%, from €207.7 million in the year ended June 30, 2014 to €214.4 million in the year ended June 30, 2015. The rise in personnel expenses was mainly due to (i) the increase in full-time equivalent employees from 4,900 as of June 30, 2014 to 5,200 as of June 30, 2015, as a result of the acquisition and opening of stores (including the acquisition of six FLY/ATLAS stores and the opening of four directly-operated stores) and the reinforcement of our logistics and web departments. This increase was partially offset by (i) the positive impact of the CICE tax credit, which amounted to €7.0 million in the year ended June 30, 2015 as compared to €5.4 million in the year ended June 30, 2014 and (ii) a decrease in employee profit sharing costs by €3.1 million (an exceptional profit sharing has been granted in the year ended June 30, 2015 following our offering of our 2019 Notes in 2014).

As a percentage of revenue, personnel expenses remained unchanged amounting to 16.5% both in the year ended June 30, 2014 and June 30, 2015.

Other expenses

Other expenses increased by €4.2 million, or 1.6%, from €266.4 million in the year ended June 30, 2014 to €270.6 million in the year ended June 30, 2015. This increase was mainly due to increases in property leases and national advertising expenses due to increased promotional efforts. This increase was partially offset by decreases in local advertising expenses and insurance costs.

As a percentage of revenue, other expenses decreased slightly from 21.2% in the year ended June 30, 2014 to 20.8% in the year ended June 30, 2015.

Other income from operations

Other income from operations decreased by €3.4 million, or 11.8%, from €28.7 million in the year ended June 30, 2014 to €25.3 million in the year ended June 30, 2015, primarily due to higher costs of risk in our consumer financing business.

Other operating income and expenses

Other operating income and expenses decreased by €6.6 million from an income of €0.2 million in the year ended June 30, 2014 to an expense of €6.4 million in the year ended June 30, 2015. In the year ended June 30, 2015, other operating income and expenses mainly included expenses associated with store openings relating to the acquisition of six FLY/ATLAS stores (four of which opened in the year ended June 30, 2015). In the year ended June 30, 2014, other operating income and expenses mainly included capital gains related to the acquisition of non-controlling interests in SourceCo France and LRAM for €3.3 million and €1.1 million, respectively.

Depreciation, amortization and impairment of non-current assets

Depreciation and amortization decreased by €3.3 million, or 9.5%, from €34.8 million in the year ended June 30, 2014 to €31.5 million in the year ended June 30, 2015. This decrease was primarily attributable to the sale of two stores (Persan and Cholet) and the reversal of a depreciation related to the disposal of Cholet amounting to €0.8 million in the year ended June 30, 2015.

Cost of debt

Cost of debt decreased by €3.8 million, or 18.9%, from €20.1 million in the year ended June 30, 2014 to €16.3 million in the year ended June 30, 2015. This decrease was due to lower interest rates, resulting from the refinancing carried out in June 2014, replacing former debt with our 2019 Notes.

Other financial income and expense

Other financial income and expenses, which mostly include foreign exchange gains and losses, decreased by €3.5 million from a gain of €0.60 million to a €2.9 million expense recorded in the year ended June 30, 2015 as compared to the year ended June 30, 2014, primarily as a result of unfavorable currency spot purchases.

Share of profit of associates

The share of profit of associates increased by €1.1 million, from a loss of €1.2 million in the year ended June 30, 2014 to a loss of €0.1 million in the year ended June 30, 2015. This increase was due to the sale of certain non-controlling interests.

Income tax

For the year ended June 30, 2015, we recorded an income tax expense of €3.2 million, primarily due to €5.3 million accruals in CVAE tax, as compared to a €2.5 million income tax gain in the year ended June 30, 2014. This income tax expense was partially offset by a change in deferred taxes resulting in an income of €2.9 million.

Liquidity and Capital Resources

Consolidated Cash Flow

The following table summarizes our consolidated cash flow statements for the years ended June 30, 2014, 2015 and 2016:

	For the years ended June 30		
	2014	2015	2016
		(€ millions)	
Net cash provided by operating activities (before changes in working capital requirements and corporate income tax)	45.3	55.6	77.5
Net change in working capital requirements	36.2	19.8	79.6
Income tax paid	(4.7)	(6.7)	(4.6)
Net cash provided by/(used in) operating activities	**76.8**	**68.7**	**152.4**
Net cash provided by/(used in) investing activities	**(14.4)**	**(27.8)**	**(15.0)**
Net cash provided by/(used in) financing activities	**(32.1)**	**(92.7)**	**43.2**
Change in cash and cash equivalents	**30.3**	**(51.8)**	**180.7**
Cash and cash equivalents at beginning of period	77.8	108.1	56.4
Exchange gains/(losses) on cash and cash equivalents	(0.0)	0.1	0.0
Cash and cash equivalents at end of period	**108.1**	**56.4**	**237.2**

Net cash provided by operating activities

The following table sets out the net cash flows from operating activities for years ended June 30, 2014, 2015 and 2016:

	For the years ended June 30		
	2014	2015	2016
		(€ millions)	
Profit/(loss) for the period before income tax	(10.1)	7.9	20.3
Depreciation, amortization and impairment of non-current assets	35.2	31.6	30.7
Additions to (reversals of) provisions	3.8	3.3	9.6
Net gain/(loss) on disposals	(1.6)	(1.4)	(6.8)
Cost of debt	20.1	16.3	20.4
Share of profit of associates	1.2	0.1	(0.1)
Other non-cash items	(3.3)	(2.2)	3.4
Net cash provided by operating activities (excluding change in working capital requirements and corporate income tax)	**45.3**	**55.6**	**77.5**
(Increase)/decrease in inventories	(12.7)	(11.8)	(11.1)
(Increase)/decrease in trade and other receivables	3.2	5.0	(21.5)
Increase/(decrease) in trade and other payables	45.7	26.6	112.2
Net change in working capital requirements	**36.2**	**19.8**	**79.6**
Income tax paid	(4.7)	(6.7)	(4.6)
Net cash provided by/(used in) operating activities	**76.8**	**68.7**	**152.4**

Net cash provided by operating activities is primarily impacted by changes in working capital requirements and income tax paid, as well as profit for the period before income tax and adjustments.

Net cash provided by operating activities increased by €83.7 million from €68.7 million for the year ended June 30, 2015 to €152.4 million for the year ended June 30, 2016. This increase was mainly due to higher earnings from operations and further improvement in working capital.

Net cash provided by operating activities decreased by €8.1 million from €76.8 million for the year ended June 30, 2014 to €68.7 million for the year ended June 30, 2015. This decrease was mainly due to adverse developments in our working capital position and a higher income tax liability driven by an increase of CVAE tax.

Income Tax Paid

For the year ended June 30, 2016, we paid €4.6 million of corporate income tax (mainly related to CVAE tax) compared to €6.7 million for the year ended June 30, 2015 (mainly related to CVAE tax). This decrease is primarily the result of a tax refund of €1.5 million on CVAE tax related to previous financial years.

For the year ended June 30, 2015, we paid €6.7 million of corporate income tax (mainly related to CVAE tax) and as a result of a tax audit compared to €4.7 million for the year ended June 30, 2014. This increase was mainly due to an increase of operating activity during the year ended June 30, 2015.

For the year ended June 30, 2014, we paid €4.7 million of corporate income tax (mainly related to CVAE tax) compared to €8.3 million for the year ended June 30, 2013. This decrease was mainly due to a decrease in non-current assets disposals gain during the year ended June 30, 2014.

Change in Working Capital

For the year ended June 30, 2016, our net change in working capital requirements amounted to €79.6 million, which included:

- a €11.1 million increase in inventories, which was mainly driven by our sales growth and an effect of seasonality;
- a €112.2 million increase in payables, which was mainly due to (i) higher sales volume, attributable to acquisitions of franchisees and opening of BUT stores and (ii) our organic growth; and
- a €21.5 million increase in trade receivables, which was mainly due to our sales growth.

For the year ended June 30, 2015, our net change in working capital requirements amounted to €19.8 million, which included:

- a €11.8 million increase in inventories, which was mainly driven by a seasonal effect;
- a €26.6 million increase in payables, which was mainly due to (i) higher sales volume, attributable to acquisitions of franchisees and opening of BUT stores and (ii) our organic growth; and
- a €5.0 million decrease in trade receivables, which was mainly due to the optimization of rebates collections.

For the year ended June 30, 2014, our net change in working capital requirements amounted to €36.2 million, which included:

- a €12.7 million increase in inventories, which was mainly attributable to our investment in inventory for high-demand products in order to decrease delivery time to stores;
- a €45.7 million increase in payables, which was mainly due to higher sales volume, attributable to acquisitions of franchisees and the opening of stores; and
- trade receivables for the year ended June 30, 2014 remained relatively stable as compared to the year ended June 30, 2013.

Net cash provided by investing activities

The following table sets out the principal components of our net cash flow from investing activities for the years ended June 30, 2014, 2015 and 2016:

	For the years ended June 30		
	2014	2015	2016
		(€ millions)	
Proceeds from sales of non-current assets	7.5	7.6	17.2
Acquisitions of property, plant and equipment and intangible assets	(19.5)	(34.1)	(31.9)
Acquisitions of subsidiaries	(2.3)	—	—
Acquisitions of non-consolidated companies	—	—	—
(Increase)/decrease of other assets	—	(1.2)	(0.3)
Net cash provided by/(used in) investing activities	**(14.4)**	**(27.8)**	**(15.0)**

Net cash provided by investing activities provided cash outflows of €15.0 million for the year ended June 30, 2016 as compared to cash outflows of €27.8 million and €14.4 million for the years ended June 30, 2015 and 2014, respectively. The primary driver for these cash outflows were the sale and leaseback transactions described above in *"—Factors that Affect our Results of Operations – Sale and Leaseback Transactions*".

Our net cash provided by or used in purchase of tangible, intangible and financial assets, net of proceeds from sales of non-current assets, is further analyzed in "*—Capital Expenditure*" below.

Net cash used in financing activities

The following table sets out the principal components of our net cash flow used in financing activities for the years ended June 30, 2014, 2015 and 2016:

	For the years ended June 30		
	2014	2015	2016
		(€ millions)	
Proceeds from debt issuances	170.3	—	66.9
Repayment of borrowings[1]	(145.8)	(13.5)	(21.8)
Increase/(decrease) in capital	—	(60.0)	—
Financing of global sourcing	—	—	—
Other	(56.6)	(19.1)	(1.9)
Net cash provided by/(used in) financing activities	**(32.1)**	**(92.7)**	**43.2**

(1) Including interest paid

Net cash provided by financing activities amounted to €43.2 million in the year ended June 30, 2016 (which mainly consisted of a tap of the 2019 Notes) as compared to net cash used in financing activities of €92.7 million in the year ended June 30, 2015 (which mainly consisted of a €60 million reduction in share capital processed in July 2014 and €20 million loan granted to our supplier Cauval).

Repayments of Borrowings

In the years ended June 30, 2015 and 2016, we did not repay any significant borrowings. Over the same periods, we repaid €13.5 million and €21.8 million, respectively, primarily consisting of interest on borrowing and repayment of our finance leases. In connection with the completion of the Offering, we expect to redeem the 2019 Notes.

Other Movements

In the year ended June 30, 2016, a €1.9 million advance was granted to our after-sales company.

In the year ended June 30, 2015, we granted two unsecured loans of €10 million each to one of our suppliers, with interest payable on the loans at a rate equal to the three-month EURIBOR plus 2%. In February 2016, the supplier companies filed for receivership (*redressement judiciaire*) and liquidation proceedings (*liquidation judiciaire*). As of June 30, 2016, third parties had taken over the supplier's business, resulting in a renegotiation of the terms of the loan. The loan will now be repayable on December 31, 2023, less any exceptional impairment before that date.

Other movements in financial activities in the year ended June 30, 2014 mainly related to the repayment of our shareholder loan.

Capital Resources

Our cash requirements consist mainly of the following:

- funding capital expenditures;
- operating activities, including our working capital needs, which are seasonal and typically higher in our fiscal second quarter and lower in our fiscal fourth quarter;
- servicing our indebtedness and the indebtedness of our subsidiaries;
- funding acquisitions of franchisees; and
- paying taxes.

Our sources of liquidity before the Transactions consist mainly of the following:

- cash generated from our operating activities;
- borrowings under our Existing Revolving Credit Facility; and
- dividends received.

Total net debt represents our total gross debt, less net cash and cash equivalents. As of June 30, 2014, 2015 and 2016, we had total net debt of €78.9 million, €137.2 million and €26.8 million, respectively.

Total net cash and cash equivalents represents our cash and cash equivalent net of bank overdrafts and accrued interest not yet due. As of June 30, 2014, 2015 and 2016, we had net cash and cash equivalents of €108.1 million, €56.4 million and €237.2 million, respectively.

We expect to use the gross proceeds from the issuance of the Notes, together with cash on hand, to redeem all of the 2019 Notes, which includes principal of €246.0 million and aggregate accrued unpaid interest and redemption premium of €11.6 million. The amounts of interest and redemption premium are calculated assuming redemption of the 2019 Notes on November 4, 2016.

On or prior to the Completion Date, Bidco will enter into the Super Senior Revolving Credit Facility Agreement. BUT SAS and BUT International SAS will terminate the Existing Revolving Credit Facility on or prior to the Completion Date. On the Completion Date, the Super Senior Revolving Credit Facility will provide for borrowings of up to €100 million. We do not expect to draw down funds under the Super Senior Revolving Credit Facility on the Completion Date. See "*Description of Certain Financing Arrangements—Super Senior Revolving Credit Facility*". On or around the Completion Date, the new Super Senior Revolving Credit Facility will be secured by the Collateral and will be guaranteed on a senior basis by the Issue Date Guarantors.

Our sources of liquidity following the Transactions will consist mainly of the following:

- cash generated from our operating activities;
- borrowings under the Super Senior Revolving Credit Facility;
- dividends received; and
- any subsequent disposals of real estate.

For more information regarding our indebtedness and cash service requirements on our indebtedness following the Offering and the Transactions, see "*Capitalization*", "*The Transactions*" and "*Description of Certain Financing Arrangements—Super Senior Revolving Credit Facility*".

We expect that these sources of liquidity will be sufficient to finance our working capital requirements and otherwise operate our business, to make capital expenditures and to meet foreseeable liquidity requirements, including debt service on the Notes, in the next twelve months.

Contractual Obligations and Commercial Commitments

Off-balance sheet commitments as of June 30, 2016 are presented in the following table:

	Payments to be made by period			
	Less than 1 year	From 1 to 5 years	More than 5 years	Total
		(€ millions)		
Operating leases	79.8	202.5	61.5	343.9
Purchase commitments regarding goods for resale	101.1	—	—	101.1
Total	**180.8**	**202.5**	**61.5**	**444.9**

Capital and other financial commitments as of June 30, 2016 are presented in the following table:

	As of June 30, 2016 (€ millions)
GUARANTEES RECEIVED	
Standby letters of credit and documentary credit not utilized	10.7
Other Guarantees received	4.8
Total Guarantees received	**15.5**
GUARANTEES GIVEN	
Other Guarantees given[1]	20.3
Total Guarantees given	**20.3**

(1) In addition to these commitments, the following items were pledged by Décomeubles Partners SAS, BUT SAS, BUT International and Cogesem to guarantee the repayment of the 2019 Notes and the Existing Revolving Credit Facility:

- The shares in BUT SAS held by Décomeubles Partners SAS;
- The shares in BUT International and Immobut SCI held by BUT SAS;
- The shares in Cogesem SAS held by BUT International;
- The bank accounts of Décomeubles Partners SAS, BUT SAS, BUT International and Cogesem SAS;
- The rights of Décomeubles Partners SAS, BUT SAS, BUT International and Cogesem SAS to intragroup loans; and
- The inventories of BUT International stored in its four distribution centers (as a non-possessory pledge).

The pledges over those items will be released in connection with the consummation of the Transactions.

Financial debt contractual obligations are presented in the following table, as of June 30, 2016:

As of June 30, 2016	Less than 1 year	From 1 to 5 years	More than 5 years	Total
		(€ millions)		
2019 Notes[1]	12.8	291.4	—	304.2
Interest on 2019 Notes	5.3	—	—	5.3
Other loans	0.2	0.7	1.6	2.5
Financial lease	3.9	6.7	9.1	19.6
Total	**22.2**	**298.7**	**10.7**	**331.6**

(1) We intend to use the proceeds of this Offering, together with cash on hand, to redeem all of the 2019 Notes, which includes principal of €246.0 million and aggregate accrued unpaid interest and redemption premium of €11.6 million. The amounts of interest and redemption premium are calculated assuming redemption of the 2019 Notes on November 4, 2016.

Capital Expenditure

The following table sets out the principal components of our capital expenditures for the years ended June 30, 2014, 2015 and 2016:

	For the years ended June 30		
	2014	2015	2016
		(€ millions)	
Acquisition of tangible and intangible assets	(19.5)	(34.1)	(31.9)
Maintenance capital expenditure(1)	*(9.8)*	*(7.4)*	*(7.3)*
Central capital expenditure(2)	*(4.8)*	*(9.8)*	*(8.5)*
Growth capital expenditure(3)	*(4.9)*	*(16.9)*	*(16.1)*
Other acquisitions	(2.3)	(1.2)	(0.3)
Disposals	7.5	7.6	17.2
Net cash provided by/(used in) acquisition and sale of tangible, intangible and financial assets	**(14.4)**	**(27.8)**	**(15.0)**

(1) Maintenance capital expenditure consists of capital expenditure in relation to maintenance and refurbishments.
(2) Central capital expenditure consists of capital expenditure not directly related to our stores.
(3) Growth capital expenditure consists of capital expenditure in relation to our acquisitions, store openings and store transfers.

For the year ended June 30, 2016, our total capital expenditure of €15.0 million were mainly attributable to acquisition of tangible and intangible assets for €31.9 million, mainly including remodeling and enhancement investments for existing stores, costs related to transfers of stores, store opening expenditure and IT-related investments. Other acquisitions of €0.3 million relate to cash deposits in connection with openings and acquisitions. In the same period, we also recorded proceeds from assets disposals amounting to €17.2 million mainly in relation to the sale and leaseback transaction of four stores in July 2015.

For the year ended June 30, 2015, our total capital expenditure of €27.8 million were mainly attributable to acquisition of tangible and intangible assets for €34.1 million, mainly including remodeling and enhancement investments for existing stores (including full remodeling of six FLY/ATLAS stores acquired), costs related to transfers of stores, store opening expenditure, IT-related investments, and the acquisition of six FLY/ATLAS stores for €2 million (two of which were not operational until after June 30, 2015). Other acquisitions of €1.2 million relate to cash deposits in connection with openings and acquisitions.

For the year ended June 30, 2014, our total capital expenditures of €14.4 million were mainly attributable to acquisitions of tangible and intangible assets for €19.5 million, mainly including remodeling and enhancement investments for existing stores and costs related to transfers of stores and store opening expenditures.

Qualitative and Quantitative Disclosure of Market Risk

In the course of our business, we are exposed to market risks from changes in foreign currency exchange rates and interest rates. We only enter into derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. We do not enter into any speculative hedging arrangements. Financial risks are formally managed by our Treasury department.

Currency Risk

Our financial currency is the euro and we manage risk related to revenues and costs denominated in other currencies. We purchase a significant amount of our furniture from Asia-based suppliers in U.S. dollars and, as a result, a significant portion of our costs are incurred in U.S. dollars. Our policy is to hedge all U.S. dollar transactions from the date of the purchase order to the settlement date using forward contracts negotiated with an investment-grade bank. However, a substantial portion of our hedging agreements are set to expire in 2017. See "*Risk Factors—Risks Relating to Our Business and Industry—A large portion of our products are supplied by a small number of manufacturers, some of whom are located outside of France and we are dependent on these*

manufacturers to meet our requirements" and "*Risk Factors—Risks Relating to Our Business and Industry—Currency fluctuations and hedging risks could materially adversely affect our earnings and cash flow*".

In addition, we renegotiate contract terms with suppliers on an on-going basis to adjust the prices to volumes, underlying currency exchange rate changes and various other drivers. We carefully monitor our relationships with our suppliers and measure our purchasing performance with a view towards mitigating the impact of currency fluctuations on our cost of goods. See "*Risk Factors—A large portion of our products are supplied by a small number of manufacturers, some of whom are located outside of France and we depend on these manufacturers to meet our requirements*" and "*Risk Factors—Risks Relating to Our Business and Industry—Currency fluctuations and hedging risks could materially adversely affect our earnings and cash flow*".

According to our policy, currency hedges must be demonstrably linked to an underlying exposure. The hedge of the exposure is monitored throughout the life of the transaction to ensure that it remains effective and appropriate.

The fair value of foreign currency financial instruments was positive €6.9 million as of June 30, 2016 compared to positive €19.8 million as of June 30, 2015.

Interest Rate Risk

We are exposed to interest rate risk on our floating-rate borrowings. Our floating-rate borrowings include primarily a financial lease on our headquarters and amounted to €11.6 million as of June 30, 2016. The Revolving Facility is also a floating-rate borrowing, and has remained undrawn for the year ended June 30, 2016.

Credit Risk

Financial assets mainly comprise cash and cash equivalents as well as trade and other receivables. Credit risk arises because a counterparty fails to meet its obligations. We invest in liquid assets with investment-grade banks and regularly monitor counterparty risk.

In the consumer credit business, the lending policy is based on scorecards and statistical studies of default. We also draw on the experience and expertise of our partner, Cetelem, an affiliate of BNP Paribas.

Liquidity Risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose us to liquidity risk in the event of early repayment.

In order to manage our liquidity risk, we contract bank facilities for an appropriate amount and maturity to ensure that we have adequate available funds to meet our commitments.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which were prepared in accordance with International Financial Reporting Standards (***IFRS***) and International Financial Reporting Interpretations Committee (***IFRIC***) interpretations as adopted by the European Union at the date of preparation of the financial statements. The preparation of this financial information requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, turnover and expenses, and related disclosure of contingent assets and liabilities.

We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial information, so we consider these to be our critical accounting policies. Due to the uncertainty inherent in these matters, actual results could differ from the estimates we use in applying the critical accounting policies described below.

Retirement obligations

Retirement obligations largely consist of end-of-career benefits owed to employees upon retirement in France. They are based on actuarial estimates of the present value of future obligations or other benefits that will be payable to beneficiaries. The most sensitive assumptions involved in calculating the expected liabilities are mortality rates, employee turnover, salary increase rates and discount rates.

Measurement of inventories

Inventories are measured at the lower of weighted average cost and net realizable value. Average cost includes transportation costs to the point of sale and is net of any supplier discounts for volume and early payment, and rebates. Provisions for impairment of inventories are calculated by product family based on the age of the inventories concerned, in view of the fact that inventory age gives rise to the risk of products in stores becoming obsolete. The amount of impairment recognized takes into account the life cycles of the products in each family.

Estimates of extended warranty provisions

We recognize the full amount of revenue from sales of extended warranties and set aside a provision for extended warranties that is written back over the warranty period. Based on an analysis, the provisioning rate represents a ratio of revenue recognized for warranties sold, which is in line with historical payouts required to be made to customers in connection with our warranties.

Estimates of capitalized tax loss carry-forwards

We recognize deferred tax assets on tax losses carried forward within the tax consolidation group to the extent of profits forecast in the business plan for the next two years.

Estimates of insurance settlements

We recognize insurance settlements receivable based on estimates made by experts and supplied by our insurer that take into account the costs incurred for the retirement of property, plant and equipment (buildings and equipment) and inventories, as well as for other expenses and estimated business interruption losses.

Earn-out clauses (contingent consideration)

We regularly acquire franchisees and an earn-out clause is often included in the acquisition agreements for such franchisees. The contingent consideration payable takes into account the consistency of accounting methods, working capital requirements and net debt. Pending the preparation of the definitive financial statements as of the acquisition date, the amount of this contingent consideration is recognized based on our best estimates.

INDUSTRY

This Offering Circular contains market data and certain industry data and forecasts which we have obtained from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies, industry publications and surveys, and a commissioned industry report. The statements in this Offering Circular relating to market data and certain industry data and forecasts are each according to such sources as well as our own internal surveys and estimates. See *"Market and Industry Data"*. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading *"Risk Factors"* appearing elsewhere in this Offering Circular.

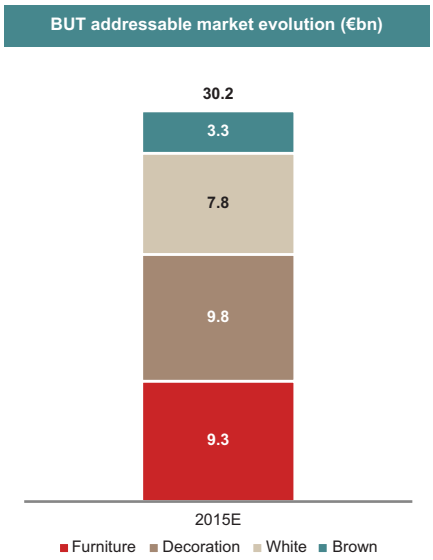
Overview

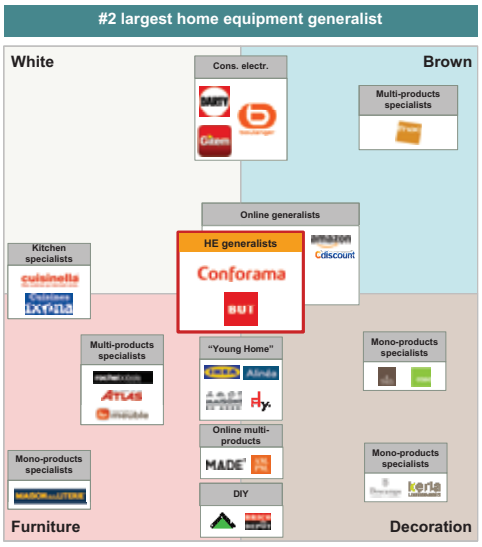
We operate in certain segments of the household equipment market in France. In particular, we focus on furniture, electrical goods (white and brown goods) and decoration market segments, which amounted to a market of approximately €30 billion in 2015.

Over the past twenty years, we believe that the most important factor benefiting the household equipment market has been the increasing number of households in France. According to the INSEE, the number of people per household in France has steadily decreased from 2.57 in 1990 to 2.20 in 2013 due to the individualization of behaviors, lower number of marriages and ageing of the population, among other factors. This, combined with an increase in the population of France from 56.8 million in 1991 to 66.4 million for 2015 according to Eurostat figures, has driven an increase of the number of households at a compound annual growth rate of approximately 1% between 1990 and 2015. We believe that the increased number of households will support volume growth in all our segments.

In addition, household consumption in France has historically been less volatile than in other European countries such as the UK and Spain. Furthermore, household equipment segments in which we operate remain a top spending priority among French consumers, who had a purchase intention of 21% across these segments in 2015.

All segments are expected to grow over the next four years based on a combination of positive macroeconomic prospects and specific drivers to each category.



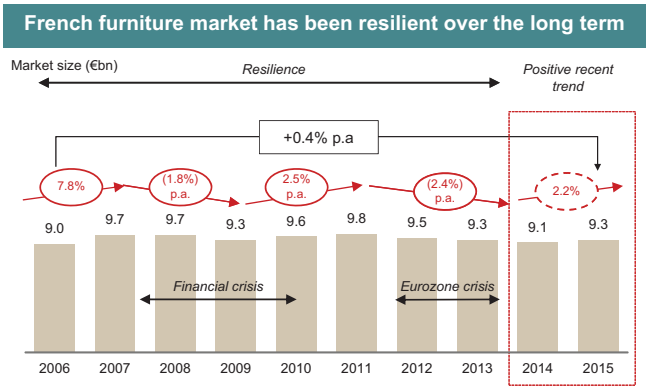


Source: Company Commissioned Industry Report

Furniture

The furniture market can be divided into the following six categories: functional; sitting; kitchen; bedding; bathroom; and garden. We compete in the first four of these categories. According to IPEA, the furniture market size in France reached €9.3 billion in 2015. The furniture market experienced

growth rates of (2.9)%, (1.5)% and 2.4% in value during the years 2013, 2014 and 2015, respectively. The French furniture market is resilient. During the economic downturn of 2007 to 2009, the French furniture market declined by only 3% despite the economic headwinds of the global financial crisis.



Source: Company Commissioned Industry Report

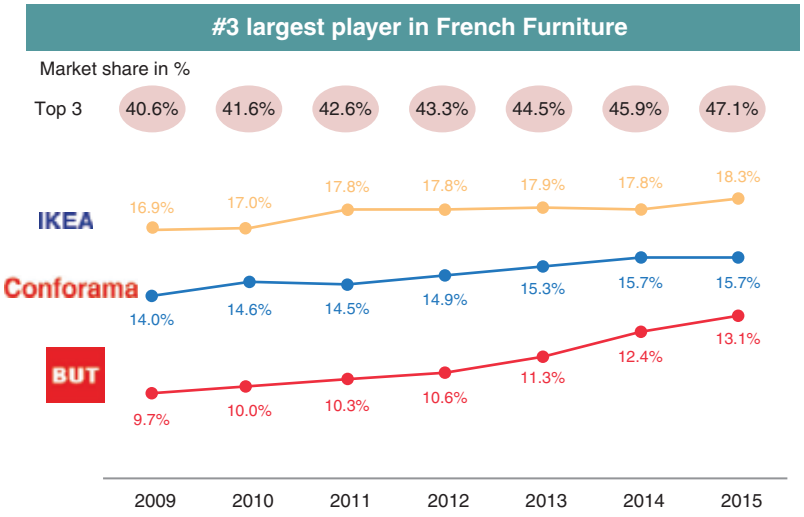
We believe the main factors driving future growth will be:

- *Improved macroeconomic environment:* The IMF points to a sustained recovery with expected GDP growth in France of 1.3% in 2016, 1.3% in 2017, and 1.6% in 2018.
- *Rebound of the construction sector:* Euroconstruct points to a sustained recovery with building permits and house starts expected to restart growing at approximately 1-2% per year over the next four years, and new houses built are expected to increase by approximately 3% per year from 2015 to 2020.
- *Improvement of household purchasing power:* Gross and net household disposable income are expected to follow a steady long-term trend of approximately 2% increase per year over the next four years, with the share of home equipment in household budget expected to remain stable.
- *Increased home ownership:* Home ownership has proven to be a significant factor in furniture expenditure. The average level of home ownership in France has increased over the recent term, but remains behind the rest of Europe, with the average level of home ownership in France at 63.7% in 2012, compared with approximately 71% across Europe.

Based on IPEA data, we are one of the leading home equipment retailers in France, with a market share in the furniture segment of approximately 13.1% in 2015, and a strong track record of market share gains over the last six years.

Other key players in this segment are Ikea (first-leading position with an approximate 18.3% market share) and Conforama (second-leading position with an approximate 15.7% market share). Thus, the French furniture market is relatively concentrated, with the top three retailers – Ikea, Conforama and BUT – accounting for approximately 47% of the total market.

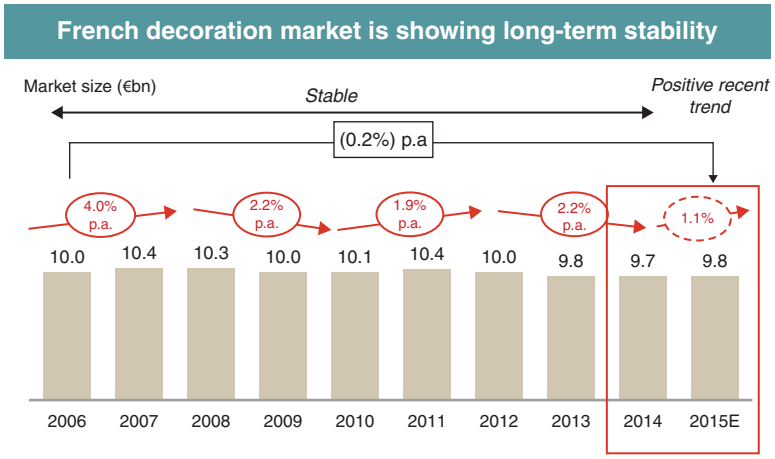
The figure below illustrates the growth in our market share and that of certain of our competitors' market share in the French furniture market since 2009.



Source: Company data (BUT) and IPEA (Ikea and Conforama)

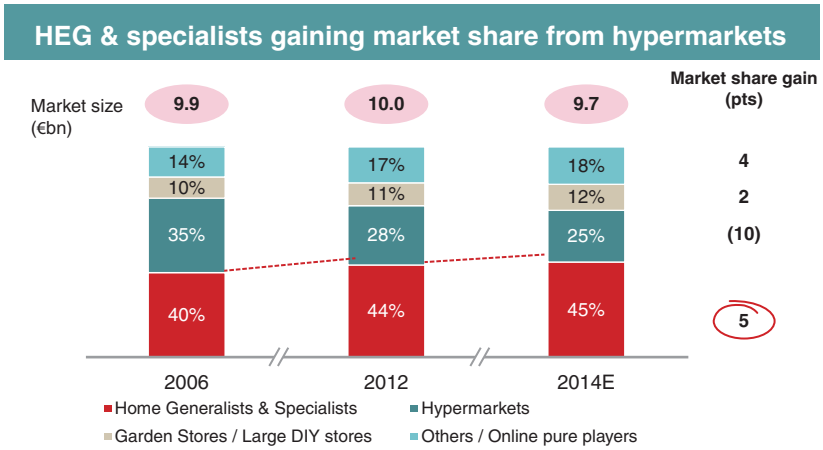
Decoration

The decoration market can be divided into the following categories: decorative articles; household textile; kitchen and table ware; and lighting. According to a commissioned industry report, the total market size for decoration in France was estimated to be €9.8 billion in 2015.



Source: Company Commissioned Industry Report

Overall, the market is expected to grow, mainly driven by households net disposable income, private consumption and construction, as well as by specific trends such as relative importance of decoration in household expenses, media influence and fashion trends. The entry of fashion related players is expected to positively impact the market.



Source: Company Commissioned Industry Report

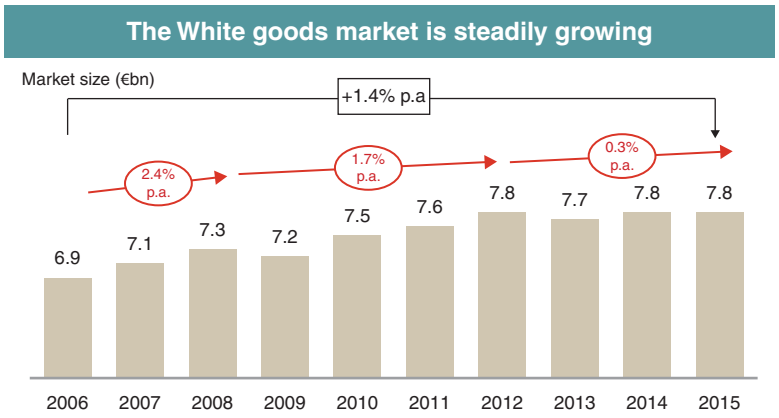
In addition to home equipment generalists (***HEG***) and specialists such as furniture retailers, the decoration market is also addressed by do-it-yourself retailers (Castorama, Leroy Merlin) and hypermarkets (Carrefour, Leclerc, Auchan, Intermarché). More recently, some apparel retailers have also diversified into this category.

Electrical Goods

The electrical goods market comprises three main sub-segments: white goods, brown goods and grey goods (comprising computers and computer hardware). We compete in the white and brown sub-segments.

White Goods

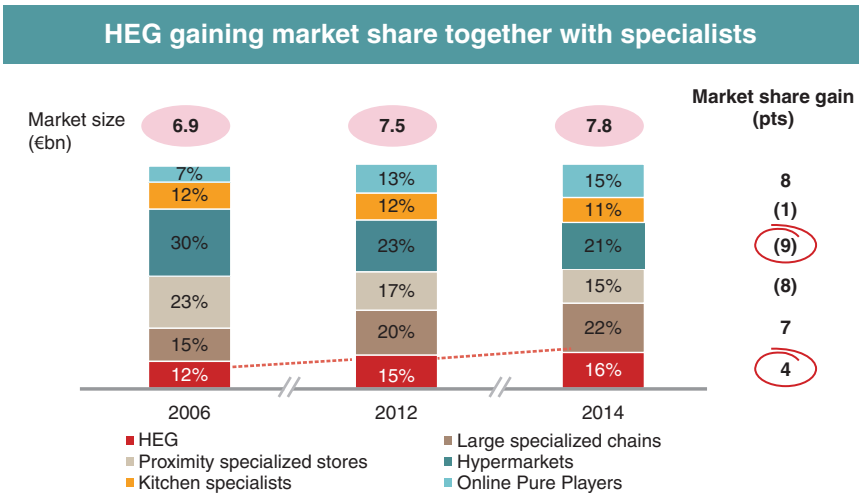
The white goods market comprises small domestic appliances (***SDA***) and medium domestic appliances (***MDA***) used for cooking, washing, hygiene and home comfort. The white goods market size in France reached € 7.8 billion in 2015, according to a commissioned industry report.



Source: Company Commissioned Industry Report

We believe the main factors driving future growth will be:

- *Useful life expiry:* We believe that equipment renewal will continue to sustain market growth.
- *New features driving demand:* More energy-efficient and environmentally friendly designs are expected to be a driver for demand, especially as they become more affordable and often economically profitable in terms of the energy savings they can achieve for the buyer.

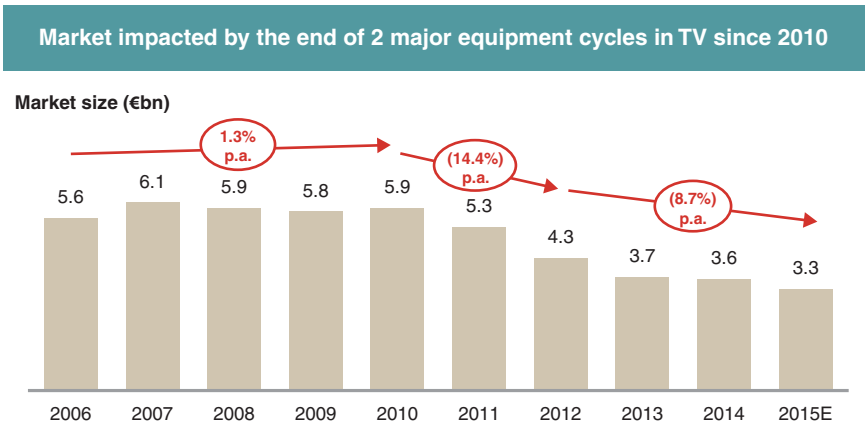


Source: Company Commissioned Industry Report

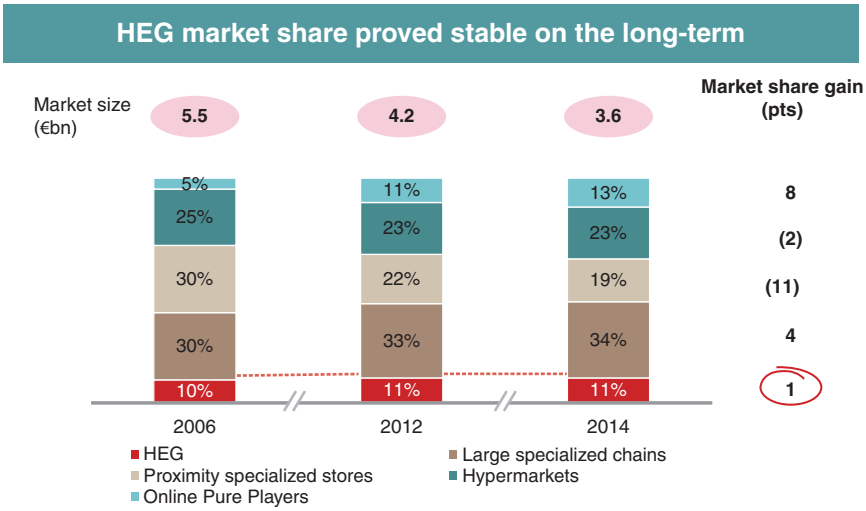
The MDA segment is dominated by electrical multi-specialists and traditional white and brown retailers with multi-specialists increasingly capturing market share. The SDA segment is dominated by hypermarkets and electrical multi-specialists with competition particularly focused around price.

Brown Goods

The brown goods market comprises TV, radio, video and home telephony products. The total value of the brown goods market was €3.3 billion in 2015 according to a commissioned industry report. We believe this market will be driven by renewal and innovation, including the rolling out of LED technology and the incorporation of 3D technology.



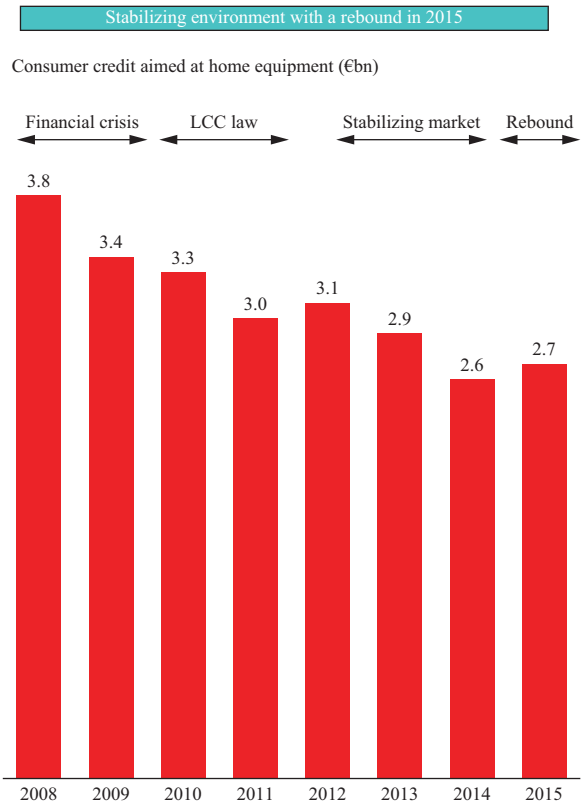
Source: Company Commissioned Industry Report



Source: Company Commissioned Industry Report

Consumer Finance

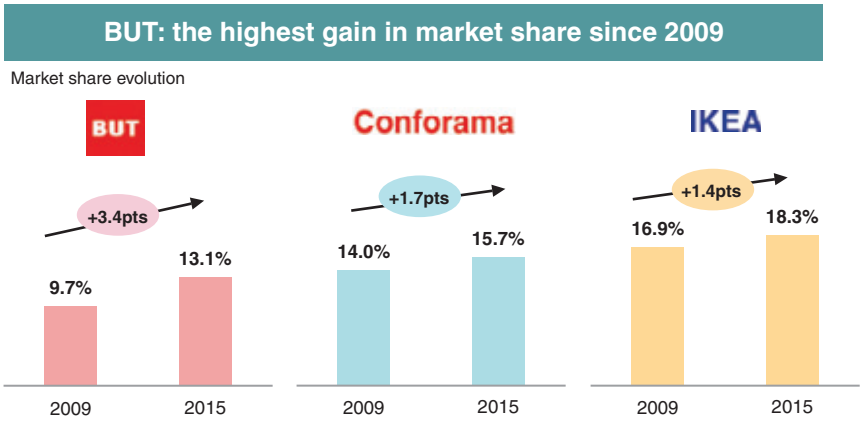
Consumer finance plays an important role in the home equipment market. Consumer financing can be provided either directly as borrowings from banks or financial institutions or indirectly through credit provided by the retailers, usually in partnership with a financial institution. According to ASF France, the volume of new loans generated from specialized entities to finance home improvements or home equipment purchases has evolved as follows: €3.8 billion (2008), €3.4 billion (2009), €3.3 billion (2010), €3.0 billion (2011), €3.1 billion (2012), €2.9 billion (2013), €2.6 billion (2014) and €2.7 billion (2015).



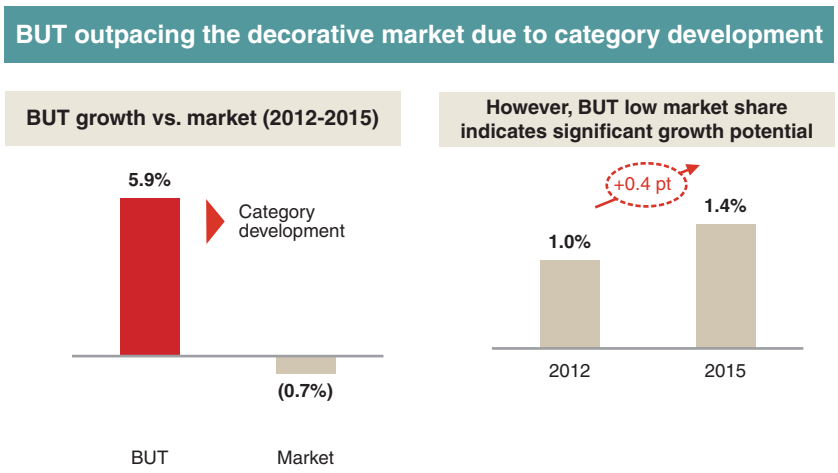
Source: ASF

Market Share and Brand Recognition

We hold a leading position within the French furniture market and have a strong track record of market share gains over the last six years. Below is an overview of our and certain of our competitors' market share growth in the French furniture market. BUT is a well-established household brand and benefits from a strong brand recognition and perception from customers.



Source: Company Commissioned Industry Report



Source: Company Commissioned Industry Report

In addition to its market share of approximately 13.1% in the French furniture market, BUT has an aggregate market share of approximately 4.8% in the brown and white goods markets.

BUSINESS

Our Company

We are one of the leading home equipment retailers in France. We offer a wide choice of products ranging from traditional to contemporary style furniture, kitchens and decoration as well as appliances and other electrical goods such as washing machines and refrigerators. Our product offering is complemented by our strong customer service offerings, which include consumer financing and extended warranties. With 303 stores (including franchisees) in France and French Overseas Territories as of June 30, 2016, we operate the largest home equipment store network in France. As of June 30, 2016, 186 stores were directly operated by us and the remaining 117 stores were operated by franchisees (which contributed 12.3% of our total revenue). In addition to our retail stores, we have five distribution centers in France.

In the year ended June 30, 2016, we generated revenue of €1,478.6 million and Adjusted EBITDA of €95.6 million. In the year ended June 30, 2016, furniture, electrical goods and decoration accounted for 59.5%, 32.6% and 7.9% of our revenues, respectively. For the year ended June 30, 2016, the Estimated Combined Adjusted EBITDA was €103.4 million, giving effect to the Yvrai Acquisition as if it had occurred at the beginning of the period.

Upon the consummation of the Acquisition, the Company will become indirectly wholly-owned by investment funds managed by Clayton, Dubilier & Rice, LLC and WM Holding GmbH, a company related to XXXLutz Group. On or after the Completion Date, it is expected that senior members of our management team will directly or indirectly acquire up to approximately 12% of the share capital in Mobilux 1 SAS in connection with our management incentive plan, and upon such investment each of our Sponsors' indirect ownership of the Group through Mobilux S.à r.l. will be reduced proportionately. See "*Principal Shareholders*".

Our Competitive Strengths

Leading Home Equipment Generalist Player with Continued Market Share Gains in a Stable and Well-Structured Market. Based on IPEA data, we are one of the leading home equipment retailers in France, with a market share in the furniture segment of approximately 13.1% in 2015. For the 2009 to 2015 period, we continuously expanded our market share, and our market share gains have outperformed our two main competitors, Ikea and Conforama. Ikea and Conforama increased their market share by 1.4 and 1.7 percentage points, respectively, from 2009, while we gained 3.4 percentage points in market share over the same period. Our share of the French furniture retail market has increased from approximately 7.5% in 2000 to 13.1% in 2015 in spite of the entry of international competitors, such as Ikea, into the French market. We believe our leading market position is driven by our strong brand recognition, our large store network with close proximity to customers, our competitive and broad product offering and price proposition. We believe that we offer a compelling customer value proposition by offering at competitive prices the entire suite of products needed to equip a home in a single location. As such, we are the only retailer other than Conforama that can offer its customers a one-stop shop experience. We offer our customers a selection of approximately 10,800 stock keeping units (SKUs) comprising of 6,900 furniture SKUs, 1,900 white goods SKUs, 400 brown goods SKUs and 1,600 decoration SKUs. While we offer products from main brands, such as Whirlpool, Bosch or Siemens, approximately 34% of our product offering comprises of own brands and exclusively designed BUT products. This product mix drives additional Footfall and enables us to price our products advantageously. For instance, we are able to regularly price our signature brand products above group margin levels.

Our business has benefited from our focus on France. The French furniture market, which represents our core business, is estimated by IPEA to be about €9.3 billion in 2015. The French furniture market is relatively concentrated, with the top three retailers – Ikea, Conforama and BUT – accounting for approximately 47% of the total market. It is also resilient. During the economic downturn of 2007 to 2009, the French furniture market declined by only 3% despite the economic headwinds of the global financial crisis. The size and resilience of the French market, combined with our market position, large store network and continuous expansion of market share, have allowed us to grow our revenues, earnings and cash flows even in a challenging economic environment.

A Strong Sourcing Network and Desirable Product Offering that Will Be Enhanced Following the Acquisition. We continually review, update, refresh or replace our product offering in order to reflect new trends and designs that appeal to changing customer preferences, which we believe encourages customers to shorten product replacement cycles and drives Footfall. We have established a strong sourcing platform, with three main purchasing offices in China, France and Indonesia, giving us flexibility to purchase from the most competitive countries. When combined with our strong sourcing platform and our large store network, our leading market position provides us with significant purchasing power. For example, we have been able to increase the discounts we receive from our suppliers by 50 basis points for the year ended June 30, 2016 as compared to the year ended June 30, 2014. We believe this purchasing power enables us to be resilient to the effects of challenging economic environments and to capitalize on certain favorable market dynamics, such as the increasing number of households in France.

We expect that our purchasing power would be enhanced by future purchasing arrangements with XXXLutz Group, as our purchasing organization working together with the purchasing organization of XXXLutz Group would represent the third largest purchasing organization in Europe on an aggregate basis behind Steinhoff Group (including Conforama) and Ikea.

Strong Brand and Brand Recognition. BUT is a well-established brand in France with over 40 years of history. Based on an industry survey, as of November 2015, our assisted brand awareness among furniture retailers in France was 99%, which, along with our main competitors Ikea and Conforama, is the highest assisted brand awareness in our industry, and 77% of survey respondents had visited a BUT store at least once in the previous year. We have built our leading brand position by fostering a reputation for variety, quality and value in our product offering, and we have maintained the status of our brand through our continued investment in marketing activities over our long history. For instance, we advertise both nationally and regionally, targeting middle-income and value-oriented customers. Approximately 56% of our customers are below the age of 50 and approximately 51% of our customers are women. National advertising includes TV advertisements, billboards, radio and press exposure. In addition, we distribute approximately 517 million leaflets per year, about two-thirds of which are mailed directly to households in France with the remainder distributed in our stores. Our leaflets are renewed every second week to update our campaigns for local promotions and seasonal changes. Since we consider leaflets to be the most efficient means to drive customers to our stores, we have continuously increased the number of leaflet campaigns and number of leaflet pages since 2013 from 25 campaigns (totaling 516 leaflet pages) to 26 campaigns (totaling 692 leaflet pages) to 31 leaflet campaigns (totally 756 leaflet pages) in the years ended June 30, 2014, 2015 and 2016, respectively. At local level, we predominantly advertise with leaflets promoting local store sales. Our leading brand position is a key driver of customer interest in our products, visits to our stores and our website and, consequently, sales volumes. It also provides us with a strong platform to grow our retail store network, as new stores require only incremental local advertising and support.

Largest Home Equipment Store Network in France Offering Proximity with Customers. With 303 stores (including franchisees) in France and French Overseas Territories as of June 30, 2016, we operate the largest home equipment store network in France. We have a store portfolio totaling sales space of approximately 881,734 square meters (including franchises) with an average store size of approximately 2,700 square meters, ranging in size from 600 to 7,000 square meters. We operate two store formats: BUT Classic with 218 stores (including 56 franchisees) of an average size of approximately 3,300 square meters, and BUT Cosy with 85 stores (including 61 franchises) of an average size of approximately 1,500 square meters. We have a balanced national footprint, with stores typically located in or near middle-sized cities, which enables us to attract both local and regional visitors from within our catchment areas (determined based on nearby transportation routes, population size and demographics) and ensures that we are always close to our customers. On the other hand, our key competitors (Ikea and Conforama) have most of their stores concentrated in or near large urban areas and as a result, the travel distance for their customers is generally greater. We estimate that approximately 80% of the French population lives within 30 minutes travel time to a BUT store, and about one-third of our stores operate in locations that are more than 60 minutes travel time from an IKEA store and more than 30 minutes travel time from a Conforama store.

In the year ended June 30, 2016, we opened four new directly-operated stores and one new franchised store. During the same period, more than 40 million people visited our stores and approximately 10 million identified customers made purchases. Each store has its own warehouse

(with an average surface of 2,441 square meters in our directly-operated stores) which facilitates "cash and carry" and "click and collect" retailing (ordering products online and picking them up at our stores for no additional cost) for both furniture and electrical goods to allow customers to collect products quickly and efficiently. We complement our retail presence with our website, which generates approximately 1.5 million unique visits per month. We believe significant investment and time are required to attain the economies of scale, logistics infrastructure, industry know-how, store network and brand awareness that we currently enjoy, which further supports our leading market position.

Resilient and Cash Generative Financial Performance. We have continuously demonstrated our ability to grow our revenues, earnings and cash flow, even in challenging economic environments. Our strong Adjusted EBITDA growth and robust cash-flow generation enabled us to de-leverage from 2.5x as of March 31, 2014 (*pro forma* for the issuance of the 2019 Notes) to 0.3x as of June 30, 2016. Between the year ended June 30, 2014 and the year ended June 30, 2016, our total revenue increased to €1,478.6 million from €1,256.9 million, representing a CAGR of 8.5%, which was driven by store openings, acquisitions of franchises, and Like-for-like Sales growth. Over the same period, our Adjusted EBITDA increased to €95.6 million from €58.0 million representing a CAGR of 28.4%. In addition, we achieved Free Cash Flow of €62.5 million, €40.9 million and €137.6 million for the years ended June 30, 2014, 2015, and 2016 respectively. Between the year ended June 30, 2014 and the year ended June 30, 2016, our Free Cash Flow conversion rate increased from 107.8% to 143.9%. These improvements have been driven by initiatives we have implemented to enhance our inventory management and renegotiate our contracts with certain suppliers (in particular Asian suppliers). Furthermore, we have limited ongoing maintenance capital expenditure requirements, with the average in the past three fiscal years being 0.6% of sales, and we receive payment from the majority of our customers in store, with the remainder paying upon delivery.

Profitable and Complementary Financial Services Offering. In addition to our core home equipment offerings, we provide competitive financial services to customers. This competitive finance proposition is made possible primarily due to our high sales volumes, and we believe that it is an important factor in driving additional sales, particularly for large ticket items. We provide our consumer financing offering through BNP Paribas Personal Finance, the largest consumer finance provider in France, which also partners with Ikea and Conforama, and with which we have had a relationship since 1995. BNP Paribas Personal Finance is responsible for credit selection, and we do not directly bear the credit risk associated with its operations, however we receive about 33% of the profits generated by these operations. As of June 30, 2016, the book value of loans issued to customers through BNP Paribas Personal Finance was €726.1 million. During the year ended June 30, 2016, the contribution of our consumer financing activities (excluding Cafina) to operating profit has amounted to €14.1 million. Cardif (a BNP Paribas subsidiary) sells insurance contracts to customers of BNP Paribas Personal Finance in the event they are unable to service the loans provided by BNP Paribas Personal Finance due to death, illness or unemployment. Our financial services offering is also complemented by our BUT/Visa and BUT/Aurore co-branded credit cards, which serve as loyalty cards granting access to services such as cash-backs, discounts and specific delivery options (e.g., free van rental). As of June 30, 2016, we had 1.4 million customers signed up to our loyalty card system. The number of loyalty cards opened by our customers has increased each year since 2014, with 227,988 card openings in the year ended June 30, 2014, 254,324 card openings in the year ended June 30, 2015 and 267,476 in the year ended June 30, 2016. Revenue generated by card fees increased by €2.2 million from €6.3 million for the year ended June 30, 2014 to €8.4 million for the year ended June 30, 2016, representing a CAGR of 15.9% for the period. Other complementary financial services offerings encompass our warranty extension program enabling customers to opt for an extension of the free manufacturer warranty period. Between the years ended June 30, 2014 and 2016, the revenue generated in connection with our warranty extension program increased to €50.2 million from €32.4 million, representing a CAGR of 24.5% for the period.

Experienced Management Team Delivering Strong Results. Our senior management team has significant experience across a broad range of disciplines. Our Chief Executive Officer, Frank Maassen, joined the Company in 2013 from Sun European Partners LLP where he was an operating partner responsible for the operational management of European based portfolio companies such as furniture distributor SCS and furniture pure-player Sharps Bedrooms. In addition, Mr. Maassen has extensive operating experience in various consumer, industrial and durable goods industries, serving

as chief executive officer at the Hünnebeck Group, Thyssen Hünnebeck and Hünnebeck France. Mr. Maassen has built an experienced team around him through four additions to our senior management team, creating a compelling blend of operational expertise, retail experience and financial acumen.

Since 2013, the senior management team has transformed BUT from a decentralized franchise model into a more integrated group. While key functions, such as sourcing, logistics or finance, have been centralized, we also established two Asian offices for procurement and local sourcing. Additionally, our experienced senior management team has also developed our alternative store concept BUT Cosy (located in mid-sized towns) and successfully integrated four Maga and eight Sésame stores into the BUT network. We believe that the collective industry knowledge and leadership of our senior management team and their record of accomplishment in building businesses will enable them to continue to execute our strategy profitably. Following the Acquisition, members of our senior management team will be incentivized to contribute to the success of our business through investments in our holding companies.

In addition, through our new supervisory board following the completion of the Acquisition, we will have access to expertise in merchandising, marketing, e-commerce and logistics that we believe would help us further strengthen our product offering, price positioning, store portfolio and supply chain management.

Our Strategy

Continue to Focus on Operational Excellence. To drive our leading market position, we intend to optimize our in-store execution and merchandising, improve product availability and continue our cost management program as well as to continue to improve our product offering and sourcing platform.

Increase In-Store Sales. In the year ended June 30, 2016, more than 40 million people visited our stores. Through initiatives such as improving our Footfall Conversion Rates, increasing warranty sales and limiting salesmen discounts, we intend to continue to leverage our existing customer base to generate increased in-store sales.

Improve Product Availability and Inventory Management. Since product availability is an important driver of customers' purchase decisions and consequently sales volumes, we are focused on minimizing lead times. Due to internal organization, our availability rates have increased by approximately 10% since 2013 to 80% product availability in the year ended June 30, 2016. We aim to have 90-95% availability of our products upon purchase by continued use of our network of warehouses located behind or in the immediate vicinity of every BUT store and through the strengthening of our existing supply chain, distribution network and inventory forecasting capabilities. Similarly, the average delivery time to our stores has decreased from nine to five days in the last year, which we endeavor to further decrease in the future. As part of the implementation of this strategy, we closed our distribution center in China in May 2014 and replaced it with a new distribution center in Lyon, France. This has significantly reduced delivery lead times, thus improving product availability as well as reducing our working capital needs. To strengthen our existing logistics platform, we plan to continue to regionalize inventory for high-demand products, which we believe will reduce our freight costs due to shorter delivery distances. For example, we opened a new distribution center in June 2016, which will be located in the east of Paris and will deliver furniture and electrical goods to our stores in Northern France. Further, we intend to manage our inventory through a centralized "push strategy" to dispatch inventory to our stores based on headquarter estimates of anticipated customer demand rather than in reliance on the orders of individual stores.

Continue Cost Reduction and Improvement of Cash Management. We also have a team dedicated to cutting costs in areas of maintenance, repair and operations, which directly reports to our Chief Financial Officer. By enhancing our inventory management, changing our end customer down-payment rate and extending certain supplier payment terms to our Asian-based suppliers, we also reduced our net working capital as a percentage of revenue from 2.5% for the year ended June 30, 2014 to 0.8% for the year ended June 30, 2015 to (4.6)% (i.e., negative 4.6%) for the year ended June 30, 2016. Due to our continuous improvement in cash management, our working capital was structurally negative for the year ended June 30, 2016. We intend to further carry out our cost reduction program through a dedicated task force aimed at reducing overhead expenses.

Strengthen Product Offering and Sourcing Platform. In addition, through our continued efforts to strengthen our product offering and sourcing platform, we aim to source a wider range of products from a broader network of suppliers, to enable us to source products from the least expensive location for a given quantity and design as well as to benefit from increased bargaining power when negotiating with suppliers and better adapt to cost, whereby our purchasing arrangements with XXXLutz Group will help accelerate our operational and sourcing initiatives.

Improve Product Mix and Profitability. We intend to continue to increase our profitability through more effective pricing and a continued shift in our product mix. In the first quarter of our 2014 financial year, we adopted a new pricing approach that is focused on optimizing the pricing of our products based on the price sensitivity of our customers with respect to such products and the comparability of such products to similar products offered by our competitors. As a result, we are now able to calibrate our pricing to compete effectively with competitors on price-sensitive products while maximizing margins on less sensitive products. Our gross product margin rate increased by 2.2 percentage points from 39.0% in the year ended June 30, 2014, the year in which the new pricing approach was adopted, to 41.2% in the year ended June 30, 2016.

We initiated our product mix transition strategy in 2010 by moving away from grey goods, such as computers and printers, due to their low margin potential. In addition, we have been focusing on increasing the share of decorative products such as lighting, textiles and wall decorations, which provide similar benefits as those of brown goods in terms of encouraging Footfall in our stores, but which also generate significantly higher margins. Compared to our other product categories, decorative products have the highest commercial margins and present the highest cross-selling rates. As a result of this strategy, our Like-for-like Sales increased continuously between July 2014 and June 2016. We intend to continue this focus on our decorative product offering by optimizing product placement and mix in our stores, which we believe will help to enhance the customer experience, increase Footfall Conversion Rates and increase margins. In the decoration market, where home equipment retailers have gained market share from hypermarkets, we have experienced a market share growth of 0.4% since 2012 as well as Like-for-like Sales growth of 7.7% in the year ended June 30, 2016, which followed a 6.7% growth in the year ended June 30, 2015. In the next year, we currently expect the overall decorative market to grow further. For the years ended June 30, 2014, 2015 and 2016, our gross margins for furniture, white goods, brown goods and decorative goods ranged approximately between 35-40%, 20-25%, 10-15% and 35-45%, respectively. In addition, we plan to further increase the proportion of furniture in our product mix over the next several years, concentrating in particular on furniture items with higher margins such as sofas, bedding products and kitchens.

Continue Shift of Communication Strategy into More Efficient Channels. We believe that we offer a compelling customer value proposition by offering at competitive prices the entire suite of products needed to equip a home in a single location. We intend to continue to reinforce our customers' perception of our price competitiveness to drive increased traffic to our stores and website by improving customer communications through increased and targeted leaflet campaigns around seasonal sale periods and focused radio advertisements. Our marketing campaigns aim to showcase the breadth of our product offering and also emphasize the competitiveness of our product pricing. For example, we launched the "*100% remboursés*" campaign during August and September 2015, which offered customers promotions for their future purchases from September to November 2015. Similarly, we launched an anniversary campaign called "*Anniversaire Royal*" in September 2015, during which customers received vouchers to buy additional products. We also send targeted SMS and email communications to our customers, which we believe is a cost-effective means of advertising. With approximately 9.9 million in-store purchases (including franchises) made in the year ended June 30, 2016, and a database of approximately 1.3 million customer e-mail addresses, we believe our existing customer base presents an important opportunity for further customer communication initiatives, on which we intend to capitalize through the implementation of customer relationship management tools that allow us to send targeted email or SMS campaigns and plan local store events.

Implement Cross-Channel Strategy. Our online platform now has approximately 1.5 million unique visitors per month and approximately 60 million total visits annually. We intend to further advance the interconnectivity between our stores and online platform in order to deliver a

continuously improving seamless, multi-channel experience for our customers. For instance, we plan on capitalizing on the opportunities presented by our multi-channel platform by standardizing promotions, achieving visual consistency across stores and maintaining product availability across all channels. We believe our online platform will be a significant driving force of future sales growth in stores due to the growing "click and collect" trend among our retail customers. According to an industry survey, on-line sales in 2015 represented 25% of total sales in the brown goods market, 20% in the white goods market, 15% in the decoration market and 9% in the furniture market. We believe this represents a significant growth opportunity for us, as in the past, our online platform has represented a relatively smaller proportion of our total sales (approximately 2% in 2015) as compared to our rivals (approximately 3-4% for Ikea and 7% for Conforama in the same period, according to an industry survey). By extending the number of web-based offered products from 380 in the year ended June 30, 2014 to 630 in the year ended June 30, 2016 and simplifying our website, and through our new mobile site launched in May 2016, we are expecting to further grow our online presence as a retailer. The online sales under our banner have been growing steadily from €28.9 million in the year ended June 30, 2013 to €46.8 million in the year ended June 30, 2016. Furthermore, we have created over 7,000 pickup points, where customers can pick up their online orders. We are therefore focused on providing an improved online offering through comprehensive online product descriptions, shortening the time between orders and in-store pick-ups or home deliveries and creating dedicated "click and collect" areas in each BUT store.

Selectively Expand Store Footprint. In the year ended June 30, 2016, our store network further expanded with four new directly-operated stores and one new franchise store, and we have identified a number of priority sites for potential future openings as we continue to implement our strategy to expand and optimize our store footprint. In late 2014, we acquired six stores in the Paris region that were previously operated under the FLY and ATLAS brands by Société d'Exploitation RAPP SER (which is part of the RAPP group). After a period of refurbishment, two of these stores were opened in March 2015, one was opened in May 2015, one was opened in June 2015 and the remaining two stores were opened in July 2015. In May 2015, we also opened a store in Gennevilliers, near Paris, which at 7,000 square meters is one of our largest stores. We also opened one new store in Douai (Northern France) in September 2015 and another new store in Besançon (Eastern France) in October 2015. We expect that these new store openings will significantly strengthen our position in the important Paris market. We also continue to focus on expanding the number of our BUT Cosy concept stores, which are located in mid-sized towns and are significantly smaller in size than our traditional stores (approximately 1,500 square meters compared to 3,300 square meters for BUT Classic stores).

We have been exercising rights to purchase our franchises as directly-operated stores are generally more profitable and we have greater control over them. In furtherance of this strategy, on September 1, 2016, we acquired the Yvrai Group, a franchise network of 18 stores. We plan to continue to pursue a strategy of opportunistically acquiring franchises to increase our number of directly-operated stores.

To strengthen the performance of our expanded network, we overhauled our oversight and store management structures in 2015 with the objective of providing more support to store managers and creating greater visibility with respect to store performance. We divided our store network between two dedicated national directors who each manage regional directors in their region, thus allowing us to manage our stores more closely and efficiently. In addition, we have a dedicated team of merchandising experts and product controllers to implement and enforce our stringent execution guidelines for each of our stores, which cover metrics such as Footfall Conversion Rates, customer discounts, cross selling results and sale of accessories.

In addition, we also may look at opportunistic acquisitions of different banners both in France and outside of France. We may consider medium-size as well as larger transactions, with the aim of realizing synergies with our existing business and creating value. In our core geographic market, we may seek to consolidate our positions through "bolt-on" acquisitions.

Our History

Our business was founded in 1972 by the Venturini family and focused primarily on furniture products until electrical products were introduced in 1978. In 1987, Carrefour, the French retail

conglomerate, acquired a 47% ownership in the business and took us public in 1990. We were then acquired by Kingfisher, a European home improvement retail company, in 1998 and subsequently acquired by Kesa Electricals plc, an electronics retailer based in the United Kingdom, in 2003.

In 2008, Kesa Electricals plc sold us to investment funds associated with or advised by Colony Capital, Goldman Sachs European Special Situations Group and OpCapita.

Since 2013, five new members have joined our executive team including our current Chief Executive Officer, Frank Maassen, who joined from Sun European Partners LLP where he was an operating partner responsible for the operational management of European-based portfolio companies such as furniture distributor SCS and furniture pure-player Sharps Bedroom. See "*—Our Competitive Strengths—Experienced Management Team Delivering Strong Results*". In recent years, we have focused on strengthening our management structure.

We are now in the process of being acquired by certain investment funds managed by Clayton, Dubilier & Rice, LLC and WM Holding GmbH, and, on or after the Completion Date, senior members of our management team. We expect this acquisition to be completed on the Completion Date. See "*The Transactions*".

Our Products

Product Range

For the year ended June 30, 2016, furniture accounted for 59.5% of our sales, electrical goods for 32.6% and decoration, which we launched in 2007, for 7.9%. Over the same period, we generated furniture revenue of €728.1 million, white goods sales of €302.1 million, brown goods sales of €97.1 million and decoration sales of €96.4 million. Within these major product categories, we offer our customers over 10,800 SKUs covering a wide range of price points. Our principal product categories include:

Furniture: Kitchen, living room, dining room and bedroom sets, sofas, chairs, tables, wardrobes, mattresses, beds, dressers, bookcases and children's furniture.

White Goods: Appliances such as ovens, washing machines, refrigerators and small appliances such as blenders, mixers, roasters, barbecue grills and vacuum cleaners.

Brown Goods: TVs and other audio and visual equipment and telephones.

Decoration: Home decoration products such as lamps, mirrors, carpets and textiles.

The following table shows the historic breakdown of our revenue by product category as between furniture, decoration, white goods and brown goods:

	For the year ended June 30,		
	2014	2015	2016
	(percentages)		
Furniture	62.5%	61.8%	59.5%
White goods	23.5%	23.7%	24.7%
Brown goods	6.5%	6.6%	7.9%
Decoration	7.5%	7.8%	7.9%

For the years ended June 30, 2014, 2015 and 2016, our gross margins for furniture, white goods, brown goods and decorative goods ranged approximately between 35-40%, 20-25%, 10-15% and 35-45%, respectively.

Product Design and Exclusivity

We continually review, update and refresh or replace our product offering to reflect new trends and designs. This encourages customers to shorten product replacement cycles and drives Footfall. Unlike many of our competitors, who purchase products directly from supplier catalogues and

therefore offer items that can be found in the stores of several retailers, a significant portion of our products are unique and are designed exclusively for BUT. This enables us to provide customers with unique product choices that they cannot find elsewhere and consequently helps support our pricing. A portion of our products are designed internally by our team of designers at our headquarters in Emerainville and the remainder are designed by suppliers based on our specifications.

We have two ranges of private label electrical products, "Aya" for entry price ranges and "Signature" for higher price ranges, both of which are exclusive to BUT.

Pricing

We have a team dedicated to establishing a pricing strategy for all of our products. This team receives data regarding competitors' products and pricing from our research teams throughout France, as well as from internet-based software.

We make pricing decisions based on consumer appeal and marketability, as demonstrated by (i) the sales performance of similar products in previous promotional campaigns; (ii) the price points at which competitors sell similar products; (iii) the overall mix of price points across our overall product portfolio; and (iv) any special promotions that we have to drive Footfall. We also take into account factors such as the average income of our customers, with approximately 62% of our customers having an average income of less than €40,000 per annum, or the average basket size per customer, which amounted to approximately €203 (including VAT) in the year ended June 30, 2016. We price products across a range of price points to maximize the number of customers to which they appeal and in the past three years, we have introduced and focused on entry-point pricing to enable us to compete more effectively with competitors. In addition, we analyze our distribution along all price quartiles to cover a broad customer base. We thereby focus on the first and second price quartile (representing the two less expensive price quartiles) where we offer 83% of furniture SKUs and 66% of white good SKUs.

Each year, we conduct two national promotions, the timing and discount levels associated with which are government-mandated and regulated across all of our stores. The promotions each last six weeks and take place in January and July. Apart from these sales periods, we have approximately one promotion event every other week, totaling approximately 30 promotional events per year. See "*—Our Operations—Marketing and Advertising*".

Consumer Financing

As part of our overall marketing strategy and commitment to customer service, we offer customers the opportunity to purchase any of our products (subject to customer credit reference) by paying for them in installments through consumer financing options. Approximately 26% of our customers elected to utilize these consumer financing offerings options during the year ended June 30, 2016. We believe that our consumer financing options are an important factor in driving sales for large-ticket items, as consumer financing breaks the cost to the consumer into more manageable monthly payments.

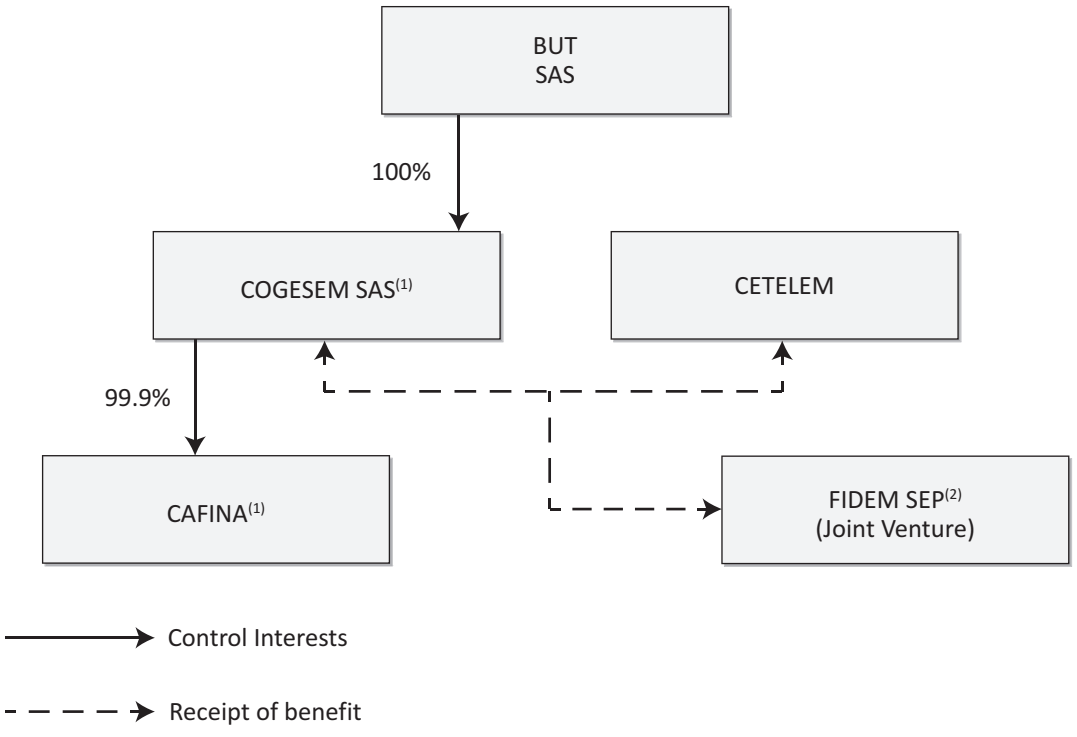
Our consumer financing is provided on the basis of an arrangement with BNP Paribas Personal Finance through Fidem SEP, which has been in operation since 1995. BNP Paribas Personal Finance is one of the largest consumer credit providers in France. BNP Paribas Personal Finance manages our credit operations on a day-to-day basis (including the establishment of loss reserves and credit scoring), directly undertakes the credit approval process and manages collection of overdue payments. Since the merger of Fidem S.A. within BNP Paribas Personal Finance, the financial products which were previously offered under the Fidem trademark are being offered under the Cetelem trademark. We do not bear a direct risk of consumer default, but our allocation of earnings received from the arrangement may be lower to the extent that customer defaults exceed reserve provisions. See "*Risk Factors—Risks Relating to Our Business and Industry—A reduced supply of consumer finance or higher rates of customer defaults could have a significant impact on our future performance*".

The entities involved in the consumer finance arrangement include:

- Fidem SEP: this entity provides the partners (Cogesem SAS and BNP Paribas Personal Finance) with the ability to directly participate in the financial results of the consumer financing operation. Fidem SEP is a pass-through entity.
- BNP Paribas Personal Finance/Cetelem: BNP Paribas Personal Finance extends credit in association with our consumer financing offerings, implements terms of individual credit contracts, issues BUT/Visa and BUT/Aurore co-branded credit cards, finances the credit portfolio and manages relations with existing customers (except for matters relating to our loyalty program as French consumer protection laws which require retailers offering a loyalty program including a renewable credit to offer customers another loyalty program distinct from any credit offering). It also manages our credit operations on a day-to-day basis. Cetelem is a member of BNP Paribas' Personal Finance division and manages Fidem SEP's credit operations on a day-to-day basis (including loss reserves and credit scoring), directly undertakes the credit approval process and manages collection of outstanding payments. Cetelem owns 67% of Fidem SEP (26% directly and 41% indirectly through its wholly-owned subsidiary Fidem S.A.).
- Cogesem SAS: a 100% owned subsidiary of BUT which manages the client database, conducts point of sale advertising within the retail network and sends promotional mailings to customers. Cogesem SAS's share of Fidem SEP's profit (and losses) remains constant at 33%.

Insurance granted in connection with the loans provided as part of our consumer financing offering is held by Cardif Assurance Vie and Cardif Assurance Risque Divers, two subsidiaries of BNP Paribas which have entered into agreements with Cafina (our insurance subsidiary) in connection with the credit risk associated with BUT credit cards. Pursuant to the agreement, Cafina receives a portion of the premiums paid by customers for insurance against the credit risk. Cardif Assurance Vie and Cardif Assurance Risque Divers are also involved in some profit sharing and commission schemes with Fidem SEP.

The chart below sets forth the structure of the entities involved in our consumer finance arrangement:



(1) Fully consolidated within our financial statements.

(2) FIDEM SEP is a pass-through entity. Cogesem SAS and BNP Paribas Personal Finance do not own any control interest in FIDEM but rather are entitled to a certain percentage of the economic result of such company. Cogesem SAS is entitled to 33% of the profits of the company.

Our consumer financing offerings include the following services:

- Credit linked to the purchase of goods in a BUT store to be repaid in installments;
- Credit linked to the subscription of a BUT credit card which allows for debit orders and provides 2% rebates to use for future purchases at our stores;
- Promotional credit (e.g., "interest-free loans") linked to specific in-store offers;
- Home improvement loans; and
- Personal loans for automobile purchases and other projects.

Direct marketing is conducted through telemarketing targeted at a database of customers who have previously purchased a credit product in-store.

The book value of loans issued to customers through our consumer financing arrangement was €695.5 million, €691.8 million and €726.1 million as of June 30, 2014, June 30, 2015 and June 30, 2016, respectively.

Our credit penetration rate, which represents the percentage of total customers who elect to utilize one of our consumer finance offerings was 25%, 25% and 26% in the years ended June 30, 2014, 2015 and 2016, respectively.

The contribution of our consumer financing activities (excluding Cafina) to operating profit decreased from €15.9 million in the fiscal year ended June 30, 2014 to €13.6 million in the fiscal year ended June 30, 2015. During the year ended June 30, 2016, the contribution of our consumer financing activities (excluding Cafina) to operating profit has amounted to €14.1 million. Future consumer credit regulations could have negative impacts on our financial services offering. See "*Risk Factors—Risks Relating to Our Business and Industry—Material adverse trends in the factors affecting our offering of finance options to our customers, including further tightening of credit standards and recent and future regulatory changes, could have a significant negative impact on our future financial performance*".

Our reinsurance activities, through Cafina, contributed €5.9 million, €6.1 million, and €5.0 million to operating profit for the years ended June 30, 2014, 2015 and 2016, respectively.

Warranties

We provide free two-year national warranties for our furniture and one-year warranties for our appliances, which we believe conveys our commitment to stand behind our products. We also offer extended warranties and other types of insurance to our customers through Cafina (our insurance subsidiary based in Malta) for products sold through our operated networks. Our extended warranties generally include three years of additional coverage for the majority of our products. For example, extended warranties for flat screen TVs priced less than €2,000 (including tax) include one year of additional coverage.

Our extended warranties are sold directly in our stores through our sales personnel. We take provisions on our financial statements based on a proportion of warranties sold, which is in line with historical payouts required to be made to customers in connection with our warranties. In the year ended June 30, 2016, we generated €50.2 million of revenue through the sale of our warranties, for which we have a provision, covering three years of warranties, amounting to €30.2 million as of June 30, 2016.

Our Operations

BUT Stores

We have a portfolio of 303 stores (including franchisees), which makes us the largest home equipment store network in France based on number of stores. Of these, 186 stores are

directly-operated by our subsidiaries. The remaining 117 are operated by independent franchisees (of which seven are located in French Overseas Territories). In the year ended June 30, 2016, we generated 81.2% of our revenue from our directly-operated stores and 12.3% of our revenue from stores operated by independent franchisees.

The following table shows the historic split of our store portfolio between directly-operated stores and franchise stores:

	As of June 30,		
	2014	2015	2016
Directly-operated stores	178	185	186
Franchised stores[1][2]	105	115	117
Total stores[2]	**283**	**300**	**303**

(1) Includes 18 stores that we acquired on September 1, 2016 through the Yvrai Acquisition. See "*Summary—Recent Developments—Acquisition of the Yvrai Group*".

(2) Total includes franchisees in French Overseas Territories.

The following graph shows the geographic distribution of our store portfolio across France:

(1) Including franchises

Our stores are typically single-floor and average approximately 2,700 square meters in size. Excluding any office and amenity space, our stores comprise approximately 83% of furniture and decoration retailing space and approximately 17% of electrical goods retailing space. Further, each of our directly-operated stores has on average approximately 2,441 square meters of additional warehousing space. Furniture is generally presented first, occupying the center of our floor space and organized by room type. Electronic goods are presented on the sides of the store while decoration and other small items are presented close to the cash registers. We are regularly deploying new merchandising concepts in our stores in order to enhance customer experience.

Our stores are principally located in or near middle-sized cities with a significant number of our stores located in key commercial areas. Through access to databases such as INSEE, which provide us with extensive customer demographic and market data by region, we are able to identify new store locations that enable us to maximize the number of potential customers reached and minimize overlap with our existing store network. We opened four new directly-operated stores and one new franchise store in the year ended June 30, 2016, and have identified a number of sites for potential future openings.

As at June 30, 2016, we had 303 stores (including franchisees), comprised of 218 BUT Classic stores and 85 BUT Cosy stores. Of the 303 stores, 296 are located in France, while seven stores are located in French Overseas Territories.

BUT Cosy stores are located in mid-sized towns and are smaller in size than our traditional stores at an average size of approximately 1,500 square meters as compared to an average size of our BUT Classic stores of approximately 3,300 square meters.

Our seven stores in French Overseas Territories are franchises, operated by a franchisee that belongs to the CAFOM group. These stores are located in Réunion, French Guiana, Guadeloupe and Martinique.

Franchise Arrangements

We currently have 117 stores under franchise agreements and 33 franchise partners with whom these agreements are made. Our standard franchise agreement allows franchisees to carry and use the BUT brand in exchange for monthly royalties. We provide supporting business systems and organizational services aimed at providing franchisees and store managers with substantial levels of support while leaving them with flexibility to respond to local market conditions. In addition, we are responsible for funding and implementing national marketing campaigns and organizing in-store marketing for all of our stores including the franchise stores. However, we do not incur capital expenditure costs in relation to the franchise stores, which costs are committed and paid directly by franchisees. Under the terms of the standard franchise contract, we have a right of first refusal to acquire franchisees (*pacte de préférence*) and the franchise contract may, in certain circumstances, be terminated if the store manager or owner changes. Because we do not incur capital expenditure costs and, therefore, have minimal risks, franchise stores allow us to have a larger presence throughout France. In particular, our franchise network allows us to improve proximity to our customers in smaller towns and cities.

Under our franchise agreements, we typically receive monthly royalties and advertising contributions from franchisees. In addition, we sell BUT-branded products to franchisees. The standard length of our franchise agreement for the traditional store format is initially three years, after which point it is automatically renewable on a three-year basis. Historically, we believe we have had good relationships with franchisees, with the majority of our franchisees opting for renewal upon the expiry of their agreement. For example, the contract for our largest franchisee, Sesame, has been renewed until 2021. Generally, our franchisees operate within the terms of our standard franchise agreement.

For BUT Cosy stores, the standard length of our franchise agreement is initially seven years and is automatically renewable for a further seven years. For the newly acquired franchise stores from Sésame, as described below, we initially used a tailored franchise agreement with a term of one year, and intend to move to the standard BUT Cosy agreement upon renewal.

Furthermore, by acquiring franchise stores, we are typically able to improve profitability of the stores by increasing the amount of financial services and warranties sold to customers and the amount of products sourced directly from our distribution platform.

On September 1, 2016, BUT International SAS completed the Yvrai Acquisition for consideration of €47.8 million (subject to post-closing adjustments for net debt movements).

We operate a number of stores that were previously operated under the Maga and Sésame banners. In total, four Maga stores are now directly-operated stores and another 13 Maga stores have been integrated as franchise stores. In addition, eight Sésame stores are now directly-operated stores and 44 Sésame stores have been integrated as franchise stores. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors that Affect Our Results of Operations—Expansion of Store Network*".

Online Platform

We launched our online platform in January 2010 and now have approximately 1.5 million unique visitors per month and approximately 60 million total visits annually. Our online platform contains comprehensive details of our product portfolio. We have a "click and collect" feature which allows customers to order products online and pick them up at our stores for no additional cost. Customers also have the option to request home delivery for a fee.

We are developing a digital and cross channel marketing strategy with the aim of increasing the attractiveness of our online offering and its integration with our stores. We view our website as an important driver of traffic to our stores. According to internal surveys approximately 80% of our visitors research and prepare their purchase online prior to visiting physical stores. We are therefore in the process of improving the quality of our online product catalog and are also optimizing our digital presence in online searches for local stores in relevant product categories. In addition, we are implementing cross channel customer management tools.

We regard our website as a complementary sales channel to our physical store network and a significant driving force of future sales growth, especially for electrical goods. Consequently, we intend to continue to develop our online business to maximize our exposure to the growing consumer population that uses the Internet for the research or purchase of furniture or electrical goods. The online sales under our banner have been growing steadily from €28.9 million in the year ended June 30, 2013 to €46.8 million in the year ended June 30, 2016.

Marketing and Advertising

BUT has a strong brand awareness among French consumers, which we believe has been built over time by consistent advertising campaigns and a reputation for quality, choice and value. Based on a recent industry survey, we have the country's highest assisted brand awareness among furniture retailers in France amounting to 99% as of November 2015, which is the highest assisted brand awareness along with our main competitors Ikea and Conforama. Our significant brand recognition has allowed us to expand our store network without incurring significant incremental marketing costs for each new store.

We advertise both nationally and regionally, targeting middle-aged, middle-income and value-oriented customers. Approximately 56% of our customers are below the age of 50 and approximately 62% of our customers have an average income of less than €40,000 per annum. National advertising includes TV advertisements, billboards, radio and press exposure. We distribute approximately 517 million leaflets each year, about two-thirds of which are mailed directly to households in France, with the remainder being distributed in our stores. In addition, we also advertise at a local level with leaflets promoting store sales. For example, we launched the "*100*% *remboursés*" campaign during August and September 2015, which offered customers promotions for their future purchases from September to November 2015. Similarly, we launched an anniversary campaign called "*Anniversaire Royal*" in September 2015, during which customers received vouchers to buy additional products. We organized 31 leaflet campaigns in the year ended June 30, 2016 as compared to 26 campaigns in the year ended June 30, 2015, representing a 19.2% increase. We also send targeted SMS and email communications to our customers, which we believe is a cost-effective means of advertising.

We primarily use independent media buying agencies to help us run our marketing campaign. One media buying agency coordinates our web-based campaigns while another coordinates our radio and press campaigns. We also engage other advertising agencies to contribute creative content. We take an active role in negotiating with press and radio suppliers and independently conduct negotiations with local press.

In addition, our online platform is becoming increasingly important for the promotion of our products and to provide relevant information to customers.

Each year, we conduct two national promotions, the timing and discount levels associated with which are government-mandated and regulated across all of our stores. The promotions each last six weeks and take place in January and July. Apart from these sales periods, we have approximately one promotion event every other week, totaling 31 promotional events per year.

Our advertising and marketing department closely liaises with our products team to determine which particular product ranges to promote. During periods of reduced competitor activity, we generally change our product mix towards higher margin ranges. During a promotional campaign, product and store performance are monitored on a continuous basis. If a promoted product is observed to be under-performing, we adjust our advertising strategy accordingly.

Customer Service

We offer a number of services to our customers in an effort to ensure their satisfaction with our products and our value proposition. We offer a satisfaction guarantee that enables customers to return their products within seven days if they are not satisfied. In addition, we provide a free two-year warranty for furniture and a free one-year warranty for appliances, which we believe conveys our commitment to standing behind our products. We also offer a temporary replacement program for appliances while they are being repaired, which is subject to the availability of products designated for loan in our stock. Similarly, we have loyalty programs in place, providing our customers with access to cash back, discounts and specific loyalty services such as, for example, our BUT/Visa and BUT/Aurore co-branded credit cards. In the year ended June 30, 2016, such loyalty cards and associated credit offerings generated €15.7 million in revenue. Our after-sales servicing of products is outsourced to La Compagnie du SAV.

Sourcing

We have no manufacturing operations and secure our merchandise purchase requirements from a network of French, other European and Asian suppliers with limited reliance on any single supplier. Our sourcing activities are primarily organized around one office in Europe and two offices in Asia. In the year ended June 30, 2016, purchases of our top ten suppliers of products represented approximately 27.7% of goods purchased (in terms of sourcing costs). In this period, our largest supplier accounted for approximately 4.5% of goods purchased (in terms of sourcing costs). Our supplier contracts are entered into for a mandatory term of one year and are renegotiated at the end of each term. Several of our supplier contracts also contain clauses that allow us to receive rebates for purchasing certain volumes of products. We also receive royalties from our suppliers in exchange for various services such as providing our franchisees with a catalog of products from which to source their inventories and conducting promotional activities. We believe that the diverse nature of our supply base provides us with the opportunity to optimize our supply chain across a variety of geographic locations, in particular in response to changing market conditions.

We own an international sourcing platform, SourceCo France, which has enabled us to reduce the cost of procuring products by sourcing certain products from lower-cost countries. The share of our products sold which were sourced through this platform accounts for 17.4% as of June 30, 2016. As of June 30, 2016, we had 100 employees in China, Indonesia, Malaysia and Taiwan who manage the sourcing of products, from origination to quality control. We believe that global sourcing enables us to provide customers with a greater variety of products available at lower prices and to maintain attractive margins.

In the year ended June 30, 2016, calculated at store transfer price (taking into account margins and transportation costs of PFL, our logistic platform), a total of approximately 61% of our purchases

were made in France with the remainder being sourced from other countries in Europe (approximately 19.3%) and Asia (approximately 19.7%). Branded products and unbranded products represented approximately 41% and 59%, respectively.

The raw materials used by our suppliers for manufacture of the products we purchase comprise mainly wood, cotton, iron and leather. As a result of increases in raw material prices and wages, certain suppliers have historically increased prices, however this has not had a material impact on our margins, as historically we typically have been able to recapture increases through our selling prices.

Purchasing Consortium

We are party to a three-year exclusive commercial partnership with a central listing and buying company which had an initial three-year term through 2014 and is automatically renewable for one-year periods, as well as a framework supply agreement with a supplier belonging to the buying company's network. The partnership enables us to provide our stores with electrical goods (white and brown) at preferential terms in consideration for the payment to the buying company of a yearly lump sum and variable fee. In the event of a change of control of one of the parties or the assignment of the partnership, each party is entitled to terminate the partnership. On this basis, after the Acquisition, the Company intends to withdraw from the partnership with effect from December 31, 2016.

Distribution Centers

Our stores are supplied via two main channels: delivery by our own logistics platform PFL and direct delivery from suppliers. PFL provides central purchasing and logistics coordination. As of June 30, 2016, 57.3% of supplies for our directly-operated and franchise stores was coordinated centrally, with the remainder sourced directly from suppliers by the stores themselves. We have five leased distribution centers in France located near Orleans (two in Mer), Lyon (Mions and Pusignan) and Paris (Châtres), primarily to centralize the supply of imported furniture (although Orleans also distributes accessories and electrical products). Each warehouse is currently dedicated to specific product categories and organized in pairs with one warehouse out of two managing the national flows of delivery to our stores. Due to this organization, availability rates have increased by approximately 10% since 2013 and average delivery time to our stores has decreased from nine to five days in the last year. The lease terms of our distribution centers in France are generally for a nine-year term with the earliest lease expiring in 2021. In Orleans, we lease 80,000 square meters for electrical goods, sofas and chairs and 20,000 square meters for decoration. In Lyon, we have enlarged our facilities from 60,000 square meters to 90,000 square meters for furniture and generic electrical goods by closing our 30,000 square meter facility in Chaponnay (close to Lyon) at the end of June 2015 and transferring the inventory from the Chaponnay facility to the new Pusignan facility. While we closed our 49,000 square meter facility in China at the end of May 2014, we opened a new distribution center in June 2016, which is located in the East of Paris and will deliver furniture and electrical goods to our stores in Northern France. In connection with this new distribution center we have entered into a lease agreement for a facility of 28,400 square meters in Châtres and effective as of June 1, 2016.

Product Delivery

Products not in stock are sent from our distribution centers to local stores, where they are subsequently collected or delivered directly to the customer. Deliveries from our distribution centers to local stores are carried out by a third party in an effort to optimize costs and minimize the impact of seasonality.

Deliveries from our stores to customers are carried out by a third party when customers request delivery. If customers decide to take their purchase home with them, and if the product is in stock, then the product is collected from the on-site warehouse. We maintain inventory at our stores to deal with fluctuations in demand. On average it takes from one to two weeks for furniture to be delivered from our distribution centers to our stores. Depending on the size of the store, we typically ship products between one to four times per week to each individual store from our distribution centers.

Customers can also request delivery directly from our distribution centers and view the full stock of each store through our online platform.

Intellectual Property

We rely on trademark and copyright laws, confidentiality procedures and contractual provisions to protect our intellectual property rights. We regard our intellectual property as a valuable asset in the marketing of our products and actively take steps to protect our intellectual property rights when and where we deem appropriate.

We have registered the "BUT" logo as well as the names of certain key products with the appropriate authorities in various jurisdictions. We have also registered the "BUT" logo with the World Intellectual Property Organization (***WIPO***). Additionally, we have registered slogans such as "*On s'y retrouve tous*" ("You'll find it all") and "*Choisissez bien, choisissez BUT*" ("Choose well, choose BUT"). We believe that such filings, which exceed 100 in total, enhance our competitive advantage by contributing to the brand's recognition and value. We have also registered variations of the "BUT" domain name.

Information Technology

Our business depends on the ability of our employees to process transactions on secure information systems and our capacity to store, retrieve, process and manage information. Our information technology (***IT***) systems, other than those relating to our insurance and financial services activities, are managed in-house and rely both on internal systems and external market software. We own the hardware and software used in all our stores (both directly-operated and franchised). Our primary enterprise software is NOSICA, which has been developed internally and which integrates our operations by linking each store to our IT network. Our stores use OPEN BRAVO cash software and ATOS Worldwide monetics software to run the stores' cash registers and upfront systems. Our distribution centers use MANHATTAN WMS as well as VEKIA software to manage inventory, which provides real-time information to stores to determine whether products are in stock. Accounting is managed through UNIT 4 CODA market software. We have two data centers dedicated to the storage of our most sensitive applications including NOSICA. In order to back up our data we use Amazon Datacenter. See "*Risk Factors—Risks Relating to Our Business and Industry—A disruption in our information technology systems and/or website could adversely affect our operations*".

Property

Our head office is located in Emerainville, France (near Paris). During the year ended June 30, 2013, we carried out a sale and leaseback of our head office for €13.5 million, to be paid over 15 years. We have five distribution centers in France, See "*—Our Operations—Distribution Centers*".

As of June 30, 2016, out of our 186 directly-operated stores in France we leased 182 stores and owned six properties, of which one is sublet to the retailer Decathlon and one to Quick restaurant. We have recently sold our owned property located in Quimper and own six properties as of the date of this Offering Circular. Out of the five stores we owned in France as of June 30, 2016, four were operated by BUT. In July 2015, we sold a portfolio of five stores to Financière Teychené in the context of a sale and leaseback transaction (through financial leases granted by Bpifrance Financement and Arkea Credit Bail or Batiroc Bretagne—Pays de Loire to Financière Teychené) for an aggregate amount of €19.6 million. A total of €4.8 million was recognized in June 2015 with the remainder being recognized in July 2015. The leases are treated as operating leases under IFRS and will increase our rent in future periods. In December 2015 and June 2016, we sold two stores in separate transactions for €0.9 million and €0.4 million, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors that Affect Our Results of Operations—Sale and Leaseback Transactions*".

About 70% of the lease agreements we have entered into are commercial leases with a nine-year duration providing for an option to terminate the lease at the expiry of every three-year period subject to a six-month prior notice to terminate. The remainder of our lease agreements are 12-year leases. The average age of our leases until the next renewal is 3.2 years. Rental agreements accounting for nearly 50% of our rental costs are not due to renew until after 2022, and about 58% of the leases provide that the rent shall be paid in advance on a quarterly basis and is yearly indexed in accordance with the ILC (*Indice des loyers commerciaux*). Pursuant to such lease agreements, the lessor is often

responsible for major works (Article 606 of the French Civil Code). Certain lease agreements provide for a permission to sublet and assign the lease. Pursuant to certain lease agreements, we as a lessee benefit from a priority right in the case of a transfer of the leased property or of the shares of the lessor. With a total of 289 leases, we do not have a meaningful lessor concentration with the largest lessor accounting for only 16 leases, representing 5.6% of all leases.

Employees

As of June 30, 2016, we had over 5,000 full-time employees.

We believe that we have good working relationships with our employees and their representatives and have not experienced any significant labor disputes or work stoppages. The most recent work stoppage took place in March 2011 during salary negotiations, which resulted in work breaks of a few hours for certain employees, but no stores closed as a result.

As part of our focus on customer service, we incentivize our sales personnel using a performance-based incentive scheme under which sales staff earn incentives based on sales of furniture, electrical goods and services (mainly extended warranties and consumer credit offerings). Although incentive schemes currently vary from store to store, we are in the process of standardizing our incentive scheme. Incentives earned are paid at the end of each month on top of a base salary. Our store and area sales managers are primarily remunerated on the basis of performance-related bonuses, plus a base salary element.

We believe our corporate culture is the key to our success, and we strive to include every employee in our ongoing development. To this end, we have created a project called "FORCE 6000", which focuses on collaboration, individual engagement and excellence, teamwork, the removal of functional barriers and entrepreneurial values on every level within our organization. FORCE 6000 is aimed towards delegating decision making while maintaining control and ambition. We believe the project has been widely embraced in the company and it is being rolled out to the entire employee base.

Environmental Matters

We are subject to several national and local environmental laws and regulations. We believe that we are currently in substantial compliance with all applicable environmental and safety regulations. These environmental, health and safety laws and regulations are constantly changing, however, as are the priorities of those who enforce them. We cannot assure you that environmental conditions relating to any of our prior, existing or future properties, assets or products will not have a material adverse effect on our business, financial condition or results of operations. Please see "*Risk Factors—Risks Relating to Our Business and Industry—Compliance with and liability under environmental, real estate, health and safety laws and regulations could impose substantial costs upon us and could subject us to fines and penalties*".

We are a founding member of the non-profit organization Éco-mobilier, which was founded in order to satisfy certain legal obligations relating to financing for recycling furniture. BUT International SAS satisfies these legal obligations by means of a contribution that is collected for each item of furniture sold at our stores which is then passed on to Éco-mobilier.

Insurance

We maintain insurance to cover risks associated with the ordinary operation of our business, including general liability, property coverage, product liability, directors' and officers' liability, fraud, terrorism and workers' compensation insurance. We insure our headquarters, warehouses, manufacturing facilities, delivery fleet and stores against such hazards as fire, explosion, theft, flood, mischief and accidents. All of our policies are underwritten with insurance providers we believe to be reputable, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We believe that our insurance coverage is sufficient for the risks associated with our operations.

Competitors

In the furniture market, we compete mainly against international furniture retailers such as Ikea as well as French national furniture retailers such as Conforama and other locally-owned regional or independent retail specialty stores that sell furniture. Competition is generally based on product quality and choice, brand name recognition, price (including with respect to consumer finance) and service, as well as the number and location of stores. For more information, see "*Industry*".

In the electrical goods market, we compete against a diverse set of retailers, including French national merchants such as Fnac/Darty, Conforama and Boulanger, as well as locally-owned regional or independent retail specialty stores that sell home appliances and consumer electronics that are similar, and often identical, to the items we sell. We also face competition from retailers that market products through catalogues and the Internet such as Amazon and Cdiscount.

Regulatory Matters

Data Protection

Our customer database is subject to numerous laws, including laws in relation to data protection. It is uncertain what impact, if any, further changes to data protection regulations could have on our operations, and we cannot assure you that future changes in the requirements or enforcement and interpretation of these regulations will not have a material adverse effect on our business, financial condition or results of operations. See "*Risk Factors—Risks Relating to Our Business and Industry—Failure to protect the integrity, security and use of our customers' information and media could expose us to litigation and materially damage our standing with our customers*".

Financial Services

In addition to our main commercial activities, we offer certain limited financial services to our retail customers as an intermediary and in cooperation with leading financial institutions which subjects us to various degrees of banking and financial regulation in France. We have obtained all necessary licenses and have made all necessary registrations in connection with such financial services offerings and conduct the related insurance operations in substantial compliance with applicable regulations.

The EU Consumer Credit Directive 2008/48/EC was adopted in April 2008, and has been implemented in France through certain regulations that introduce changes to the French consumer credit regulatory framework (the ***Consumer Credit Regulations***).

A Consumer Credit Regulation called the Lagarde Law came into full effect on May 1, 2011 and applies to any consumer credit agreement entered into after this date but also to certain agreements entered into before that date provided that the conditions laid down in a French decree dated April 26, 2011 are met. Our consumer financing operations and our marketing and communication department both comply with the Lagarde Law.

In addition, a new law, *Loi Hamon*, was introduced on March 17, 2014 and requires retailers offering a loyalty program including a renewable credit to offer customers another loyalty program distinct from any credit offering (as of July 1st, 2016, this requirement will be applicable to any retailer offering a loyalty program including any kind of credit even if the credit is not renewable). Because we previously only combined our loyalty card program with our consumer credit card, customers who had been incentivized to apply for our credit cards as a result of the loyalty card program might no longer apply for such cards as a result of the *Loi Hamon*. We launched a new loyalty card on December 18, 2014. See "*Risk Factors—Risks Relating to Our Business and Industry—Material adverse trends in the factors affecting our offering of finance options to our customers, including further tightening of credit standards and recent and future regulatory changes, could have a significant negative impact on our future financial performance*" and "*Enforcement of Civil Liabilities*".

Credit agreements fall within the scope of the Consumer Credit Regulation if the following criteria are met: (i) the creditor is a person who grants certain type of credits in the course of his business or professional activities; (ii) the debtor or consumer is a natural person who is in relation with a creditor and who is acting for purposes which are not related to his business or professional activities within

the context of a credit transaction; (iii) the credit is in the form of a deferred payment, a loan, or other similar financial accommodation, except for agreements for the provision on a continuing or successive basis of services or for the supply of goods of the same kind, where the consumer pays for such services or goods for the duration of their provision by means of installments; and (iv) the agreement does not come within a statutory exemption (for instance, credit agreements involving a total amount of credit less than €200 or exceeding €75,000; credit agreements granted free of interest and without any other charges except for insignificant charges and under the terms of which the credit has to be repaid within three months; or credit agreements relating to real estate projects).

A credit agreement that is regulated under the Consumer Credit Regulation must include certain minimum information set forth in the Consumer Credit Regulation.

Prior to the conclusion of a credit agreement with a consumer (or an intermediary), a creditor has to provide the information needed to compare different offers. Such information now has to be provided in the form annexed to Article R. 312-5 of the French Consumer Code. In particular, the following information has to be indicated: the type of credit, the identity and contact details of the creditor (and the identity of the intermediary, if applicable), the total amount of credit and the conditions governing the drawdown, the duration of the credit agreement, the amount, number and frequency of payments to be made by the consumer, the total amount to be paid by the consumer, the borrowing rate and the conditions governing the application of the borrowing rate, the 14-day consumer's right of withdrawal and the conditions of early repayment. The creditor shall also assess the debtor's creditworthiness on the basis of information obtained from the debtor and on the basis of a consultation of the National Register of Household Credit Repayment Incidents (*Fichier national des incidents de remboursement des crédits aux particuliers*).

Pursuant to Articles L. 322-1 *et seq.* of the French Consumer Code, intermediaries, who offer credit agreements on behalf of financial institutions, must also comply with certain specific rules regarding notably information to be provided to consumers prior to the conclusion of a credit agreement. For the sake of clarity, such obligations are separate to those applicable to financial institutions themselves, as described above.

Pursuant to the Consumer Credit Regulation, the debtor has a period of 14 days in which to withdraw from the credit agreement without giving any reason.

In addition, a debtor will be entitled, at any time, to fully or partially repay the credit. The implementation of the Directive has enabled the creditor to claim compensation for early repayment, subject to certain exceptions and provided that the amount of the early repayment exceeds €10,000 within any period of twelve months. If the period of time between the early repayment and the agreed termination of the credit agreement exceeds one year, the compensation may not exceed 1% of the amount of credit repaid early (or 0.5% if such period of time does not exceed one year), provided that in any case, such compensation shall not exceed the amount of interest the debtor would have paid during the period between the early repayment and the agreed date of termination of the credit agreement.

The Consumer Credit Regulation also provides for additional changes which aim to strengthen the protection of consumers and limit their entry into renewable credit facilities, which may give rise to higher fees than non-renewable loan products, including the following changes:

- compensation of salespeople cannot depend upon the type of credit contract they made customers enter into or the interest rate at which the credit was granted;
- if the contemplated credit exceeds €1,000, customers must be offered the possibility to subscribe to a credit loan instead of an automatically renewable credit facility; and
- loyalty programs of renewable credits cannot be subject to the use of a renewable credit facility.

If a credit agreement which falls within the scope of the Consumer Credit Regulation does not comply with the requirements described above, or if the creditor does not fulfill any obligations under the credit agreement, the creditor will, depending on the breach committed, lose the right to interest or be liable to a fine.

With respect to the French legal and regulatory framework applicable to consumer credit facilities, the French *Code de la consommation* has been restructured by government order n°2016-301 dated March 14, 2016, which entered into force on July 1, 2016. This restructuring of the legal framework has primarily resulted in changes to the numbering and order of the Code articles; however, certain articles of the Code have been amended, which could result in some changes to the rules governing consumer credit. However, the government order is not expected to lead to any significant changes with respect to the rules and regulations described above.

General

Our other operations are also subject to governmental regulation concerning, among other things, export and import quotas and other customs regulations; consumer and data protection; the advertisement, promotion and sale of merchandise; product safety; the health, safety and working conditions of our employees; the safety of our stores and their accessibility for the disabled; and our competitive and marketplace conduct. We cannot assure you, however, that any future changes in the requirements or mode of enforcement of these laws and regulations will not have a material adverse effect on our business, financial condition or results of operations. Please see *"Risk Factors—Risks Relating to Our Business and Industry—Compliance with and liability under environmental, real estate, health and safety laws and regulations could impose substantial costs upon us and could subject us to fines and penalties".*

Legal Proceedings

We may from time to time be party to administrative, court and arbitration proceedings in various countries, which entail liability risks. We do not believe these proceedings, if decided against us, would have a significant impact on our results of operations or financial position. However, we cannot give assurance that we will prevail in these or other proceedings that we may from time to time be involved in or that the insurance cover we have in place or the risk provisions that we have taken will be sufficient to cover such liabilities.

In France, we are currently involved in various court proceedings in the ordinary course of business, mainly with suppliers and franchisees, as well as with consumers, competitors, our employees and employees of third parties. Although we are not able to reasonably estimate the potential liability related to these matters, we do not believe that these proceedings, if decided against us, would have a significant impact on our results of operations or financial position. See "*Risk Factors—Risks Relating to Our Business and Industry—We may face labor disruptions and disputes that would interfere with our operations*".

In the year ended June 30, 2015, we granted two unsecured loans of €10 million each to one of our suppliers, with interest payable on the loans at a rate equal to the three-month EURIBOR plus 2%. In February 2016, the majority of the supplier companies filed for receivership (*redressement judiciaire*) while a few filed for liquidation proceedings (*liquidation judiciaire*). We have timely registered our claims in the collective insolvency proceedings and have agreed with the official receiver (*administrateurs judiciaire*) to uphold the loan agreements as on-going contracts (in order to ensure a continuation of repayment during the insolvency proceedings in accordance with the terms provided in such loan agreements), apply them in accordance with their initial terms and continue pursuing our commercial relationship with the supplier companies. The relevant Commercial Court approved sale plans (*plans de cessions*) for all of the supplier companies to the benefit of a third party purchaser. The purchaser has agreed that it will be bound by the two loans, subject to new terms and conditions. We are in discussion with the purchaser as to such terms and conditions.

We are the defendant in a litigation with a factoring company claiming the payment of debt we owed to a supplier that is currently in liquidation proceedings (*liquidation judiciaire*). We have argued that the debt should be offset against a receivable from this supplier in our favor. We declared our claim in the process of the liquidation procedure, which has been challenged by the liquidator of the supplier. The preliminary hearing related to the claim has been set for October 14, 2016.

We are also a defendant in litigation related to an alleged breach of a contract for a supply of small furniture and decorations products. On June 15, 2015, the Commercial Court of Paris dismissed the claim, following which the claimant timely served an appeal to the Paris Court of Appeal on August 26, 2015. The date for the hearing has been set for May 16, 2018.

We are not currently involved in legal proceedings which, individually or in the aggregate, would be expected to have a material adverse effect on our business, financial position or results of operations. We note, however, that the outcome of legal proceedings can be difficult to predict and we offer no assurance in this regard.

Tax Audit Related Proceedings

Tax audits of BUT SAS and BUT International SAS for the years ended June 30, 2012, 2013 and 2014 resulted in reassessments by the tax authorities, including with respect to (i) our tax liability in France with respect to certain income derived by our non-French subsidiaries in accordance with French 'controlled foreign companies' tax provisions (a total of €16.1 million in income has been reassessed by the tax authorities at BUT SAS' level), and (ii) taxes on commercial premises, which become due on January 1 of each calendar year.

We strongly disagree with these tax assessments engaged by the tax authorities and are currently disputing them. However, if we are unsuccessful in defending our position, our estimated maximum exposure with respect to our tax liability with respect to French 'controlled foreign companies' rules (as assessed by management and their advisors) could be up to €6.0 million. Certain of these potential tax liabilities may be mitigated by contractual arrangements put in place in connection with the Acquisition with the Seller.

Issuer

The Issuer is a limited liability company (*société par actions simplifiée*) incorporated in France and is managed by its president (*président*) and Bidco, its general director (*directeur général*). On the date of this Offering Circular, the president of the Issuer is Gregory Lai, and upon the consummation of the Acquisition, Frank Maassen will be appointed president of the Issuer. On the date of this Offering Circular, the business address of the Issuer is 8, rue François Villon, 75015 Paris, France. On or around the Completion Date, the business address of the Issuer will be transferred to 1 Avenue Spinoza, ZAC de Malnoue, 77184 Emerainville, France. The Issuer is a wholly-owned subsidiary of Bidco.

Bidco

Bidco is a limited liability company (*société par actions simplifiée*) incorporated in France. Bidco is managed by a management board (*Directoire*) (the ***Management Board***), which includes the président (the ***CEO***), under the supervision of the Bidco Supervisory Board (*Conseil de Surveillance*) (the ***Supervisory Board***). Upon the consummation of the Acquisition, Frank Maassen will be Bidco's CEO, and together with other members of the Management Board, will manage and operate Bidco and BUT (through Bidco), under the supervision of the Bidco Supervisory Board (*Conseil de Surveillance*). On the date of this Offering Circular, the business address of Bidco is 8, rue François Villon, 75015 Paris, France. On or around the Completion Date, the business address of Bidco will be transferred to 1 Avenue Spinoza, ZAC de Malnoue, 77184 Emerainville, France. The business address of our Management Board is 1 Avenue Spinoza, ZAC de Malnoue, 77184 Emerainville, France.

Bidco Supervisory Board

Bidco's Supervisory Board is responsible for supervising the actions of the President and the Management Board. The Supervisory Board also approves principal operational decisions made by Bidco's subsidiaries before such subsidiaries implement such decisions. On and after the Completion Date, these subsidiaries will include Décomeubles Partners SAS, BUT SAS and their respective subsidiaries.

The Supervisory Board will have eight members, four designated by each of the Sponsors.

The table below sets forth the names and ages (as of June 30, 2016) of the seven members of the Bidco Supervisory Board on the Completion Date (after giving effect to the Transactions) who have been designated as of the date of this Offering Circular. WM Holding expects to designate the eighth member of the Supervisory Board at some time after the date of this Offering Circular.

Name	Age	Position
Sir Terence Leahy	60	Chairman
Dr. Andreas Seifert	61	Vice Chairman
Willibald Cernko	59	Member
Marco Herbst	44	Member
Gregory Lai	37	Member
Matthias Ley	34	Member
David Novak	47	Member

Sir Terence (Terry) Leahy, 60, is a senior advisor with CD&R. He is also currently the Chairman of B&M Retail and a Director of Motor Fuel Group and Blackcircles.com. Previously Sir Terry worked at Tesco plc for thirty-two years during which he served in a number of senior positions, including Chief Executive Officer from 1997 to 2011. Sir Terry was Chancellor of The University of Manchester Institute of Science and Technology, his alma mater, from 2002 until 2004, when he became a Co-Chancellor of the newly-formed University of Manchester. Sir Terry was honoured with a Doctor of Science from Cranfield University in June 2007.

Dr. Andreas Seifert, 61, is the chief operating officer of XXXLutz KG and the ultimate beneficial owner of WM Holding. He is currently a member of the management board of several companies of

the XXXLutz Group, and is chief executive officer of XXXLutz Verwaltungs GmbH. He is also a member of the supervisory board of German furniture discounter Poco Einrichtungsmärkte GmbH. He is a graduate of Wirtschaftsuniversität of Vienna, Austria and holds a doctorate in law from the University of Vienna.

Willibald Cernko, 59, is a banker. From 2009 to 2016, he was the Chief Executive Officer of Unicredit Bank Austria AG. He studied at the Vienna University of Economics and Business.

Marco Herbst, 44, is a partner at CD&R and joined the firm in 2006. He is currently a Director of Motor Fuel Group and was a Director of B&M Retail and British Car Auctions. Before joining CD&R, Marco worked for Duke Street Capital and Merrill Lynch & Co. Marco is a graduate of Universitá Commerciale Luigi Bocconi in Milan, Italy.

Gregory Lai, 37, is a principal at CD&R. Gregory is currently a Director of Motor Fuel Group and was a Director of B&M Retail. Previously, he worked at Mubadala Development Company, where he helped to establish Mubadala Capital. Prior to that, he worked in the Investment Banking Division of Citigroup. Gregory graduated from ESCP-EAP European School of Management in Paris.

Matthias Ley, 34, is a managing director at WM Holding. Since 2014, Matthias is also an Investment manager at XXXLutz KG and LSW Privatstiftung, both based in Wels Austria. From 2012 to 2014, he was Head of Operations at MagicLine GmbH. Matthias is a graduate of the University of Applied Sciences Wr. Neustadt and holds an M.B.A. from IESE Business School.

David Novak, 47, is a partner at CD&R and is a member of its investment and management committees. David is currently a Director of B&M Retail, Motor Fuel Group, Mauser and Kalle and a member of the Board of Trustees of the American School in London. He previously was a director of BCA and a member of the supervisory board of directors at Rexel S.A. and he also was a director at Jafra Cosmetics International Inc. (until its sale to Vorwerk & Co. K.G. in 2004). Previously, David worked in the Private Equity and Investment Banking divisions of Morgan Stanley & Co. Inc., and for the Central European Development Corporation. He is a graduate of Amherst College and holds an M.B.A. from Harvard Business School.

Committees of the Bidco Supervisory Board

Under the Partnership Agreement, Bidco's Supervisory Board will establish, set the scope of and maintain a compensation and human resources committee (the ***Remuneration Committee***) and an audit and risk review committee (the ***Audit Committee***) and such other committees as the parties to the Partnership Agreement mutually agree in accordance with its terms (the Remuneration Committee, Audit Committee and any such other committee, collectively, the ***Committees***). Each Committee will comprise at least four members, with each Sponsor appointing an equal number of members. See "*Principal Shareholders—Partnership Agreement*".

Management Board

Bidco's Management Board is effectively responsible for our day-to-day operation and management, subject to the supervision and prior approval (if required) of the Supervisory Board as described above. Certain members of the Management Board also serve as executive officers of BUT SAS.

The table below sets forth the names and ages (as of June 30, 2016) and positions of the members of Bidco's senior management, including all members of the Management Board, and their respective functions.

Name	Age	Position
Frank Maassen	50	Chief Executive Officer
Philippe Lederman	55	Chief Financial Officer
Robert Eskenazy	53	Chief Information Officer
Hervé Delille	52	Head of Sales and Marketing
Thierry Lernon	49	Director of Cross Canal
Frank Wendling	46	Head of Human Resources
Flavien Dhellemmes	43	Head of Purchasing
Mehdi Guennouni	39	Head of Strategy and Operations

Frank Maassen, 50, currently serves as our Chief Executive Officer. Prior to joining us in 2013, he served as a project engineer at BMW AG from 1993 to 1994, as director of corporate development at Thyssen Handelsunion AG from 1995 to 1996, as chief executive officer of Hünnebeck France SA from 1997 to 1999, as managing director and chief executive officer of Thyssen Hünnebeck GmbH from 2000 to 2003, as chief executive officer of Hünnebeck Group GmbH from 2003 to 2006 and as operating partner of Sun European Partners, LLP from 2006 to 2013. While at Sun European Partners, LLP, he was on the supervisory board of certain of Sun Capital Partners, Inc.'s portfolio companies and on the board of vehicles holding such portfolio companies. Some of these portfolio companies have been restructured or liquidated. He is also the Chief Executive Officer of BUT SAS, BUT International SAS, Cogesem SAS and Immobut SCI. He holds a Master of Mechanical Engineering from the Technical University of Munich, as well as a PhD in economics from the University of Göttingen.

Philippe Lederman, 55, currently serves as our Chief Financial Officer. Prior to joining us in 2010, he served as chief financial officer within the Motorola group from 1992 to 1998, for a business unit of Valeo from 1998 to 2005 and for Bull from 2005 to 2010. He is also a managing director of BUT SAS and BUT International SAS. He graduated from E.M. Lyon and also obtained an M.B.A. from the University of Texas in Austin and has participated in the Executive Program of Stanford University.

Robert Eskenazy, 53, currently serves as our Chief Information Officer. Prior to joining us in 2013, he started his career with De Dietrich, before working for TEM-Brandt from 1995 to 2000 and Conforama from 2000 to 2006, and as IT technical manager for Galeries Lafayette from 2006 to 2013 as deputy chief information officer. He obtained a Cimap diploma from ESC Lille and a Masters in Sciences and Technologies from the University of Sciences and Technology of Languedoc (Montpellier II).

Hervé Delille, 52, currently serves as Head of Sales and Marketing. Prior to joining us in 2013, he has worked, among others, for Conforama from 1988 to 2012 and for Mr Bricolage from 2012 to 2013, as store manager, regional manager, network manager and marketing, communication and cross canal manager. He graduated from the Annecy IUT.

Thierry Lernon, 49, currently serves as Director of Cross Canal. Prior to joining us in 2013, he worked for the Kering Group (previously referred to as the PPR Group) in various web and marketing functions in France, Scandinavia and the United States, including as vice president for e-commerce at La Redoute from 2006 to 2010. He also worked as senior vice president digital at Virgin Mega from 2011 to 2013. He graduated in finance from the University Paris II Panthéon Assas and from the Institute of Political Science of Bordeaux.

Frank Wendling, 46, currently serves as our Head of Human Resources. Prior to joining us in 2010, he served as human resources director within the Kering Group (previously referred to as the PPR Group) from 2002 to 2003, Printemps Haussmann from 2004 to 2006 and Conforama from 2006 to 2010. He is also a managing director of BUT SAS and BUT International SAS. He obtained a degree in human resources from the Bordeaux I.A.E.

Flavien Dhellemes, 43, currently serves as our Head of Purchasing. Prior to joining us in 2015, he worked with Auchan in France from 2000 to 2015 in various purchasing functions. Flavien was also the co-founder and CEO of Auchan Telecom. He also served on the board of Eco-Systèmes. Prior to working at Auchan, Flavien worked at Arc International in the UK from 1995 to 2000. He obtained a Master in International Business at ISCID and a European Business Degree at Gordon University in Aberdeen.

Mehdi Guennouni, 39, currently serves as our Head of Strategy and Operations. Prior to joining us in 2010, he worked in the private equity fund Merchant Equity Partners and in the investment banking division of Goldman Sachs. He obtained his M.B.A. from the Wharton School of Business and an engineering degree from INSA Lyon.

Pursuant to the Partnership Agreement, certain decisions cannot be undertaken by the Management Board unless approved by the Supervisory Board.

These include, among others:

- acquisitions and disposals over certain thresholds;
- material changes in nature of business;
- adoption of annual budgets and business plans;
- changes in accounting policies or practices;
- appointments and compensation arrangements of senior management;
- making of certain capital expenditures;
- entering into joint ventures;
- entering into any material contracts over certain thresholds or related party contracts; and
- entering into certain agreements or facilities affecting indebtedness.

Executive Compensation

The aggregate remuneration paid to the members of the Management Board for the fiscal year ended June 30, 2016 was €3.0 million with some members having been present for less than twelve months.

Our executive officers are remunerated by base salary, performance-related incentives and a long-term equity-based incentive program. The performance-related incentives are determined by the Supervisory Board. They are based on Group EBITDA. All compensation packages are reviewed annually by the Supervisory Board.

Employment Agreements

All members of the Management Board other than Frank Maassen are employed by Décomeubles Partners SAS. Following the Completion Date, certain of these employment contracts may be transferred to Bidco. The contracts of the members of the Management Board may be terminated in accordance with French law on three months' notice (six months in the case of Philippe Lederman and Hervé Delille).

All members of the Management Board other than Frank Wendling have a one-year non-competition clause in France which is remunerated at the rate of 25% (35% in Philippe Lederman's case, no remuneration for Frank Maassen) of the employee's average monthly total remuneration over the last twelve months. In addition, Philippe Lederman benefits from a contractual severance indemnity in case of termination of his contract by Décomeubles Partners SAS for any reason other than for gross or willful misconduct.

Incentive Program

On or after the Completion Date, the Group will implement a management incentive program pursuant to which certain senior managers of the Group will acquire, directly (through the allocation of free shares) and indirectly (through a management company), up to approximately 12% of the share capital in Mobilux 1 SAS. In this context, the managers will enter into (i) a shareholders' agreement and in respect of Mobilux 1 SAS and (ii) put and call option agreements regarding their shares in the management company and their free shares.

In addition, in order to enable these managers or other managers to make additional investments in Mobilux 1 SAS in the future, a reserve may be put in place on or after the Completion Date, consisting in (i) additional shares in Mobilux 1 SAS, to be subscribed for by the management company and (ii) the allocation of additional free shares to be issued by Mobilux 1 SAS.

Other Managers may be invited to invest in Mobilux 1 SAS in the future, either through the reserve or otherwise, directly and/or indirectly through one or several management companies.

PRINCIPAL SHAREHOLDERS

Ownership of the Issuer

The Issuer, Mobilux Finance SAS, is a private limited liability company (*société par actions simplifée*) formed on July 25, 2016. The Issuer is wholly-owned by Mobilux Acquisition SAS (referred to in this Offering Circular as Bidco), which is a private limited liability company (*société par actions simplifée*) incorporated under the laws of France. Mobilux Acquisition SAS is wholly-owned by Mobilux 2 SAS, a private limited liability company (*société par actions simplifée*) incorporated under the laws of France, which in turn is wholly-owned by Mobilux 1 SAS, a private limited liability company (*société par actions simplifée*) incorporated under the laws of France, which in turn is owned by Mobilux S.à r.l., a private limited liability company (*sociéte à responsabilité limitée*) incorporated under the laws of Luxembourg.

The Issuer is indirectly owned by certain investment funds managed by Clayton, Dubilier & Rice, LLC and WM Holding GmbH. On or after the Completion Date, it is expected that senior members of our management team will directly or indirectly acquire up to approximately 12% of the share capital in Mobilux 1 SAS in connection with our management incentive plan, and upon such investment each of our Sponsors' indirect ownership of the Group through Mobilux S.à r.l. will be reduced proportionately. See "*Management—Incentive Program*".

The Sponsors

Bidco and the Issuer are, and upon the completion of the Acquisition on the Completion Date, the Group will be, indirectly owned 50% by investment funds managed by Clayton, Dubilier & Rice, LLC and 50% by WM Holding GmbH (***WM Holding***). On or after the Completion Date, it is expected that senior members of our management team will directly or indirectly acquire up to approximately 12% of the share capital in Mobilux 1 SAS in connection with our management incentive plan, and upon such investment each of our Sponsors' indirect ownership of the Group will be reduced proportionately.

Mobilux S.à r.l., the ultimate parent company of the Issuer, will be beneficially owned on the Completion Date by the Sponsors as follows:

- *Investment funds managed by Clayton, Dubilier & Rice, LLC:* CD&R Mobilux S.à r.l., a private limited liability company (*sociéte à responsabilité limitée*) incorporated under the laws of Luxembourg, owns 50% of Mobilux S.à r.l., representing an equity investment of €97 million. CD&R Mobilux S.à r.l. is wholly-owned by CD&R Balloon Holdings, L.P. (***CD&R Balloon***). The limited partners of CD&R Balloon are Clayton, Dubilier & Rice Fund IX L.P., Clayton, Dubilier & Rice Fund IX-A L.P. and CD&R Advisor Fund IX, L.P.
- *WM Holding GmbH:* WM Holding GmbH, a private limited company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria, owns 50% of Mobilux S.à r.l., representing an equity investment of €97 million. WM Holding is 100% owned by MW Holding GmbH (***MW Holding***), also an Austrian incorporated investment company, which in turn is 100% directly owned by Dr. Andreas Seifert, a member of the founding family and Chief Operating Officer of XXXLutz KG.

CD&R

CD&R is a private equity firm that manages investments in global businesses, primarily divisions of large multinational corporations, and works closely with management teams to pursue long-term value enhancement strategies. Since 1978, CD&R has managed the investment of over $22 billion in 70 U.S. and European-headquartered companies with an aggregate transaction value of more than $100 billion. The firm is comprised of seasoned corporate executives and investment professionals. The integration of these disciplines has enabled CD&R to build significant value through business improvements in its portfolio companies. Notably, CD&R has had a history of success of investing in transactions with strategic partners such as its partner in the Acquisition.

WM Holding

WM Holding is an Austrian incorporated investment company. WM Holding is 100% owned by MW Holding GmbH, also an Austrian incorporated investment company, which in turn is 100% directly

owned by Dr. Andreas Seifert, a member of the founding family and the Chief Operating Officer of XXXLutz KG. XXXLutz Group is one of Europe's three largest furniture retailers. Established in 1945 and headquartered in Wels, Austria, XXXLutz Group employs approximately 20,800 employees and has approximately €3.9 billion annual turnover. In addition to furniture, XXXLutz Group sells home furnishings, curtains, baby items, lighting, flooring, oriental carpets, giftware, housewares and home accessories.

Management Investors

On or after the Completion Date, certain members of management (collectively, the ***Management Investors***) are expected to invest in Bidco and its subsidiaries through a direct or indirect investment in Mobilux 1 SAS in connection with the management incentive program. The aggregate amount of the investment of the Management Investors will be approximately €5.5 million. See "*Management—Incentive Program*".

Partnership Agreement

CD&R Balloon Holdings L.P. and WM Holding GmbH, as shareholders of Mobilux S.à r.l, entered into a partnership agreement dated as of June 24, 2016 (the ***Partnership Agreement***) reflecting the Sponsors' agreements with respect to their respective rights and obligations in connection with their investment Mobilux S.à r.l. and its subsidiaires in connection with the Acquisition, including the respective governance and exit rights and other matters related to the transfer of their interests. In general, significant corporate decisions affecting Mobilux S.à r.l. and its subsidiaries require the approval of both of the Sponsors.

The Partnership Agreement reflects the Sponsors' agreement that Mobilux S.à r.l will be managed by a board of directors with four members, two of whom would be designated by CD&R and two by WM Holding. The Partnership Agreement includes governance arrangements with respect to certain decisions by Bidco as well as certain notice and quorum requirements and non-competition restrictions for certain actions, such as acquiring similar business interests, transacting business and soliciting Group employees. See "*Management—Bidco—Management Board*". Transfers of interests in Mobilux S.à r.l are generally restricted for not less than 48 months after the Issue Date, or are subject to the consent, or right of first refusal or tag-along right in favour of, the non-transferring party. The Partnership Agreement sets forth the scope of business, delegation of powers to committees and exit rights and obligations.

Mobilux 1 SAS Shareholders Agreement

Mobilux S.à r.l. and the Management Investors (directly and through a management company) will enter into on or before Completion Date, a shareholders' agreement with respect to their respective rights and obligations in connection with their investment in Mobilux 1 SAS and its subsidiaries, including the respective governance and liquidity rights and other matters related to their investments. Major corporate decisions require the prior approval of the Bidco Supervisory Board. The shareholders' agreement provides for customary exit rights such as right of first refusal, tag-along right in favor of the non-transferring party and a drag-along right in favour the transferring Sponsors.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

For a description of the arrangements regarding the investment by the Equity Investors, see "*Principal Shareholders—Partnership Agreement*".

For a description of the arrangements regarding the investment by the Management Investors, including their investment in our new management equity program in connection with the Acquisition, see "*Management—Incentive Program*" and "*Principal Shareholders—Management Investors*" and "*Principal Shareholders—Mobilux 1 SAS Shareholders Agreement*".

Consulting and Indemnification Agreements

Bidco is party to consulting and indemnification agreements with Clayton, Dubilier & Rice, LLC and WM Holding, pursuant to which Bidco has agreed to pay a fee of €500,000 per annum to each of Clayton, Dubilier & Rice, LLC and WM Holding for consulting, management, advisory and other services as requested by Bidco from time to time. In addition, Bidco has agreed to indemnify, among others, each of Clayton, Dubilier & Rice, LLC and WM Holding and their respective affiliates, directors, officers, partners, members, employees, agents and representatives against liabilities arising out of their performance of services rendered under the consulting and indemnification agreements and certain other claims and liabilities.

Indemnification Agreements

Mobilux S.à r.l. is party to indemnification agreements with Clayton, Dubilier & Rice, LLC and WM Holding, pursuant to which Mobilux S.à r.l. has agreed to indemnify each of Clayton, Dubilier & Rice, LLC and WM Holding, and among others, their respective affiliates, directors, officers, partners, members, employees, agents and representatives against liabilities arising out of or in connection with the Transaction and certain other transactions, claims and liabilities.

Purchasing Arrangements

On or about the Completion Date, and conditional on the completion of the Acquisition, BUT SAS plans to enter into purchasing arrangements with XXXLutz Group. Under these arrangements, the parties would agree to cooperate on joint purchasing in order to achieve the economic advantages of increased purchasing volume, subject to certain geographic and other limitations, as well as to ensure the confidentiality of shared information.

Proceeds Loans and other Intercompany Transactions

In connection with the Acquisition, on or about the Completion Date, the Issuer will on-lend the proceeds from the Offering of the Notes to BUT SAS, BUT International SAS, Cogesem SAS and Bidco by way of the Proceeds Loan, and BUT SAS, BUT International SAS, Cogesem SAS and Bidco will apply the proceeds of the Proceeds Loan as described in "*The Transactions*".

Other Related Party Transactions

In the ordinary course of business, we may supply or purchase goods and services to or from portfolio companies of CD&R or affiliates of WM Holding. We do not consider these transactions to be material to us, either individually or in the aggregate.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following contains a summary of the expected material provisions of the Super Senior Revolving Credit Facility Agreement and the Intercreditor Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. The terms of the new Super Senior Revolving Credit Facility Agreement and Intercreditor Agreement may differ from the terms described below. For further information regarding our existing indebtedness, see "Use of Proceeds", "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Super Senior Revolving Credit Facility

Bidco (as borrower and guarantor), the Parent Guarantor (as parent and guarantor) and the Issuer (as guarantor) will enter into the Super Senior Revolving Credit Facility Agreement with certain lenders on the Completion Date. Funding under the Super Senior Revolving Credit Facility Agreement is subject to a number of conditions precedent. We expect that the revolving credit facility under the Super Senior Revolving Credit Facility Agreement will not be drawn on in connection with the Offering.

The description set forth below is a summary of the principal terms and conditions of the Super Senior Revolving Credit Facility Agreement, and is qualified in its entirety by reference to the Super Senior Revolving Credit Facility Agreement and the other documents entered into in connection therewith.

BNP Paribas, Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V., acting through its French branch and RBC Capital Markets, the investment banking division of Royal Bank of Canada are the coordinating mandated lead arrangers and mandated lead arrangers under the Super Senior Revolving Credit Facility Agreement (together, the ***Senior Facilities Arrangers***) and BNP Paribas is the agent and the security agent under the Super Senior Revolving Credit Facility Agreement. The Senior Facilities Arrangers or certain of their affiliates are also the initial purchasers for the Offering of the Notes.

Structure

The Super Senior Revolving Credit Facility Agreement provides for a revolving credit facility (the ***Super Senior Revolving Credit Facility***) of up to €100 million, to be made available by way of cash advances, bank guarantees, letters of credit and ancillary facilities.

The proceeds of the Super Senior Revolving Credit Facility are to be used for the general corporate and working capital purposes of the Group.

The Super Senior Revolving Credit Facility Agreement provides for an uncommitted incremental facility of up to (i) €30 million and (ii) an additional amount if, after giving effect to the incurrence of such additional amount, the Consolidated Super Senior Secured Leverage Ratio (as defined in the Super Senior Revolving Credit Facility Agreement) shall not exceed 1.00:1.00, which may become committed in accordance with the terms of the Super Senior Revolving Credit Facility Agreement.

The Super Senior Revolving Credit Facility is finally repayable on the date falling 6 years from the Completion Date.

Interest Rate and Fees

Advances under the Super Senior Revolving Credit Facility bear interest at rates per annum equal to LIBOR or, in relation to any loan in euro, EURIBOR plus an initial applicable margin of 3.75% per annum. The margin is subject to adjustment (up or down as appropriate) in accordance with the margin adjustment mechanism based on the Consolidated Secured Leverage Ratio (as such term is defined in the Super Senior Revolving Credit Facility Agreement) and will range from 3.75% to 3.00% per annum.

In addition to paying interest on loans outstanding under the Super Senior Revolving Credit Facility, the Parent Guarantor is also required to pay (or procure payment of) a commitment fee at a rate of a percentage per annum equal to 35% of the margin applicable to the Super Senior Revolving Credit Facility on the undrawn and uncancelled revolving commitments from the Completion Date until the end of the availability period of the Super Senior Revolving Credit Facility. This fee is payable on the last day of each successive period of three months which ends during the availability period and on the cancelled amount of the relevant lender's commitments at the time the cancellation is effective. We are also required to pay customary fees including commission on letters of credit, bank guarantees, fronting fees, fees in connection with ancillary facilities, underwriting fees as well as agency and security agency fees. We may also be required to pay a fee in respect of any incremental facility which becomes committed in accordance with the terms of the Super Senior Revolving Credit Facility Agreement.

Guarantees and Security

The obligations under the Super Senior Revolving Credit Facility Agreement will be guaranteed by Bidco, the Parent Guarantor and the Issuer (the ***RCF Completion Date Guarantors***).

In addition, the Super Senior Revolving Credit Facility Agreement requires that, subject to the Agreed Security Principles (as defined in "*—Description of Notes—Certain Definitions*"), each subsidiary of the Parent Guarantor that is or becomes a Material Company (which definition includes, among other things, any member of the Group that (i) has earnings before interest, tax, depreciation and amortisation representing 7.50% or more of Consolidated EBITDA (as defined in the Super Senior Revolving Credit Facility Agreement) or has gross assets representing 7.50% or more of the gross assets of the Group or (ii) is the issuer, borrower or guarantor of the Notes, any Credit Facility Lender Liabilities (as defined below in "*Description of Certain Financing Arrangements—Intercreditor Agreement"*) or any Pari Passu Liabilities (as defined below in "*Description of Certain Financing Arrangements—Intercreditor Agreement"*)) becomes a guarantor under the Super Senior Revolving Credit Facility Agreement.

In particular, the Super Senior Revolving Credit Facility Agreement requires that, subject to the Agreed Security Principles, Décomeubles Partners SAS, BUT SAS, BUT International SAS and Cogesem SAS (the ***Subsidiary Guarantors***) accede to the Super Senior Revolving Credit Facility Agreement as guarantors within 90 days after the Completion Date.

The Super Senior Revolving Credit Facility Agreement further requires that, subject to the Agreed Security Principles, the aggregate of earnings before interest, tax, depreciation and amortization and the gross assets of the guarantors represent not less than 75% of Consolidated EBITDA and consolidated gross assets of the Group, respectively, on the date falling 90 days after the Completion Date and as at the date that annual financial statements for each financial year are delivered.

The obligations under the Super Senior Revolving Credit Facility Agreement on the Completion Date will be secured on a first-ranking basis by pledges over all of the shares of Mobilux Acquisition SAS, the Issuer and Décomeubles Partners SAS as well as pledges over certain intercompany receivables (including receivables under the Acquisition Agreement) and pledges over certain bank accounts of the RCF Completion Date Guarantors. In addition, the Super Senior Revolving Credit Facility Agreement requires that, subject to the Agreed Security Principles, the obligations under the Super Senior Revolving Credit Facility Agreement benefit from further first ranking pledges over the shares in the Subsidiary Guarantors (other than the Target), pledges over certain intercompany receivables and pledges over certain bank accounts of the Subsidiary Guarantors to be entered into within 90 days after the Completion Date.

Prepayment

The liabilities under the Super Senior Revolving Credit Facility Agreement must be prepaid upon the occurrence of certain events.

For example, the Super Senior Revolving Credit Facility Agreement permits each lender to require the mandatory prepayment of all amounts due to that lender under the Super Senior Revolving Credit Facility upon a change of control or the sale of all or substantially all of the business and/or assets of the Group.

Indebtedness under the Super Senior Revolving Credit Facility may be voluntarily prepaid by the borrowers in whole or in part (if in part, in a minimum amount of €1.5 million), upon giving at least three business days' prior notice to the agent. Such payments may be subject to indemnification and break funding costs if any such prepayment is not made on the last day of the relevant interest period.

Covenants

Certain of the covenants contained in the Super Senior Revolving Credit Facility Agreement are based upon the covenants contained in the Indenture. See "*Description of the Notes—Certain Covenants*".

In addition, the Super Senior Revolving Credit Facility Agreement contains customary positive and negative covenants, subject to certain exceptions, including obligations with respect to, among other things, (i) providing certain financial information, including annual and quarterly financial statements and an annual budget, (ii) compliance with laws and regulations, including as to environmental matters, (iii) maintaining in full force and effect of certain authorizations and consents, (iv) safeguarding material intellectual property, (v) maintaining certain insurances, (vi) the payment of taxes, (vii) the maintenance of at least pari passu ranking with certain unsecured and unsubordinated payment obligations, (viii) preservation of assets, (ix) guarantor coverage (as described above), (x) restrictions on changing the centre of main interests of the obligors, (xi) compliance with pension scheme funding requirements; (xii) maintenance of corporate credit rating; (xiii) compliance with certain anti-corruption and sanction laws and (xiv) further assurance provisions.

If, on the relevant test date, the Super Senior Revolving Credit Facility is at least 35% drawn, the Super Senior Revolving Credit Facility Agreement requires the Parent Guarantor to ensure that the Consolidated Secured Leverage Ratio (calculated as the ratio of Consolidated Net Secured Indebtedness to LTM EBITDA) (each such term as defined in the Super Senior Revolving Credit Facility Agreement), does not exceed 6.375:1. The senior secured leverage covenant is, subject to the 35% drawing condition described above, tested quarterly on a rolling basis.

The Parent Guarantor is permitted to prevent or cure breaches of the Consolidated Secured Leverage Ratio covenant by applying a "cure" amount (generally, amounts received by the Parent Guarantor in cash pursuant to any new equity or permitted subordinated debt) as if Consolidated EBITDA had been increased by such amount. There is no requirement to apply any cure amount in prepayment of the Super Senior Revolving Credit Facility. No more than five different cure amounts may be taken into account prior to the termination date of the Super Senior Revolving Credit Facility Agreement and no more than two cure amounts in each four consecutive financial quarters are permitted. For the purpose of calculating the Consolidated Secured Leverage Ratio the cure amount shall be limited to the amount required to effect or continue compliance with the financial covenant.

Certain of the covenants under the Super Senior Revolving Credit Facility Agreement will either permanently fall away or be temporarily suspended (as applicable) or permanently or temporarily (as applicable) benefit from specified covenant relaxation amendments upon (a) a listing of Bidco, the Parent Guarantor or any holding company of the Parent Guarantor (which does not constitute a change of control) where the Consolidated Secured Leverage Ratio (as defined in the Super Senior Revolving Credit Facility Agreement) is less than 3.00:1 (*pro forma* for any prepayment of certain indebtedness from the proceeds of such listing) or (b) the senior long term corporate credit rating of the Group achieving a rating equal to or better than BBB- or Baa3 (or equivalent) by at least two of Standard & Poor's Ratings Services, Fitch Ratings Ltd or Moody's Investor Services, Inc.

Events of Default

The Super Senior Revolving Credit Facility Agreement also sets out certain events of default, including non-payment of principal, interest or fees; breach of financial covenant (subject to cure rights); breach of covenants; misrepresentations; insolvency or insolvency proceedings; judgment default in excess of €25 million; repudiation of the financing documents; illegality with respect to performance of material obligations under the financing or Acquisition documents; cross acceleration

and non-payment cross default to other indebtedness of the Group in excess of €25 million; guarantee and security default; breach of the Intercreditor Agreement; audit qualification and certain litigation.

Intercreditor Agreement

In connection with entering into the Super Senior Revolving Credit Facility Agreement and the Indenture, on or prior to the Completion Date, the Issuer, Mobilux 1 SAS, the Issue Date Guarantors and certain other subsidiaries of the Parent Guarantor will enter into the Intercreditor Agreement to govern the relationships and relative priorities among (amongst others): (i) the lenders under the Super Senior Revolving Credit Facility Agreement (the ***RCF Lenders***) and the other finance parties under the Super Senior Revolving Credit Facility Agreement (the ***RCF Finance Parties***); (ii) any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements that the Parent confirms in writing to the Security Agent was entered into in the ordinary course of business of the relevant member of the Group and not for speculative purpose and is not prohibited under the terms of the Debt Documents (as defined below) to share in the Collateral (as defined below) at the time such hedging agreement is entered into and provided such hedging agreements are limited to certain interest rate hedging, exchange rate hedging and commodity hedging (collectively, the ***Hedging Agreements*** and any persons that accede to the Intercreditor Agreement as counterparties to the Hedging Agreements are referred to in such capacity as the ***Hedge Counterparties***); (iii) the Trustee (on its behalf and on behalf of the Noteholders the ***Senior Secured Noteholders*** and, together with the Trustee, ***the Senior Secured Notes Creditors***); (iv) certain intra-group creditors and debtors; and (v) the Shareholder Creditors (as defined below).

Each member of the Group that incurs any liability or provides any guarantee under the Super Senior Revolving Credit Facility Agreement, the Intercreditor Agreement, the Indenture on any other Debt Document (as defined below) are each referred to in this description as a ***Debtor*** and are referred to collectively as the ***Debtors***.

The Intercreditor Agreement sets out:

- 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;
- provisions in respect of the enforcement process (if undertaken);
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of any assets subject to transaction security (the ***Collateral*** and the parties which receive the benefit of such security and guarantees being together the ***Secured Parties***).

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred (either through a credit facility or the issue of notes) by any member of the Group that is not subordinated in right of payment to any Super Senior Liabilities or Senior Secured Notes Liabilities (each as defined below) and the incurrence of which (and, to the extent applicable, such indebtedness sharing in the Collateral with the ranking applicable to it in the Intercreditor Agreement) is not prohibited by the Credit Facility Documents (as defined below), the documentation required to implement the Notes (the ***Senior Secured Notes Documents***) and the *Pari Passu* Documents (as defined below), such debt being ***Pari Passu Liabilities***, the documents required to implement the Pari Passu Liabilities being the ***Pari Passu Documents*** (and together with the Senior Secured Notes Documents and the Non-Super Senior Hedging Agreements (as defined below), the ***Senior Secured Debt Documents***) and the creditors of such debt being ***Pari Passu Creditors*** and, together with the Senior Secured Noteholders, the Non-Super Senior Hedge Counterparties (as defined below) and their respective Creditor Representatives (as defined below), the ***Senior Secured Creditors***. The Intercreditor Agreement provides, after the Super Senior Revolving Credit Facility discharge date (the ***RCF Discharge Date***), for any credit facility constituting a Credit Facility under the

Indenture, the creditors of which are entitled under the terms of the Senior Secured Notes Documents and the Pari Passu Documents to rank senior to the Senior Secured Notes Liabilities and the Pari Passu Liabilities in respect of the proceeds of the enforcement of Collateral (each such facility and together with the Super Senior Revolving Credit Facility, the ***Credit Facilities*** and each finance document relating thereto, a ***Credit Facility Document***, together with the Super Senior Hedging Agreements (as defined below)***, the Super Senior Debt Documents***). Each lender of a Credit Facility is a ***Credit Facility Lender***. The Intercreditor Agreement contains provisions relating to subordinated secured indebtedness under credit facilities or notes permitted to be incurred (x) up to the later to occur of the RCF Discharge Date and the discharge date of the Senior Secured Notes (the ***Senior Secured Notes Discharge Date***), by the Issuer, BUT S.A.S. and/or any direct or indirect holding company of BUT S.A.S which is a guarantor under the Super Senior Revolving Credit Facility Agreement or (y) following the later to occur of the RCF Discharge Date and the Senior Secured Notes Discharge Date, by any member of the Group (to the extent not prohibited by the terms of any Debt Document (as defined below), and the incurrence of which (and, to the extent applicable, such indebtedness sharing in the Collateral on the basis that it ranks after the Super Senior Liabilities and the Senior Secured Liabilities as provided for in the Intercreditor Agreement) is not prohibited by the Secured Debt Documents (as defined below), liabilities with respect to such indebtedness being the ***Second Lien Liabilities***, the documents required to implement the Second Lien Liabilities being the ***Second Lien Documents*** and the creditors of such debt and their respective Creditor Representatives being together the ***Second Lien Creditors***. The Intercreditor Agreement further includes provisions relating to indebtedness under unsecured notes (the ***Unsecured Notes***) permitted to be incurred by a subsidiary of Mobilux 1 SAS that is not a member of the Group (the ***Unsecured Notes Issuer***), liabilities with respect to such indebtedness being ***Unsecured Notes Liabilities***, the documents required to implement the Unsecured Notes being the ***Unsecured Notes Documents*** and the creditors of such debt being ***Unsecured Notes Creditors***.

By accepting a Note, holders of the Notes shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and to have authorized and directed the Trustee to enter into it on their behalf.

The following description is a summary of certain provisions of the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, nor does is summarize all provisions in the Intercreditor Agreement. As such, it may not contain all of the information that is important to you. We urge you to read the Intercreditor Agreement because it, and not the discussion that follows defines certain of the rights and obligations of the holders of the Notes and the Trustee. The Intercreditor Agreement also includes certain limitations on our ability to refinance or issue additional notes, refinance our senior indebtedness or amend the documents governing our indebtedness. It also prescribes the terms of certain of our intercompany indebtedness.

Any summary of a term in the discussion that follows does not restate the definition given to such term in the Intercreditor Agreement and, as such, does not (and is not intended to) summarize the full scope of the particular definition. The summary of a term may not contain all of the information that is important to you. We urge you to refer to the relevant definitions in the Intercreditor Agreement. Where a term is used that has not been summarized or otherwise defined in this offering memorandum, it has the meaning it is given in the Intercreditor Agreement.

Ranking and Priority

The Intercreditor Agreement provides, subject to the provisions in respect of permitted payments described below, that (i) the liabilities of the Debtors with respect to the Credit Facilities (the ***Credit Facility Lender Liabilities***), (ii) the Hedging Agreements to the extent designated by the Parent as "Super Senior Hedging Liabilities" in accordance with the terms of the Intercreditor Agreement (such hedging agreement being a ***Super Senior Hedging Agreement*** and the liabilities of the Debtors thereunder the ***Super Senior Hedging Liabilities*** and the Hedge Counterparties under such Super Senior Hedging Agreements (the ***Super Senior Hedge Counterparties*** and, together with the Credit Facility Lenders and their respective Creditor Representatives (as defined below), the ***Super Senior Creditors***); the Super Senior Hedging Liabilities together with the Credit Facility Lender Liabilities, the ***Super Senior Liabilities***)), (iv) the liabilities of the Debtors with respect to the Notes (the ***Senior Secured Notes Liabilities***), (v) the liabilities of the Debtors with respect to the Hedging Agreements with Hedge Counterparties that are not Super Senior Hedging Agreements (the ***Non-Super Senior***

Hedging Liabilities, the Hedging Agreements governing such liabilities, the ***Non-Super Hedging Agreements*** and the Hedge Counterparties under such Non-Super Senior Hedging Agreements, the ***Non-Super Senior Hedge Counterparties***), (vi) the *Pari Passu* Liabilities , (vii) the Second Lien Liabilities and (viii) the Unsecured Notes Liabilities will rank in right and priority of payment in the following order:

- *first*, the Credit Facility Lender Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Non-Super Senior Hedging Liabilities and the *Pari Passu* Liabilities, *pari passu* and without any preference between them;
- *second*, the Second Lien Liabilities, *pari passu* and without any preference between them; and
- *third*, the Unsecured Notes Liabilities, *pari passu* and without any preference between them.

The Non-Super Senior Hedging Liabilities, the *Pari Passu* Liabilities and the Senior Secured Notes Liabilities are together the ***Senior Secured Liabilities***. The Super Senior Liabilities, the Senior Secured Liabilities and the Second Lien Liabilities are together the ***Secured Liabilities***.

The Intercreditor Agreement provides that the common transaction security shall secure the Secured Liabilities in the following order of priority:

- *first*, the Credit Facility Lender Liabilities, the Super Senior Hedging Liabilities, the Non-Super Senior Hedging Liabilities, the *Pari Passu* Liabilities and the Senior Secured Notes Liabilities, *pari passu* and without any preference between them; and
- *second*, the Second Lien Liabilities, *pari passu* and without any preference between them.

The Intercreditor Agreement provides that (i) certain intercompany liabilities owed by members of the Group to certain other members of the Group (the ***Intragroup Liabilities***) and (ii) the liabilities owed by certain members of the Group to Mobilux 1 SAS, any Unsecured Notes Issuer or any other person acceding to the Intercreditor Agreement as a Shareholder Creditor (together the ***Shareholder Creditors***) (the ***Shareholder Liabilities*** and together with the Intragroup Liabilities, the ***Subordinated Liabilities***) will be postponed and subordinated to the Super Senior Liabilities, the Senior Secured Liabilities, the Second Lien Liabilities and the Unsecured Notes Liabilities.

The Intercreditor Agreement provides that all proceeds from enforcement of the Collateral, proceeds from a Distressed Disposal (as defined in "*—Release of the Guarantees and the Security*" below) and certain other proceeds recovered by the Security Agent will be applied as provided below under "*—Application of Proceeds*".

Creditor Representative

Under the Intercreditor Agreement, the parties appoint various creditor representatives. "***Creditor Representative***" means:

(a) in relation to the RCF Lenders, the Super Senior Revolving Credit Facility agent (the ***RCF Agent***);

(b) in relation to the Credit Facility Lenders under any Credit Facility (other than the Revolving Credit Facility), the facility agent in respect of that credit facility (together with the RCF Agent, a ***Credit Facility Agent***);

(c) in relation to the Noteholders, the Trustee;

(d) in relation to any *Pari Passu* Creditor, the relevant facility agent (a ***Pari Passu Agent***) or notes trustee (a ***Pari Passu Notes Trustee***) in respect of such *Pari Passu* Creditor (the ***Pari Passu Creditor Representative***);

(a) in relation to any Second Lien Creditor, the relevant facility agent (a ***Second Lien Agent***) or notes trustee (a ***Second Lien Notes Trustee***) in respect of such Second Lien Creditors (the ***Second Lien Creditor Representative***);

(b) in relation to any Unsecured Noteholders, the Unsecured Notes Trustee in respect of such Unsecured Noteholders; and

(c) in relation to any Hedge Counterparty, such Hedge Counterparty which shall be its own Creditor Representative.

Permitted Payments

Permitted Payments: Unsecured Notes

The Intercreditor Agreement permits payments to be made (a) prior to the date on which all Secured Liabilities are discharged (the ***Secured Liabilities Discharge Date***), in respect of the Unsecured Notes Liabilities, in each case then due in accordance with the Unsecured Notes Documents (i) if (A) the payment is of (1) any of the principal amount (including any interest which has been capitalised to become an amount of principal) of the Unsecured Notes Liabilities which is (a) not prohibited by the Credit Facility Documents, Senior Secured Notes Documents, *Pari Passu* Documents, the Hedging Agreements and Second Lien Documents (together, the ***Secured Debt Documents***); or (b) paid on or after the final maturity date of the relevant Unsecured Notes Liabilities (provided that such final maturity date has not been amended to fall on a date which would have breached the Secured Debt Documents which remain in full force and effect if it had been the original final maturity date for such Unsecured Notes Liabilities); or (c) if applicable, in an amount not exceeding an amount equal to the aggregate of retained excess cashflow, excluded recovery proceeds, excluded disposal proceeds, excluded insurance proceeds and new shareholder injections (or, in each case, any equivalent term in the Intercreditor Agreement, the Secured Debt Documents, the Unsecured Notes Documents, the Collateral documents and the documents evidencing Shareholder Liabilities and Intra-Group Liabilities, together the ***Debt Documents***) provided that, in each case, such amount has first been offered in prepayment to the Credit Facility Lenders, any applicable Senior Secured Creditors and/or the Second Lien Facility Creditors (as defined below) and which prepayments the Credit Facility Lenders, such applicable Senior Secured Creditors and/or the Second Lien Facility Creditors (as relevant) have waived or declined to accept (with any such amounts waived or declined being first offered in prepayment to any Credit Facility Lender, any applicable Senior Secured Creditors or Second Lien Facility Creditor who accepted the initial prepayment offer before being paid to Unsecured Notes Creditors); (2) any other amount which is not an amount of principal or capitalised interest and which is payable in accordance with the terms of the Unsecured Notes Documents; (3) consent and/or waiver fees reasonably incurred by the relevant Debtor (acting in good faith) in respect of any amendment of, or consent relating to, any provision of an Unsecured Notes Document; (4) any amounts where the amount is outstanding as a result of the accrual of cash interest payable in respect of the Unsecured Notes Liabilities during a period when an Unsecured Notes Payment Stop Notice (as defined in "*—Issue of Unsecured Notes Payment Stop Notice*" below) was outstanding (which has since expired); (5) any amount of cash interest, tax gross-up or tax indemnity payments in accordance with the Unsecured Notes Documents; (6) the capitalisation of interest or the issuance of a non-cash pay financial instrument evidencing the same which is subordinated to the Super Senior Liabilities and the Senior Secured Liabilities pursuant to the Intercreditor Agreement on the same terms as the Unsecured Notes Liabilities; or (7) any closing payment due pursuant to any purchase agreement (or equivalent) in respect of any Unsecured Notes; and (B) no Unsecured Notes Payment Stop Notice is outstanding; and (C) no Secured Payment Default (as defined in "*—Issue of Unsecured Notes Payment Stop Notice*" below) has occurred and is continuing; (ii) if the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Majority Second Lien Creditors (each as defined in "*—Enforcement of Collateral—Enforcement Instructions*" below) give prior consent to that payment being made; (iii) if an Unsecured Notes Payment Stop Notice is outstanding and/or a Secured Payment Default is continuing and such payment is a payment of any amount referred to in paragraph (i)(A)(6) or (i)(A)(7) above; (iv) if the payment is of a ***Creditor Representative Amount*** (being fees, costs and expenses of a Creditor Representative under the relevant Debt Documents) to a trustee in respect of the Unsecured Notes (***Unsecured Notes Trustee***); (v) of costs, commissions, taxes, expenses and, to the extent consistent with market comparables at the time committed to be paid (or otherwise reasonable), fees incurred in respect of or in relation to (or reasonably incidental to) any Unsecured Notes Documents (including in relation to any reporting or listing requirements under the Unsecured Notes Documents); (vi) if the payment is funded directly or indirectly with the proceeds of indebtedness permitted to be incurred under the Debt Documents (after giving *pro forma* effect to such incurrence and the application of such indebtedness) provided that, if the Super Senior Liabilities, Senior Secured Liabilities and the Second Lien Liabilities are not being refinanced simultaneously, no Unsecured Notes Payment Stop Notice is outstanding; or (vii) if an event of default has occurred under the Unsecured Notes Documents and is continuing and the payment is of Unsecured Notes restructuring costs, the amount of which, when aggregated with any other such amounts paid pursuant to this paragraph (vii), does not exceed €1,500,000; and (b) on or after the Secured Liabilities Discharge Date, directly or indirectly in respect of the Unsecured Notes Liabilities at any time.

Permitted Payments: Second Lien Liabilities

The Intercreditor Agreement permits payments to be made (a) prior to the later to occur of the date on which all Super Senior Liabilities have been discharged (the ***Super Senior Discharge Date***) and the date on which all Senior Secured Liabilities have been discharged (the ***Senior Secured Liabilities Discharge Date***), in respect of Second Lien Liabilities then due in accordance with the relevant Second Lien Documents (i) if (A) the payment is of (1) any of the principal amount of the Second Lien Liabilities (a) in accordance with any provision contained in a Second Lien Document under which a Second Lien Creditor can be prepaid as a result of (i) it becoming illegal for such Second Lien Creditor to participate in the financing of Second Lien Liabilities (a ***Second Lien Financing***), (ii) such Second Lien Creditor claiming for increased costs or an indemnification in respect of tax or (iii) the borrower or issuer in respect of the Second Lien Financing being obliged to gross-up interest payments to such Second Lien Creditor or redeem notes issued in respect of a Second Lien Financing (***Second Lien Notes***) as a result of a redemption upon the occurrence of a tax event; (b) in accordance with any provision dealing with lenders' right of cancellation and repayment contained in a Second Lien Document; (c) in an amount not exceeding the amount payable in accordance with the voluntary prepayment, mandatory prepayment or redemption provisions of any Credit Facility Document or Senior Secured Debt Documents but, in each case, which amounts have been waived by any Credit Facility Lender or applicable Senior Secured Creditor; (d) if applicable, in an amount not exceeding an amount equal to the aggregate of retained excess cashflow, excluded acquisition proceeds, excluded disposal proceeds, excluded insurance proceeds and new shareholder injections in any Credit Facility or Senior Secured Debt Documents provided that, in each case, such amount has first been offered in prepayment to the Credit Facility Lenders and any applicable Senior Secured Creditor and which prepayments the Credit Facility Lenders and any applicable Senior Secured Creditors have waived or declined to accept (with any such amounts waived or declined being first offered in prepayment to any Credit Facility Lender and any applicable Senior Secured Creditor who accepted the initial prepayment offer before being paid to Second Lien Creditors); (e) (only after the discharge in full of the Super Senior Liabilities and the Senior Secured Liabilities), in accordance with any other provision contained in the Second Lien Documents for the mandatory prepayment, in whole or in part, of the Second Lien Facility (as defined below) on the happening of specified events; (2) any of the principal amount of the Second Lien Liabilities in an amount not exceeding the amount of dividend payments and/or distributions to a holding company of the Parent Guarantor permitted under the restricted payments covenant contained in any Debt Document at such time provided that any such amount paid in respect of the principal amount of the Second Lien Liabilities shall be treated as a dividend payment and/or distribution to a holding company of the Parent Guarantor for the purpose of the restricted payments covenant contained in any Debt Document; (3) consent and/or waiver fees reasonably incurred by the relevant Debtor (acting in good faith) in respect of any amendment of, or consent or waiver relating to, any provision of a Second Lien Document; (4) any amounts where the amount is outstanding as a result of the accrual of cash interest payable in respect of the Second Lien Liabilities during a period when a Second Lien Payment Stop Notice (as defined below) was outstanding (which has since expired); (5) any amount of cash interest, tax gross-up or tax indemnity payments in accordance with the Second Lien Documents; (6) the capitalisation of interest or the issuance of a non-cash pay financial instrument evidencing the same which is subordinated to the Super Senior Liabilities and the Senior Secured Liabilities pursuant to the Intercreditor Agreement on the same terms as the Second Lien Liabilities; (7) any other amount which is not an amount of principal or capitalised interest and which is payable in accordance with the terms of the Second Lien Documents; or (8) any closing payment due pursuant to any purchase agreement (or equivalent) in respect of any Second Lien Notes or arrangement or other upfront fees due in respect of any facility agreement in respect of Second Lien Liabilities (***Second Lien Facility Agreement***, the credit facility thereunder being a ***Second Lien Facility*** and the agent and lenders in respect of such Second Lien Facility being the ***Second Lien Facility Creditors***); and (B) no Second Lien Payment Stop Notice is outstanding; and (C) no Senior Secured Payment Default (as defined below) has occurred and is continuing; (ii) if the Majority Super Senior Creditors and the Majority Senior Secured Creditors give prior consent to that payment being made; (iii) if the payment is of a Creditor Representative Amount to a Second Lien Creditor Representative; (iv) if a Second Lien Payment Stop Notice is outstanding and/or a Senior Secured Payment Default is continuing and such payment is a payment of any amount referred to in paragraph (i)(A)(6) or (i)(A)(8) above; (v) of costs, commissions, taxes, expenses and, to the extent consistent with market comparables at the

time committed to be paid (or otherwise reasonable), fees incurred in respect of or in relation to (or reasonably incidental to) any Second Lien Documents (including in relation to any reporting or listing requirements in respect of any Second Lien Notes); (vi) if the payment is funded directly or indirectly with the proceeds of indebtedness permitted to be incurred under the Debt Documents (after giving *pro forma* effect to such incurrence and the application of such indebtedness) provided that, if the Super Senior Liabilities and the Senior Secured Liabilities are not being refinanced simultaneously, no Second Lien Stop Notice is outstanding; or (vii) if (A) an event of default has occurred under the Second Lien Documents and is continuing and the payment is of restructuring costs in respect of Second Lien Liabilities, the amount of which, when aggregated with any other such amounts paid pursuant to this paragraph (vii), does not exceed €1,500,000; and (B) no Senior Secured Payment Default has occurred and is continuing; and (b) on or after the later of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, in respect of the Second Lien Liabilities in accordance with the Second Lien Documents.

Permitted Payments: Hedging Liabilities

(a) Subject to paragraph (b) below, the Intercreditor Agreement permits any Debtors and any other member of the Group to make payments to any Hedge Counterparty in respect of the Hedging Liabilities then due to that Hedge Counterparty under any Hedging Agreement in accordance with the terms of that Hedging Agreement (i) if the payment is a scheduled payment arising under the relevant Hedging Agreement (or another ordinary course payment under such agreement, including in relation to fees, costs and expenses); (ii) to the extent that the relevant Debtor's obligation (or the obligation of the relevant member of the Group, as applicable) to make the payment arises as a result of the operation of (A) any of sections 2(d) (Deduction or Withholding for Tax), 2(e) (Default Interest; Other Amounts), 8(a) (Payment in the Contractual Currency), 8(b) (Judgments) and 11 (Expenses) of the 1992 ISDA Master Agreement (if the Hedging Agreement is based on a 1992 ISDA Master Agreement); (B) any of sections 2(d) (Deduction or Withholding for Tax), 8(a) (Payment in the Contractual Currency), 8(b) (Judgments), 9(h)(i) (Prior to Early Termination) and 11 (Expenses) of the 2002 ISDA Master Agreement (if the Hedging Agreement is based on a 2002 ISDA Master Agreement); or (C) any provision of a Hedging Agreement which is similar in meaning and effect to any provision listed in paragraph (A) or (B) above (if the Hedging Agreement is not based on an ISDA Master Agreement); (iii) to the extent that the relevant Debtor's obligation (or the obligation of the relevant member of the Group, as applicable) to make the payment arises from a Non-Credit Related Close-Out (being a permitted close-out described in any of (a)(i), (ii), (vi), (vii), (ix), (x) or (xi) of this paragraph); (iv) to the extent that (A) the relevant Debtor's obligation (or the obligation of the relevant member of the Group, as applicable) to make the payment arises from (1) a Credit Related Close-Out (being a permitted close-out that is not a Non-Credit Related Close-Out) in relation to that Hedging Agreement; or (2) a permitted automatic early termination under that Hedging Agreement which arises as a result of an event relating to a Debtor or other member of the Group; and (B) no event of default under the Senior Secured Debt Documents or the Credit Facility Documents is continuing at the time of that payment or would result from that payment; (v) to the extent that no event of default under the Senior Secured Notes Documents, Pari Passu Debt Documents or Credit Facility Documents, is continuing or would result from that payment and the relevant Debtor's obligation (or the obligation of the relevant member of the Group, as applicable) to make the payment arises as a result of a close-out or termination arising as a result of: (A) section 5(a)(vii) (Bankruptcy) of the 1992 ISDA Master Agreement (if the relevant Hedging Agreement is based on a 1992 ISDA Master Agreement) and the event of default (as defined in the relevant Hedging Agreement) has occurred with respect to the relevant Hedge Counterparty; (B) section 5(a)(vii) (Bankruptcy) of the 2002 ISDA Master Agreement (if the relevant Hedging Agreement is based on a 2002 ISDA Master Agreement) and the event of default (as defined in the relevant Hedging Agreement) has occurred with respect to the relevant Hedge Counterparty; (C) any provision of a Hedging Agreement which is similar in meaning and effect to any provision listed in paragraph (A) or (B) above (if the Hedging Agreement is not based on an ISDA Master Agreement) and the equivalent event of default has occurred with respect to the relevant Hedge Counterparty; or (D) the relevant Debtor (or other relevant member of the Group, as applicable) terminating or closing-out the relevant Hedging Agreement as a result of a Hedging Force Majeure and the Termination Event (as defined in the relevant Hedging Agreement in the case of a Hedging Agreement based on an ISDA Master Agreement) or the equivalent termination event (in the case of a Hedging Agreement not based on an ISDA Master Agreement) has occurred with respect to

the relevant Hedge Counterparty; or (vi) if the Majority Senior Secured Creditors and the Majority Super Senior Creditors give prior consent to the payment being made.

(b) No Payment may be made to a Hedge Counterparty under paragraph (a) above if any scheduled payment due from that Hedge Counterparty to a Debtor or other member of the Group under a Hedging Agreement to which they are both party is due and unpaid unless (i) such scheduled payment has not been made by the Hedge Counterparty as a result of it exercising its rights to withhold payments under the ISDA Master Agreement; or (ii) the prior consent of the Majority Senior Secured Creditors and the Majority Super Senior Creditors is obtained.

(c) Failure by a Debtor (or other relevant member of the Group, as applicable) to make a payment to a Hedge Counterparty which results solely from the operation of paragraph (b) above shall not result in a default (however described) in respect of that Debtor (or other relevant member of the Group, as applicable) under that Hedging Agreement.

Permitted Payments: Intra-Group Liabilities

The Intercreditor Agreement permits payments from time to time of the Intra Group Liabilities if at the time of payment no acceleration event has occurred in respect of any Debt Documents unless: (i) the relevant Instructing Group (as defined below) consents to that payment being made; or (ii) that payment is made to facilitate payment to a creditor under the Intercreditor Agreement that is permitted by the Intercreditor Agreement.

Permitted Payments: Shareholder Liabilities

The Intercreditor Agreement permits payments in respect of the Shareholder Liabilities only if: (a) the payment is not prohibited by the Debt Documents; (b) the payment is made in respect of an Unsecured Notes proceeds loan and applied within two business days of receipt to make payments of Unsecured Notes Liabilities permitted by the Intercreditor Agreement or (c) the relevant Instructing Group gives prior consent to the payment being made.

Enforcement of Collateral

Entitlement to Enforce Collateral

The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by the relevant Instructing Group in accordance with the provisions described in "*—Enforcement Instructions*" below. The Security Agent may refrain from acting in accordance with any instructions of any creditor or group of creditors until it has received any indemnification and/or security that it may in its discretion (acting reasonably) require for any cost, loss or liability which it may incur in complying with those instructions.

Enforcement Instructions

Majority Super Senior Creditors means, at any time, those Super Senior Creditors whose Super Senior Credit Participations (as defined in the Intercreditor Agreement) at that time aggregate more than 66 2/3% of the total Super Senior Credit Participations at that time.

Majority Senior Secured Creditors means, at any time, those Senior Secured Creditors whose Senior Secured Credit Participations (as defined in the Intercreditor Agreement) at that time aggregate more than 50% of the total Senior Secured Credit Participations at that time.

Majority Second Lien Creditors means, at any time, those Second Lien Creditors whose Second Lien Credit Participations (as defined in the Intercreditor Agreement) at that time aggregate more than 50% of the total Second Credit Participations at that time.

Instructing Group means, at any time:

(a) subject to paragraph (b) below:

(i) on or prior to the later to occur of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, the Majority Super Senior Creditors (so long as the Super Senior Discharge Date has not yet occurred) and the Majority Senior Secured Creditors (so long as the Senior Secured Liabilities Discharge Date has not yet occurred); and

(ii) after the later to occur of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, the Majority Second Lien Creditors; and

(b) in relation to instructions as to enforcement with respect to the Collateral, the group of Secured Creditors entitled to give instructions as to enforcement as provided for in this section ("*—Enforcement Instructions*").

On or prior to the later to occur of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, if either of the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to instruct the Security Agent to commence enforcement of any Collateral (the ***Enforcement Instructions***), any Creditor Representative or Creditor Representatives thereof shall be entitled to deliver a copy of those proposed Enforcement Instructions (the ***Initial Enforcement Instructions***) to the Security Agent, promptly after its receipt of such Initial Enforcement Instructions, the Security Agent is required to distribute such Initial Enforcement Instructions to each of the other Creditor Representatives and each Hedge Counterparty which did not deliver such Initial Enforcement Instructions.

Subject to the below, the Security Agent will act in accordance with Enforcement Instructions received from the Majority Senior Secured Creditors.

(a) If:

(i) the Majority Senior Secured Creditors have not either:

(A) made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing); or

(B) appointed a financial advisor to assist them in making such a determination

within three months of the date of the Initial Enforcement Notice; or

(ii) the Super Senior Discharge Date has not occurred within six months of the date of the Initial Enforcement Notice; or

(iii) an insolvency event (other than an insolvency event directly caused by any enforcement action taken by or at the request or direction of the Secured Creditors) is continuing with respect to a Debtor, or

(iv) the Majority Senior Secured Creditors have not either:

(A) made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing); or

(B) appointed a Financial Advisor to assist them in making such a determination,

and (x) the Majority Super Senior Creditors determine in good faith (and notify the other Creditor Representatives, the Hedge Counterparties and the Security Agent) that a delay in issuing Enforcement Instructions could reasonably be expected to have a material adverse effect on the ability to effect a Distressed Disposal or on the expected realization proceeds of any enforcement and (y) deliver Enforcement Instructions which they reasonably believe to be consistent with the Security Enforcement Principles (as defined below) and necessary or advisable to enhance the prospects of achieving the objective of maximising the Recoveries (as defined in "*—Application of Proceeds*" below) on any enforcement of the Collateral by way of a prompt and expeditious enforcement of the Collateral which is consistent with the rights and obligations of the Security Agent under the Intercreditor Agreement and applicable law (the ***Enforcement Objective***) before the Security Agent has received any Enforcement Instructions from the Majority Senior Secured Creditors,

then the Security Agent will act in accordance with Enforcement Instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred.

(b) Prior to the Senior Secured Liabilities Discharge Date:

(i) if the relevant Instructing Group has instructed the Security Agent to cease or not to proceed with enforcement; or

(ii) in the absence of instructions as to enforcement from the relevant Instructing Group,

and, in each case, the relevant Instructing Group has not required any Debtor to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Collateral which the Majority Second Lien Creditors give to it provided that they are entitled to take such enforcement action at that time under the Intercreditor Agreement.

(c) Following the later to occur of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date, the Security Agent will act in accordance with Enforcement Instructions received from the Majority Second Lien Creditors.

The Majority Super Senior Creditors, Majority Senior Secured Creditors and Majority Second Lien Creditors may only give Enforcement Instructions that are consistent with certain security enforcement principles described in the Intercreditor Agreement, including but not limited to the principle that the enforcement of Collateral shall be consistent with the Enforcement Objective (the ***Security Enforcement Principles***).

Issue of Second Lien Payment Stop Notice

(a) A Second Lien Payment Stop Notice is "outstanding" during the period from the date on which, following the occurrence of an event of default under any Super Senior Debt Document or Senior Secured Debt Document (in each case other than Hedging Agreements) (a ***Senior Secured Event of Default***) (other than a Senior Secured Payment Default (as defined below)) (a ***Second Lien Payment Stop Event***), the Security Agent (acting on the instructions of the relevant Instructing Group) issues a notice (a "**Second Lien Payment Stop Notice**") to a Second Lien Creditor Representative (with a copy to the Parent) advising that a Second Lien Payment Stop Event has occurred and is continuing and suspending payments of the Second Lien Liabilities (other than those permitted under—*Permitted Payments: Second Lien Liabilities* above during such time) until the first to occur of:

(i) the date which is 120 days after the date of issue of that Second Lien Payment Stop Notice;

(ii) if a Second Lien Standstill Period (as defined below) commences after the issue of a Second Lien Payment Stop Notice, the date on which that Second Lien Standstill Period expires;

(iii) the date on which the relevant Second Lien Payment Stop Event in respect of which that Second Lien Payment Stop Notice was issued is no longer continuing;

(iv) the date on which the Security Agent (acting on the instructions of the relevant Instructing Group) cancels that Second Lien Payment Stop Notice by notice to the Second Lien Creditor Representative (with a copy to the Parent Guarantor); and

(v) the date on which the later of the Super Senior Discharge Date and the Senior Secured Liabilities Discharge Date has occurred.

(b) Subject to paragraph (e) below, no Second Lien Payment Stop Notice may be served by the Security Agent in reliance on a particular Second Lien Payment Stop Event more than 120 days after the relevant Creditor Representative receives a notice under the relevant Debt Document advising of the occurrence of that Senior Secured Event of Default constituting that Second Lien Payment Stop Event.

(c) Subject to paragraph (e) below, no more than one Second Lien Payment Stop Notice may be served with respect to the same event or set of circumstances.

(d) Subject to paragraph (e) below, no more than one Second Lien Payment Stop Notice may be served in any period of 365 days.

(e) If the Security Agent is instructed to serve (or cancel) a Second Lien Payment Stop Notice in accordance with the Intercreditor Agreement it shall also serve an (or, as the case may be, cancel each) equivalent Second Lien Payment Stop Notice in respect of any other Second Lien Financing.

Senior Secured Payment Default means a Senior Secured Event of Default arising by reason of non-payment of any amount which is immediately due and payable under any Super Senior Debt

Document or any Senior Secured Debt Document (in each case, other than Hedging Agreements), other than in respect of non-payment of any amount (a) not constituting principal or interest and (b) not exceeding €150,000 (or its equivalent in other currencies).

Second Lien Standstill Period a period of not less than: (1) 90 days in the case of a failure to make a payment of an amount of principal, interest and fees representing the Second Lien Liabilities; or (2) 179 days in the case of any other event of default under a Second Lien Facility Agreement, from the date on which a Second Lien Enforcement Notice (as defined below) becomes effective in accordance with the terms of the Intercreditor Agreement.

Cure of Payment Stop: Second Lien Creditors

If:

(a) at any time following the issue of a Second Lien Payment Stop Notice or the occurrence of a Senior Secured Payment Default, that Second Lien Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Payment Default ceases to be continuing; and

(b) the relevant Debtor then promptly pays to the Second Lien Creditors an amount equal to any payments which had accrued under the Second Lien Documents and which would have been a permitted payment under the Intercreditor Agreement but for that Second Lien Payment Stop Notice or Senior Secured Payment Default,

then any event of default, including any cross default or similar provision, under any other Debt Document which may have occurred as a result of that suspension of payments shall be waived and any notice by the Second Lien Creditor Representative to the Security Agent that an event of default under the Second Lien Financing Documents has occurred and is continuing (a ***Second Lien Enforcement Notice***) which may have been issued as a result of that event of default shall be deemed to be cancelled, in each case without any further action being required on the part of the Second Lien Creditors or any other creditor and notwithstanding the terms of any Second Lien Documents.

Issue of Unsecured Notes Payment Stop Notice

(a) An Unsecured Notes Payment Stop Notice is "outstanding" during the period from the date on which, following the occurrence of an event of default under any Super Senior Debt Document, Senior Secured Debt Document and/or the Second Lien Documents (in each case other than Hedging Agreements) (a ***Senior Secured Event of Default***) (other than a Secured Payment Default (as defined below)) (an ***Unsecured Notes Payment Stop Event***), the Security Agent (acting on the instructions of the relevant Instructing Group) issues a notice (an ***Unsecured Notes Payment Stop Notice***) to a Creditor Representative in respect of Unsecured Notes (with a copy to the Parent Guarantor) advising that an Unsecured Notes Payment Stop Event has occurred and is continuing and suspending payments of the Unsecured Notes Liabilities (other than those permitted under " *—Permitted Payments: Unsecured Notes*" above) until the first to occur of:

(i) the date which is 179 days after the date of issue of that Unsecured Notes Payment Stop Notice;

(ii) if an Unsecured Notes Standstill Period (as defined below) commences after the issue of an Unsecured Notes Payment Stop Notice, the date on which that Unsecured Notes Standstill Period expires;

(iii) the date on which the relevant Unsecured Notes Payment Stop Event in respect of which that Unsecured Notes Payment Stop Notice was issued is no longer continuing;

(iv) the date on which the Security Agent (acting on the instructions of the relevant Instructing Group cancels that Unsecured Notes Payment Stop Notice by notice to the Unsecured Notes Trustee (with a copy to the Parent Guarantor); and

(v) the date on which the Secured Liabilities Discharge Date has occurred.

(b) Subject to paragraph (e) below, no Unsecured Notes Payment Stop Notice may be served by the Security Agent in reliance on a particular Secured Event of Default more than six months after the relevant Creditor Representative receives a notice under the relevant Debt Document advising of the occurrence of that Secured Event of Default constituting that Unsecured Notes Payment Stop Event.

(c) Subject to paragraph (e) below, no more than one Unsecured Notes Payment Stop Notice may be served with respect to the same event or set of circumstances.

(d) Subject to paragraph (e) below, no more than one Unsecured Notes Payment Stop Notice may be served in any period of 365 days.

(e) If the Security Agent is instructed to serve (or cancel) an Unsecured Notes Payment Stop Notice in accordance with the Intercreditor Agreement it shall also serve an (or, as the case may be, cancel each) equivalent Unsecured Notes Payment Stop Notice in respect of any other Unsecured Notes.

Secured Payment Default means a Secured Event of Default arising by reason of non-payment of any amount which is immediately due and payable under any Secured Debt Document (other than Hedging Agreements), other than in respect of non-payment of any amount (a) not constituting principal or interest and (b) not exceeding €150,000 (or its equivalent in other currencies).

Unsecured Notes Standstill Period means a period of not less than 179 days from the date on which an Unsecured Notes Enforcement Notice (as defined below) becomes effective in accordance with the terms of the Intercreditor Agreement.

Cure of Payment Stop: Unsecured Notes Creditors

If:

(a) at any time following the issue of an Unsecured Notes Payment Stop Notice or the occurrence of a Secured Payment Default, that Unsecured Notes Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Secured Payment Default ceases to be continuing; and

(b) the Unsecured Notes Issuer or relevant Debtor then promptly pays to the Unsecured Notes Creditors an amount equal to any payments which had accrued under the Unsecured Notes Documents and which would have been a permitted payment of Unsecured Notes Liabilities but for that Unsecured Notes Payment Stop Notice or Secured Payment Default,

then any event of default, including any cross default or similar provision, under any other Debt Document which may have occurred as a result of that suspension of payments shall be waived and any notice by the Creditor Representative of the Unsecured Notes Creditors to the Security Agent that an event of default under the Unsecured Notes Indenture has occurred and is continuing (an ***Unsecured Notes Enforcement Notice***) which may have been issued as a result of that event of default shall be deemed to be cancelled, in each case without any further action being required on the part of the Unsecured Notes Creditors or any other creditor and notwithstanding the terms of any Unsecured Notes Document.

Turnover

Turnover by the Second Lien Creditors or Unsecured Notes Creditors

Subject to the terms of the Intercreditor Agreement, if at any time prior to the later to occur of the Secured Liabilities Discharge Date and the discharge of the Unsecured Notes Liabilities, any Second Lien Creditor or Unsecured Notes Creditor receives or recovers from any member of the Group:

(a) any payment or distribution of, or on account of or in relation to, any of the Liabilities (including any *Soulte)* which is neither:

(i) a payment permitted under the Intercreditor Agreement (a ***Permitted Payment***); nor

(ii) made as set out in "—*Application of Proceeds*" below;

(b) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a Permitted Payment;

(c) notwithstanding paragraph (a) or (b) above, and other than by way of set-off permitted in the Intercreditor Agreement, any amount:

(i) on account of, or in relation to, any of the liabilities:

(A) after the occurrence of an acceleration event under the Debt Documents on the enforcement of Collateral in accordance with the relevant Collateral document (each a ***Distress Event***); or

(B) as a result of any other litigation or proceedings against a member of the Group (other than after the occurrence of an insolvency event in respect of that member of the Group); or

(ii) subject to certain exceptions in the Intercreditor Agreement, by way of set-off in respect of any of the liabilities owed to it after the occurrence of a Distress Event,

other than, in each case, any amount received or recovered in accordance with "*—Application of Proceeds*" below; or

(d) other than by way of set-off permitted in the Intercreditor Agreement, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the Liabilities owed by a member of the Group which is not as set out in "*—Application of Proceeds*" below and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of the Group,

that Second Lien Creditor or Unsecured Notes Creditor will:

(i) in relation to receipts and recoveries not received or recovered by way of set-off hold an amount of that receipt or recovery equal to the liabilities owed to the Super Senior Creditors, Senior Secured Creditors, Second Lien Creditors, Unsecured Notes Creditors and Shareholder Creditors (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Recoveries

If a Secured Creditor or ***Lenders' Newco*** (being a company incorporated for the purpose of acquiring Investment Instruments (as defined below)) pursuant to a Foreclosure (as defined below) receives any amount paid to it or otherwise realised by it under or in connection with an enforcement and, following a Distress Event, any other proceeds of, or arising from, any of the assets subject to the Collateral (the ***Enforcement Proceeds***) other than as set out in "*—Application of Proceeds*" such Secured Creditor shall hold such Enforcement Proceeds on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds

The Intercreditor Agreement provides that, subject to certain exceptions, all amounts from time to time paid to the Security Agent under the provisions of the Intercreditor Agreement relating to set-off, turnover of receipts, redistribution, Distressed Disposals, treatment of Credit Facility cash cover and Credit Facility Lender cash collateral or parallel debt or any amounts received or recovered by the Security Agent in connection with the realisation or enforcement of all or any part of the Collateral (the ***Recoveries***) will be applied in the following order of priority:

(a) in discharging any sums owing to the Security Agent, (other than pursuant to the parallel debt provision in the Intercreditor Agreement), any receiver or any delegate and in payment of Creditor Representative Amounts to each Creditor Representative (other than any Hedge Counterparty) on its own behalf (in accordance with the relevant Debt Documents);

(b) in discharging all costs and expenses incurred by any Super Senior Creditor, Senior Secured Creditor or Second Lien Creditor in connection with any realisation or enforcement of the Collateral taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the provision of the Interecreditor Agreement dealing with further assurances obligations in respect of an insolvency event*;*

(c) if a Foreclosure (as defined below) has occurred (save to the extent of certain excess liabilities owed to the Super Senior Creditors and the Senior Secured Creditors after the exercise of the Second Lien Call Option (the ***Relevant Time***) and unless the Majority Second Lien Creditors agree otherwise, as a result of an amendment (an ***Excess Senior Liabilities Amendment***) to increase the principal amount outstanding, the margin or the fees under any of the Super Senior Debt Documents or the Senior Secured Debt Documents above a certain threshold at a Relevant Time (the ***Excess Senior Liabilities***)) in payment to the Security Agent on behalf of the holders of Investment Instruments (as defined below) subject to a Foreclosure (the ***Foreclosed Instruments***) (the ***Foreclosed Instrument Holders***) which are (or were immediately prior to the Foreclosure) Secured Creditors other than Second Lien Creditors for distribution to each such Foreclosed Instrument Holder in an amount equal to its tax liabilities;

(d) (save to the extent of any Excess Senior Liabilities) *pro rata* and *pari passu*, in payment to:

(i) the RCF Agent on its own behalf and on behalf of the RCF Finance Parties (or following the RCF Discharge Date, each Creditor Representative(s) in respect of a Credit Facility on its own behalf and on behalf of the Credit Facility Lenders under that Credit Facility); and

(ii) the Super Senior Hedge Counterparties,

for application towards the discharge of:

(A) in the case of (i) above, Credit Facility Lender Liabilities in accordance with the terms of the Credit Facility Documents then in effect; and

(B) in the case of (ii) above, the Super Senior Hedging Liabilities on a *pro rata* basis between the Super Senior Hedging Liabilities of each Super Senior Hedge Counterparty,

including the amount of any *Soulte* paid or owed but not yet paid by the Super Senior Creditors pursuant to the Intercreditor Agreement,

on *a pro rata* basis as between paragraphs (A) and (B) above;

(e) (save to the extent of any Excess Senior Liabilities) *pro rata and pari passu, in payment to:*

(i) in respect of the Senior Secured Notes Liabilities and the Pari Passu Liabilities, the relevant Creditor Representative on its own behalf and on behalf of the relevant Senior Secured Creditors; and

(ii) the Non-Super Senior Hedge Counterparties.

for application towards the discharge of:

(A) in the case of (i) above, the Senior Secured Liabilities owed to the Senior Secured Noteholders and the relevant Pari Passu Creditors in accordance with the terms of the relevant Senior Secured Debt Documents on a *pro rata* basis between the Senior Secured Notes Liabilities and the Pari Passu Liabilities; and

(B) in the case of (ii) above, the Non-Super Senior Hedging Liabilities on a *pro rata* basis between the Non-Super Senior Hedging Liabilities of each Non-Super Senior Hedge Counterparty,

in each case, together with the amount of any *soulte* paid or owed but not yet paid by the Senior Secured Notes Creditors, the Non-Super Senior Hedge Counterparties and the Pari Passu Creditors pursuant to the Intercreditor Agreement;

on a pro rata basis as between paragraphs (A) and (B) above; and

(f) to the extent a Foreclosure has occurred (save to the extent of any Excess Senior Liabilities) in payment to the Security Agent on behalf of the Foreclosed Instrument Holders which are (or were immediately prior to the Foreclosure) Secured Creditors other than Second Lien Creditors, of the cost of shareholding;

(g) if a Foreclosure has occurred (save to the extent of certain excess liabilities owed to the Second Lien Creditors after the Second Lien Call Option and the date of an Excess Senior Liabilities Amendment as a result of an amendment to increase the principal amount outstanding, the margin or the fees (in each case subject to certain exceptions) under the Second Lien Documents (the ***Excess Second Lien Liabilities***)) in payment to the Security Agent on behalf of the Foreclosed Instrument Holders which are (or were immediately prior to the Foreclosure) Second Lien Creditors for distribution to each such Foreclosed Instrument Holder in an amount equal to its tax liabilities;

(h) (save to the extent of any Excess Second Lien Liabilities) in respect of each Second Lien Financing, in payment to the relevant Second Lien Creditor Representative on its own behalf and on behalf of the relevant Second Lien Creditors or (following the exercise of the Second Lien Call Option) the Second Lien Sellers or, if there is no Second Lien Representative as defined in "*—Option to Purchase: Second Lien Creditors*" below acting on behalf of any relevant Second Lien Creditors, such Second Lien Creditors or (following the exercise of the Second Lien Call Option) the Second Lien Sellers for application towards the discharge of the Second Lien Liabilities in accordance with the terms of the Second Lien Documents or (following the exercise of the Second Lien Call Option) the aggregate consideration under a Second Lien Call Option owed to the Second Lien Sellers on a *pro rata* basis between the relevant Second Lien Financings together with the amount of any *soulte* paid or owed but not yet paid by the Senior Secured Notes Creditors, the Hedge Counterparties and the Pari Passu Creditors pursuant to the Intercreditor Agent, provided that no Second Lien Creditor shall be entitled (other than as an unsecured creditor) to any portion of Recoveries arising from the enforcement of Collateral over rights or assets which are not subject to Collateral in respect of the obligations of the Debtors under the Second Lien Documents;

(i) to the extent a Foreclosure has occurred (save to the extent of any Excess Second Lien Liabilities), in payment to the Security Agent on behalf of the Foreclosed Instrument Holders which are (or were immediately prior to the Foreclosure) Second Lien Creditors, of the cost of shareholding;

(j) in payment to the relevant Creditor Representative, on behalf of the Super Senior Creditors and the Senior Secured Creditors for application towards the discharge of any Excess Senior Liabilities (in accordance with the terms of the relevant Debt Documents);

(k) in payment to the relevant Creditor Representatives on behalf of the Second Lien Creditors or (following the exercise of the Second Lien Call Option) the Second Lien Sellers (each as defined in "*—Second Lien Call Option*" below) or, if there is no Creditor Representative acting on behalf of any relevant Second Lien Creditors, such Second Lien Creditors or (following the exercise of the Second Lien Call Option) the Second Lien Sellers for application towards the discharge of the Excess Second Lien Liabilities owed to the Second Lien Creditors (in accordance with the terms of the Second Lien Documents) provided that no Second Lien Creditor shall be entitled (other than as an unsecured creditor) to any portion of Recoveries arising from the enforcement of Collateral over rights or assets which are not subject to Collateral in respect of the obligations of the Debtors under the Second Lien Documents;

(l) if none of the Debtors is under any further actual or contingent liability under any Hedging Agreement, Hedge Counterparty guarantee, Credit Facility Document, Senior Secured Debt Document or Second Lien Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor;

(m) in payment to the relevant Debtor of any *soulte* payable and not yet paid, or paid (to the extent paid back to the Security Agent by the Debtors in accordance with the Intercreditor Agreement, as a result of a Foreclosure (on a *pro rata* basis among themselves);

(n) in payment to the relevant Debtor which has assigned its rights of recourse in accordance with the Intercreditor Agreement the following proportion of the remaining amounts:

(A) if following a Foreclosure, a sale of all or part of the Foreclosed Instruments or Investment Instruments issued by a Lenders' Newco (a ***Cash-Effect Event***) occurs on or prior to the date falling 6 months after the occurrence of the Foreclosure, one hundred per cent. (100%);

(B) if the Cash-Effect Event occurs following the date falling 6 months but on or prior to the date falling 18 months after the occurrence of the Foreclosure, sixty-six point sixty seven per cent. (66.67%);

(C) if the Cash-Effect Event occurs following the date falling 18 months but on or prior to the date falling 30 months after the occurrence of the Foreclosure, fifty per cent. (50%);

(D) if the Cash-Effect Event occurs following the date falling 30 months but on or prior to the date falling 36 months after the occurrence of the Foreclosure, thirty-three point thirty-four per cent. (33.34%); or

(E) if the Cash-Effect Event occurs following the date falling 36 months after the occurrence of the Foreclosure, no payment shall be due under this paragraph (n); and

(o) the balance, if any, in payment (i) to the extent a Foreclosure has occurred, to the Security Agent on behalf of the Foreclosed Instrument Holders for distribution to each Foreclosed Instrument Holder *pro rata* to each Foreclosed Instrument Holder's holding of Foreclosed Instruments or, as applicable, in the Investment Instruments issued by a Lenders' Newco that it owns or (ii) otherwise to the relevant Debtors.

Foreclosure means a Relevant Security Enforcement (as defined below) as a result of which the relevant Foreclosed Instruments are owned by the Secured Creditors or a Lenders' Newco following:

(a) an appropriation (including pursuant to a *pacte commissoire* or a private appropriation) by, judicial foreclosure in favour of, or attribution to, the Security Agent or any of the Secured Creditors; or

(b) a disposal to a Lenders' Newco,

in each case, in accordance with the relevant Collateral document.

Release of the Guarantees and the Security

Non-distressed Disposal

In circumstances where a disposal of an asset is a Non-Distressed Disposal (as defined below) or an asset is to be subject to a special purpose security, the Intercreditor Agreement provides that the Security Agent is authorized (i) to release the Collateral over that asset; and (ii) if the relevant asset consists of shares in the capital of a member of the Group, to release the Collateral or any other claim (relating to a Debt Document) over that member of the Group's assets and/or shares and/or assets of any of its subsidiaries.

Non-Distressed Disposal means a disposal of:

(a) an asset of a Debtor; or

(b) an asset which is subject to the Collateral,

to a person or persons outside the Group (save that in the case of a financing disposition such disposal may be to a special purpose subsidiary) and for these purposes, the assets of a member of the Group designated as a special purpose subsidiary (in accordance with the terms of the relevant Secured Debt Documents) which are subject to Collateral shall be deemed to be disposed of at the time such designation is made, where in each case:

(i) the Parent Guarantor certifies for the benefit of the Security Agent and each Creditor Representative that such disposal, and the release of the Collateral over the asset(s) the

subject of such disposal, (1) is permitted under the Super Senior Debt Documents, the Senior Secured Debt Documents, the Second Lien Documents and the Unsecured Notes Documents or (2) the relevant Creditor Representatives have agreed to such disposal and such release; and

(ii) that disposal is not a Distressed Disposal.

Distressed Disposal

Subject to certain exceptions set out in the Intercreditor Agreement and to the Security Enforcement Principles, where a Distressed Disposal (as defined below) of an asset is being effected, the Intercreditor Agreement provides that the Security Agent is authorized: (i) to release the Collateral, or any other claim over that asset; (ii) if the asset which is disposed of consists of all the shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its liabilities as borrower under the liabilities governed by the Intercreditor Agreement (the ***Liabilities***), its liabilities as a guarantor of the Liabilities (the ***Guarantee Liabilities***) or other liabilities it may have to the Secured Creditors under the Debt Documents or to a Shareholder Creditor, an Intra-Group Lender or a Debtor (the ***Other Liabilities***); (b) any Collateral granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of a Shareholder Creditor, a lender of Intra-Group Liabilities (an ***Intra-Group Lender***), or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor; (iii) if the asset which is disposed of consists of all the shares in the capital of any holding company (or other direct or indirect shareholder) of a Debtor, to release (a) that holding company (or other direct or indirect shareholder) and any subsidiary of that holding company (or other direct or indirect shareholder) from all or any part of its liabilities as borrower under the Liabilities, its Guarantee Liabilities and Other Liabilities; (b) any Collateral granted by that holding company and/or any subsidiary of that holding company (or other direct or indirect shareholder) over any of its assets; and (c) any other claim of a Shareholder Creditor, an Intra-Group Lender or another Debtor over the assets of that holding company and/or any subsidiary of that holding company (or other direct or indirect shareholder); (iv) if the asset which is disposed of consists of all the shares in the capital of a Debtor or a holding company (or other direct or indirect shareholder) of a Debtor, to dispose of all or any part of the liabilities of that Debtor or the holding company of that Debtor or any subsidiary of that Debtor or any other liability owed to any Debtor, provided that, if the transferee of such liabilities is to be treated as a Secured Creditor or Unsecured Notes Creditor, all Senior Secured Notes Liabilities, Super Senior Liabilities, Non-Super Senior Hedging Liabilities, *Pari Passu* Liabilities and other Liabilities must be transferred to that transferee; and (v) 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.

Distressed Disposal means a disposal of an asset of a member of the Group which is:

(a) being effected (whether by a Debtor or otherwise) on the instructions of the relevant Instructing Group in circumstances where:

(i) the Collateral has become enforceable in accordance with the terms of the relevant Collateral documents; or

(ii) an event of default under the Debt Documents has occurred and is continuing or;

(b) being effected by enforcement of the Collateral in accordance with the terms of the relevant Collateral documents.

Amendment

Subject to certain exceptions, the Intercreditor Agreement provides that it may be amended with the written consent of (i) each Creditor Representative (other than Hedge Counterparties) in accordance with, and to the extent required under, the relevant Debt Documents; (ii) any Hedge Counterparty to the extent the waiver or amendment would materially prejudice the continuing rights and obligations of that Hedge Counterparty under the Intercreditor Agreement or such amendment/waiver requires consent of that Hedge Counterparty under the applicable Hedging Agreement; (iii) the Shareholder Creditors to the extent such amendment/waiver relates to or adversely affects the rights

or obligations of the Shareholder Creditors under the Intercreditor Agreement and (iv) the Parent Guarantor; unless it is an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the order of priority or subordination set out in the Intercreditor Agreement; or (b) any amendment to the payment waterfall or redistribution provisions set out in the Intercreditor Agreement; or (c) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent, which shall not be made without:

(a) each Creditor Representative (other than the Hedge Counterparties) acting in accordance with the relevant Debt Documents;

(b) the Credit Facility Lenders in the requisite percentage required by the applicable Credit Facility;

(c) (provided the Pari Passu Liabilities exceed €10,000,000 in aggregate) the lenders under any applicable facility agreement in respect of Pari Passu Liabilities in the requisite percentage required by that facility agreement;

(d) the Second Lien Lenders under any applicable Second Lien Facility in the requisite percentage required by the Second Lien Facility Agreement in respect of that Credit Facility;

(e) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty);

(f) the Security Agent; and

(g) the Parent Guarantor.

provided that an amendment or waiver that has the effect of changing or which relates to: (a) any amendment to the order of priority or subordination set out in the Intercreditor Agreement or (b) any amendment to the payment waterfall or redistribution provisions shall only require the consent of the Parent Guarantor, those Super Senior Creditors, Senior Secured Creditors, Second Lien Creditors and Unsecured Notes Creditors which will be materially prejudiced by the proposed amendment or waiver and the Security Agent to the extent that it will be materially prejudiced by the proposed amendment or waiver.

Subject to certain exceptions and unless the provisions of any Debt Document expressly provide otherwise, the Security Agent may, if authorized by (i) the Majority Super Senior Creditors and (ii) if the *Pari Passu* Liabilities are equal to or less than €10,000,000 in aggregate, the Majority Senior Secured Creditors or if the *Pari Passu* Liabilities are in excess of €10,000,000 in aggregate, the Senior Secured Notes required holders and the *Pari Passu* Liabilities required holders, and if the Parent Guarantor consents, amend the terms of, waive any of the requirements of or grant consents under, any of the Collateral which shall be binding on each party to the Intercreditor Agreement.

Option to Purchase: Senior Secured Creditors

The Intercreditor Agreement provides that, subject to certain conditions and exceptions, some or all of the Senior Secured Noteholders and Pari Passu Creditors may, after a Distress Event, by giving not less than ten days' notice to the Security Agent require the transfer to them in accordance with the terms of the Intercreditor Agreement of all but not part of the rights, benefits and obligations in respect of the Credit Facility Lender Liabilities.

Option to Purchase: Second Lien Creditors

The Intercreditor Agreement provides that, subject to certain conditions and exceptions, some or all of the Second Lien Creditors or, following an Assignment (as defined below), the Second Lien Sellers (as defined below) may, during a Second Lien Debt Purchase Window (as defined below), by giving not less than ten days' notice to the Security Agent require the transfer to them in accordance with the terms of the Intercreditor Agreement of all but not part of the rights, benefits and obligations in respect of the Credit Facility Lender Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Debt Liabilities and the Hedging Liabilities.

Second Lien Debt Purchase Window means either:

(a) at any time (x) during the period following the issue of Second Lien Payment Stop Notice until that Second Lien Payment Stop Notice ceases to be outstanding, (y) while a Second Lien Standstill Period is continuing or (z) after the Security Agent has notified Creditor Representative, or the Second Lien Creditors and, after an Assignment, the Majority Second Lien Sellers (each as defined below) (the ***Second Lien Representative***) of its intention to commence the enforcement of Collateral over shares of any class, loans, bonds or other debt instruments issued by a member of the Group (together, ***Investment Instruments***) (a ***Relevant Security Enforcement***) in accordance with the Intercreditor Agreement, in each case until the date of enforcement; or

(b) at any time after the date of a Relevant Security Enforcement or the date of a Second Lien Call Option Exercise Notice (as defined below), in either case until the date which is the earlier of (i) four (4) months after such Relevant Security Enforcement or such Second Lien Call Option Exercise Notice and (ii) the date on which the Senior Secured Creditors or Super Senior Creditors notify the Second Lien Representative of their intention to commence a Fair Sale Process (as defined in the Intercreditor Agreement).

Second Lien Call Option

Subject to certain exceptions and conditions set out in the Intercreditor Agreement, the Second Lien Creditors agree in the Intercreditor Agreement that the Security Agent may (on one or more occasions, with no further action being required by any Second Lien Creditor and acting on the instructions of the relevant Instructing Group), if notice that any Relevant Security Enforcement is to be taken by any of the Super Senior Creditors or Senior Secured Creditors (or the Security Agent acting on their behalf) has been provided, require an assignment (an ***Assignment***) by each Second Lien Creditor (a ***Second Lien Seller***) to it (or a nominee on its behalf) of all of their rights, benefits and title in respect of the Second Lien Liabilities (the ***Second Lien Call Option***) by giving notice to each Creditor Representative in relation to any Second Lien Creditors (the ***Second Lien Call Option Exercise Notice***) of such requirement.

Governing Law

The Intercreditor Agreement is governed by and construed in accordance with English law.

DESCRIPTION OF THE NOTES

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 terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture, the Notes and the Security Documents and refers to the Intercreditor Agreement. It 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 below under "—Additional Information".

Certain defined terms used in this description but not defined below under "—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 subheading "—Certain Definitions". In this description, the term "Issuer" refers only to Mobilux Finance SAS and not to any of its subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

General

Mobilux Finance (the "Issuer") will issue €380 million aggregate principal amount of 5½% Senior Secured Notes due 2024 (the "Notes") under an indenture (the "Indenture"), to be dated as of the Issue Date, between, among others, the Issuer, the Initial Guarantors, Deutsche Trustee Company Limited, as Trustee, and BNP Paribas, as 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 "Securities Act"). Unless the context requires otherwise, references in this "*Description of Notes*'' to the Notes include the Notes and any "Additional Notes" (as defined below) that are issued under the Indenture. The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The Indenture contains provisions that define your rights and govern the obligations of the Issuer and the Guarantors under the Notes. The Notes will be initially guaranteed on a senior basis by the Issuer's direct parent, Mobilux Acquisition, a company (*société par actions simplifiée*) organized under the laws of France (the "Company") and Mobilux 2, a company (*société par actions simplifiée*) organized under the laws of France (the "Parent Guarantor"), and, after the Completion Date on a senior secured basis by the Company, the Parent Guarantor, Décomeubles Partners, BUT, BUT International and Cogesem. The terms of the Notes include those set out in the Indenture. Certain terms used in this description are defined below under the caption "—Certain Definitions".

For the purposes of this description, references to "Issuer", "we", "our", and "us" refer only to Mobilux Finance any successor in interest thereto, and not to any of its Subsidiaries. Unless the context otherwise requires, in this description, references to the "Notes" include any Additional Notes (as defined below).

The following is a description of the material terms of the Indenture and the Notes and refers to the Security Documents and the Intercreditor Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, the Notes, the Security Documents and the Intercreditor Agreement, including the definitions of certain terms therein. The Issuer urges you to read the Indenture, the Notes, the Security Documents and the Intercreditor Agreement as they, and not this description, govern your rights as holders of the Notes. Copies of the Indenture, the forms of Note, the Security Documents and the Intercreditor Agreement will be made available as set forth under the section entitled "Listing and General Information".

Overview of the Notes and the Note Guarantees

The Notes

The Notes:

- are senior secured obligations of the Issuer;
- are secured by the Collateral as set forth below under the caption "—Security" on a first-priority basis along with obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and certain other future indebtedness (although any liabilities in respect of obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and certain other future indebtedness that are secured by the Collateral, will receive priority over the Holders with respect to any proceeds received upon any enforcement action over the Collateral as further described under the section entitled "Description of Certain Financing Arrangements—Intercreditor Agreement");
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing and any future Indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- are effectively senior in right of payment to any existing or future unsecured obligations of the Issuer, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes;
- are guaranteed on a senior basis by the Guarantors, which guarantees may be subject to the guarantee limitations described herein; and
- are structurally subordinated to any existing and future Indebtedness of the Parent Guarantor's Subsidiaries that are not Guarantors.

The Note Guarantees

The Notes will initially be guaranteed by the Initial Guarantors and after the Completion Date will also be guaranteed by Décomeubles Partners, BUT, BUT International and Cogesem. The Note Guarantee of each Guarantor:

- will be a senior secured obligation of such Guarantor, secured by the Collateral as set forth below under the caption "—Security" on a first-priority basis along with obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and certain other future indebtedness (although any liabilities in respect of obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and certain other future indebtedness that are secured by the Collateral, will receive priority over the Holders with respect to any proceeds received upon any enforcement action over the Collateral as further described under the section entitled "Description of Certain Financing Arrangements—Intercreditor Agreement");
- will rank *pari passu* in right of payment with any existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to the Note Guarantee of that Guarantor;
- will rank senior in right of payment with any existing and any future Indebtedness of such Guarantor that is subordinated in right of payment to the relevant Note Guarantee;
- will be effectively senior to any existing or future unsecured obligations of such Guarantor, to the extent of the value of the Collateral that is available to satisfy the obligations under the Note Guarantee; and
- will be structurally subordinated to any existing and future Indebtedness of such Guarantor's Subsidiaries that are not Guarantors.

The obligations of a Guarantor under its Note Guarantee will be limited as necessary to prevent the relevant Note Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law. See "Risk Factors—Risks Related to Our Financial Profile and the Notes—The guarantees/security interests may be limited by French law or subject to certain limitations or defenses that may adversely affect their validity and enforceability".

The Issuer is a special purpose vehicle initially formed for the purpose of issuing the Notes and any Additional Notes (as defined below) permitted to be issued under the Indenture. The Issuer does not have any subsidiaries. The Parent Guarantor and the Company are holding companies. The Parent Guarantor and the Company will conduct all of their operations through their Subsidiaries. Claims of creditors of the non-guarantor Subsidiaries, including trade creditors and creditors holding indebtedness or guarantees issued by such non-guarantor Subsidiaries, and claims of preferred stockholders of such non-guarantor Subsidiaries, generally will have priority with respect to the assets and earnings of such non-guarantor Subsidiaries over the claims of the Issuer's creditors, including holders of the Notes. Accordingly, the Notes and the Note Guarantees will be effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of such non-guarantor Subsidiaries. See "Risk Factors—Risks Related to Our Financial Profile and the Notes—The Notes will be structurally subordinated to the liabilities of Non-Guarantor Subsidiaries".

As of the Completion Date, all of the Parent Guarantor's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, subject to compliance with the terms of the Indenture, the Parent Guarantor will be permitted to designate Restricted Subsidiaries (other than the Issuer) as "Unrestricted Subsidiaries". The restrictive covenants in the Indenture do not apply to Unrestricted Subsidiaries. The Parent Guarantor's Unrestricted Subsidiaries, if any, will not guarantee the Notes.

Listing of the Notes

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. 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 for trading on the Euro MTF market will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Principal, Maturity and Interest

On the Issue Date, the Issuer will issue the Notes in an aggregate principal amount of €380 million. The Notes will mature on November 15, 2024. The Notes will be issued in fully registered form, without coupons, in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof.

Interest on the Notes will accrue at the rate of 5.50% per annum. Interest on the Notes will accrue from the date of original issue, or, if interest has already been paid or provided for, from the most recent date to which interest has been paid or provided for. Interest will be payable semiannually to holders of record at the close of business on May 1 or November 1 immediately preceding the interest payment date, on May 15 and November 15 of each year, commencing May 15, 2017. Interest will be paid on the basis of a 360-day year consisting of twelve 30-day months.

The Issuer may issue an unlimited aggregate principal amount of additional Notes in one or more series from time to time (the "Additional Notes"), subject to limitations set forth under the caption "—Certain Covenants—Limitation on Indebtedness". The interest rate on any Additional Notes may differ from that borne by the Notes currently being offered. Any Additional Notes will be part of the same class as the Notes currently being offered and will be treated as Notes for all purposes of the Indenture, except as otherwise provided in the Indenture. Holders of Additional Notes will vote on all matters as a single class with holders of Notes issued on the Issue Date, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture.

Methods of Receiving Payments on the Notes

Principal of, and premium, if any, and interest on, the Notes will be payable, and the Notes may be exchanged or transferred at the office or agency of the Issuer maintained for such purposes except that, at the option of the Issuer, payment of interest may be made through a Paying Agent by check mailed to the address of the registered holders of the Notes as such address appears in the Note Register. The Notes may be presented for registration of transfer and exchange at the offices of the Registrar.

The Parent Guarantor or any of its Subsidiaries may act as Paying Agent (other than with respect to Global Notes) or Registrar in respect of the Notes.

The Issuer will maintain one or more registrars (each, a "Registrar") 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. The Registrars will maintain a register reflecting ownership of Notes (as defined herein) outstanding from time to time (the "Register") and will make payments on and facilitate transfer of Notes on behalf of the Issuer. The Issuer will also maintain a register of Notes at its registered office which, in case of any discrepancy with the information contained in the Register, shall prevail over the Register.

The Issuer may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders of Notes. 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 market, 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) (the information contained on that website is not part of this Offering Circular).

Optional Redemption

The Notes will be redeemable, at the Issuer's option, at any time prior to maturity at varying redemption prices in accordance with the applicable provisions set forth below (the date of such redemption being the "Redemption Date").

At any time on and after November 15, 2019 the Notes will be redeemable at the Issuer's option, in whole or in part and from time to time, at the applicable redemption price set forth below. The Notes will be so redeemable at the following redemption prices (expressed as a percentage of principal amount on the Redemption Date), plus accrued and unpaid interest, if any, to the relevant Redemption Date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on November 15 of the years set forth below:

Redemption period	Price
2019	102.750%
2020	101.375%
2021 and thereafter	100.000%

At any time prior to November 15, 2019 the Notes will be redeemable at the Issuer's option, in whole or in part and from time to time, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the applicable Redemption Date (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date) (the "Redemption Price").

At any time prior to November 15, 2019 the Issuer will be entitled at its option on one or more occasions to redeem Notes in an aggregate principal amount not to exceed 40% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes) with funds in an equal aggregate amount (the "Redemption Amount") not exceeding the aggregate proceeds of one or more Equity Offerings, at a redemption price (expressed as a percentage of principal amount thereof) of 105.50%, plus accrued and unpaid interest, if any, to the Redemption Date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that if Notes are redeemed pursuant to this paragraph, an aggregate principal amount of Notes equal to at least 50% of the original aggregate principal amount of Notes (calculated giving effect to any issuance of Additional Notes) remains outstanding immediately after the occurrence of each such redemption of Notes. Any amount payable in any such redemption may be funded from any source. Any notice of any such redemption may be given prior to completion of the related Equity Offering but in no event may be given more than 180 days after the date of the completion of the related Equity Offering.

At any time and from time to time prior to November 15, 2019, the Issuer will be entitled at its option to redeem during each calendar year up to 10% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes), at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the Redemption Date (subject to the rights of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notwithstanding the foregoing, in connection with any tender for the Notes, if Holders of not less than 90% in the aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any other Person making such tender offer, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer will have the right, upon notice given not more than 30 days following such purchase pursuant to such tender offer, to redeem all of the Notes that remain outstanding following such purchase at a price in cash equal to the price offered to each Holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest to but excluding the Redemption Date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any redemption of Notes may be made upon notice in accordance with the provisions set forth under the caption "Notices", not less than 10 nor more than 60 days prior to the Redemption Date, except that a redemption notice may be delivered more than 60 days prior to the Redemption Date if such notice is issued in connection with legal or covenant defeasance of the Issuer's obligations or a satisfaction and discharge of the Indenture, or if the Redemption Date is delayed as provided for in the following paragraph.

Any redemption of Notes (including in connection with an Equity Offering) or notice thereof may, at the Issuer's discretion, be subject to the satisfaction (or waiver by the Issuer in its sole discretion) of one or more conditions precedent, which may include consummation of any related Equity Offering or the occurrence of a Change of Control. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been (or, in the Issuer's sole determination, may not be) satisfied (or waived by the Issuer in its sole discretion) by the Redemption Date, or by the Redemption Date so delayed.

If the Issuer effects an optional redemption of Notes, it will, 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 to the extent required by the Luxembourg Stock Exchange, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

The Issuer may provide in any notice of redemption that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Selection and Notice

For 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 to the extent required by the rules and regulations of the Luxembourg Stock Exchange, the Issuer shall publish notice of any redemption 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 the Luxembourg Stock Exchange, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu) (the information contained on that website is not part of this Offering Circular).

In the case of any partial redemption, selection of the Notes for redemption will be made by the Principal Paying Agent in accordance with the applicable procedures of Euroclear or Clearstream, as applicable, or, in the case of Notes in definitive form, on a pro rata basis unless otherwise required by law or applicable stock exchange or depositary requirements.

No Note of €100,000 in aggregate principal amount or less shall be redeemed in part.

If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. Neither the Trustee nor the Principal Paying Agent will be liable for selections made by the Principal Paying Agent pursuant to this Section. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption so long as the Issuer has deposited with, or procured deposit with, the Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest, if any on the Notes to be redeemed.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under the captions "—Change of Control" and "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock". The Issuer may at any time and from time to time purchase Notes in the open market or otherwise.

Additional Amounts

All payments required to be made by the Issuer or any Guarantor or the Paying Agent on behalf of the Issuer or such Guarantor under or with respect to the Notes or any Note Guarantee (each of the Issuer, such Guarantor or such Paying Agent and, in each case, any successor thereof, making such payment, the "Payor"), will be made without withholding or deduction for or on account of any Taxes imposed or levied by or on behalf of the government of France or any political subdivision thereof or any authority or agency therein or thereof having power to tax, by or on behalf of any authority or agency having power to tax within any other jurisdiction in which the Issuer or the applicable Guarantor is organized or otherwise resident for tax purposes or any jurisdiction from or through which payment is made by such Payor (each a "Relevant Taxing Jurisdiction"), unless such withholding or deduction is required by law or regulation.

If a Payor is so required to withhold or deduct any amount for or on account of Taxes imposed or levied by or on behalf of a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or a Note Guarantee, as applicable, the Issuer or the applicable Guarantor will be required to pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by any Holder (including Additional Amounts) after such withholding or deduction will not be less than the amount the Holder would have received if such Taxes had not been withheld or deducted; *provided, however*, that the foregoing obligation to pay Additional Amounts does not apply to:

(1) any Taxes that would not have been so imposed or levied but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, beneficial owner, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, company or corporation) and the Relevant Taxing Jurisdiction, including, without limitation, such Holder or person being or having been a domiciliary, national or resident thereof, or being or having been present or engaged in a trade or business therein or having had a permanent establishment therein (other than the holding by such Holder of any Note or such Holder's receipt of payments thereunder or exercise or enforcement of its rights in respect thereof);

(2) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Tax;

(3) any Taxes which are payable other than by withholding or deduction from payments under (or with respect to) the Notes or any Note Guarantee;

(4) any Taxes that are imposed or levied by reason of the failure of the Holder or the beneficial owner of any Note to comply with any written request by the Payor made to such Holder at least 60 days before any such withholding or deduction would be payable (A) to provide information or documentation concerning the nationality, residence or identity of such Holder or beneficial owner or (B) to make any declaration or similar claim or satisfy any certification, information or reporting requirement, which in the case of (A) or (B), is required or imposed by a statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of withholding or deduction of, all or part of any Taxes, but, in each case, only if and to the extent that such Holder or beneficial owner is legally entitled to provide such information or documentation or to make such declaration or claim or to satisfy such requirement (without giving effect, for the avoidance of doubt, to any separate contractual limitation on any such disclosure, declaration, claim or satisfaction of requirement);

(5) a Note presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to, or otherwise selecting, another Paying Agent in a member state of the European Union;

(6) any Taxes imposed on a Note presented for payment more than 30 days after the date on which such payment on such Note became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of the 30-day period);

(7) any payment of principal of (or premium, if any, on) or interest on a Note to any Holder who is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the sole beneficial owner of such Note;

(8) any withholding or deduction pursuant to or in connection with Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreements (including any intergovernmental agreements) thereunder or any law, regulation, or official interpretation implementing any of the foregoing; or

(9) any Taxes imposed or levied by reason of any combination of clauses (1) through (8) above.

The Payor will make any withholding or deduction required by law in respect of Taxes, and remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor or any Guarantor will use reasonable efforts to provide the Principal Paying Agent with official receipts or other documentation evidencing the payment of the Taxes with respect to which Additional Amounts are paid. If so provided, copies thereof will be made available at the offices of the Principal Paying Agent if the Notes are then listed on the Luxembourg Stock Exchange.

If the Issuer or any Guarantor will be obligated to pay Additional Amounts under or with respect to any payment made on the Notes, prior to the date of such payment, such Payor will deliver to the Principal Paying Agent a certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information reasonably necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date. Whenever in the Indenture, the Notes or in this "Description of Notes" there is mentioned, in any context:

(1) the payment of principal;

(2) redemption prices or purchase prices in connection with a redemption or a purchase of Notes, as applicable;

(3) the payment of interest; or

(4) any other amount payable on or with respect to any of the Notes or any Note Guarantee,

such reference will be deemed to include payment of Additional Amounts as described under this caption "—Additional Amounts", to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer will pay any present or future stamp, excise, issue, registration, or similar court or documentary Taxes (referred to in this paragraph as "stamp taxes") that arise in any Relevant Taxing Jurisdiction from the execution, delivery, enforcement or registration of the Notes, the Indenture, the Note Guarantees, the Security Documents or any other document or instrument in relation thereto, and the Issuer and each Guarantor will indemnify the Holders for any such stamp taxes paid by such Holders.

The obligations described under this caption "—Additional Amounts", will survive any termination, defeasance or discharge of the Indenture or any Note Guarantee, and will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Payor is incorporated, organized or resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein.

Optional Redemption for Changes in Withholding Taxes

The Issuer is entitled to redeem Notes, at its option, at any time in whole but not in part, upon not less than 10 nor more than 60 days' notice to the Holders, at a redemption price equal to 100% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), in the event the Issuer or any Guarantor has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Notes, any Additional Amounts, in each case, as a result of:

(1) a change in or an amendment to the laws (including any regulations, protocols or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction affecting taxation; or

(2) any change in or amendment to any official position regarding the application, administration or interpretation of such laws (including any regulations, protocols or rulings promulgated thereunder and including the decision of any court, governmental agency or tribunal),

which change or amendment is announced, enacted or becomes effective, on or after the date of this Offering Circular (or, if the Relevant Taxing Jurisdiction has changed since the date of this Offering Circular either (i) as a result of an addition of a Guarantor, or (ii) an existing Guarantor redomiciling or becoming tax-resident (other than as a result of a change in law after the date of this Offering Circular), the date on which the then current Relevant Taxing Jurisdiction became the applicable Relevant Taxing Jurisdiction under the Indenture) and the Issuer and the Payor cannot avoid such obligation by taking reasonable measures available to them; *provided* that the Issuer or such Guarantor will not be required to take any measures that, in its reasonable determination, would result in the imposition of any legal or regulatory burden or the incurrence by it of any additional material costs, or would otherwise result in any material adverse consequences.

The Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer or a Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and at the time such notice is given, the obligation to pay Additional Amounts must remain in, or remain likely to come into, effect. Before publishing or mailing notice of the redemption of Notes, the Issuer will deliver to the Trustee an Officer's Certificate to the effect that the Issuer cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it. The Issuer or such Guarantor will also deliver to the Trustee an opinion of independent legal counsel of recognized standing to the effect that the Issuer or such Guarantor would be obliged to pay Additional Amounts as a result of a change or amendment described above. The Trustee will accept such opinion as sufficient evidence of the Issuer's or such Guarantor's obligations to pay Additional Amounts and it will be conclusive and binding on the Holders. The foregoing provisions will apply *mutatis mutandis* to the laws and official positions of any jurisdiction in which any successor to the Issuer or such Guarantor permitted under the caption "—Certain Covenants—Merger and Consolidation" is incorporated, organized or otherwise resident for tax purposes or any political subdivision or taxing authority or agency thereof or therein.

The Proceeds Loans

On the Completion Date, the Issuer will lend, pursuant to three proceeds loans (the "Proceeds Loans"), the entire net proceeds of the Notes to Mobilux Acquisition, BUT International and Cogesem. Mobilux Acquisition will apply the proceeds of the Proceeds Loans to finance part of the purchase price for the Target and to finance the payment of the related acquisition costs and a portion of the related financing fees. BUT International and Cogesem will apply proceeds of the Proceeds Loans to repay outstanding obligations owing to BUT under certain existing shareholder loans.

The Proceeds Loans will be denominated in euro in aggregate principal amount equal to the gross proceeds of the Notes. The Proceeds Loan will bear interest at a rate at least equal to the interest rate of the Notes. Interest on the Proceeds Loans will be payable semi-annually in arrears on or prior to the corresponding dates for the payment of interest on the Notes.

The agreements governing the Proceeds Loans (the "Proceeds Loan Agreements") will provide that the borrowers thereunder will pay the Issuer at least the same amount of interest and principal, Applicable Premium, Additional Amounts and other amounts as that due and payable by the Issuer under the Notes. The maturity date of the Proceeds Loans will be the same as the maturity date of the Notes. Except as otherwise required by law, all payments under the Proceeds Loan Agreements will be made without deduction or withholding for, or on account of, any applicable tax. In the event that any of Mobilux Acquisition, BUT International or Cogesem is required to make any such deduction or withholding in respect of a payment, it shall gross-up such payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

An assignment of (or to the extent not validly assigned, a fixed charge over) the Issuer's rights under the Proceeds Loan Agreement will be granted in favor of the Security Agent as part of the Collateral, as described below under the caption "—Security".

The Proceeds Loans will provide that the borrowers thereunder will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Notes. The Indenture, the Proceeds Loans and the Security Documents will not contain any restrictions on the ability of the Issuer, the Company, Mobilux Acquisition, BUT International and Cogesem to amend the terms of the Proceeds Loans, including with respect to the scheduled maturity date, the rate of interest payable thereunder and interest payment dates.

The Proceeds Loans will be governed by French law.

The Note Guarantees

General

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control (as defined below), will (subject to the Agreed Security Principles) be guaranteed, fully and unconditionally, jointly and severally, on a senior secured basis, by the Company, the Parent Guarantor and certain Subsidiaries of the Parent Guarantor (each a "Guarantor").

The Guarantors, their respective jurisdictions of incorporation, and the related timing of their accession to the Indenture will be as follows:

Mobilux 2	France	Issue Date
Mobilux Acquisition	France	Issue Date
Décomeubles Partners	France	Within 90 days after the Completion Date
BUT	France	Within 90 days after the Completion Date
BUT International	France	Within 90 days after the Completion Date
Cogesem	France	Within 90 days after the Completion Date

We expect (subject to the Agreed Security Principles) to implement the Note Guarantees of the Parent Guarantor and the Company on the Issue Date and to implement the Note Guarantees of each other Guarantors that is a Subsidiary of the Parent Guarantor within 90 days after the Completion Date at the same time as such Subsidiary becomes a guarantor of the Revolving Credit Facility Agreement. Not all of the Subsidiaries of the Parent Guarantor will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will

be able to distribute any of their assets to the Issuer or the Parent Guarantor. As of June 30, 2016, the expected Guarantors and the Issuer would have represented 88.4% of the total assets and accounted for 88.6% of the liabilities on a non-consolidated combined basis (before intercompany eliminations). For the year ended June 30, 2016, the expected Guarantors and the Issuer would have been responsible for 88.0% of the total combined recurring operating profit before depreciation and amortization, and other operating income and expense on the same non-consolidated combined basis (before intercompany eliminations). As of June 30, 2016, the expected non-guarantor Subsidiaries held 11.6% of the total assets and accounted for 11.4% of the liabilities on a combined basis (before intercompany eliminations). For the year ended June 30, 2016, the expected non-guarantor Subsidiaries were responsible for 12.0% of the recurring operating profit before depreciation and amortization, and other operating income and expense on the same non-consolidated combined basis (before intercompany eliminations). The foregoing figures do not give any *pro forma* effect to the completion on September 1, 2016 of the acquisition of certain Capital Stock in Yvrai by the Group.

The Indenture will provide that the Issuer, each Guarantor and the Trustee will be authorized (without any further consent of the holders of the Notes) to enter into the Intercreditor Agreement to give effect to the provisions described under the section entitled "Description of Certain Financing Arrangements—Intercreditor Agreement".

The Indenture will also provide that each holder of the Notes, by accepting its Note, will be deemed to have:

(a) appointed and authorized the Trustee to give effect to the provisions in the Intercreditor Agreement;

(b) agreed to be bound by the provisions of the Intercreditor Agreement; and

(c) irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility Agreement and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, retention of title claims and similar matters.

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See "Risk Factors—Risks Related to Our Financial Profile and the Notes—The guarantees/security interests may be limited by French law or subject to certain limitations or defenses that may adversely affect their validity and enforceability". and "Risk Factors—Risks Related to our Financial Profile and the Notes—Enforcing your rights as a holder of the Notes or under the Guarantees or the Collateral across multiple jurisdictions may prove difficult".

Releases of the Note Guarantees

The Note Guarantee of a Guarantor will automatically terminate and be discharged and of no further force and effect:

- upon a sale or other disposition (including by way of consolidation or merger) of ownership interests in the relevant Guarantor (whether by direct sale or sale of a holding company) such that the Guarantor does not remain a Restricted Subsidiary or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Parent Guarantor or a Restricted Subsidiary) in accordance with the terms of the Indenture (including, but not limited to, the covenants described under the caption "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock");

- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon legal defeasance, covenant defeasance or (subject to customary contingent reinstatement provisions) satisfaction and discharge of the Notes, as provided below under the captions "—Defeasance" and "—Satisfaction and Discharge";
- in accordance with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under the caption "—Amendments and Waivers";
- as a result of a transaction permitted by the caption "—Merger and Consolidation"; or
- at any time such Guarantor is released from such other guarantee that gave rise to the requirement to guarantee the Notes, so long as no other Indebtedness is at that time guaranteed by the relevant Guarantor that would give rise to a requirement to guarantee payment of the Notes as described under the caption "—Certain Covenants—Future Guarantors" below (it being understood that a release subject to contingent reinstatement is still a release).

Upon written request from the Issuer or the applicable Guarantor, the Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the holders of the Notes or, unless requested by the Issuer or the applicable Guarantor, any action on the part of the Trustee.

Security

General

The Notes are (subject to the Agreed Security Principles) secured by:

(1) First ranking securities account pledges over all of the issued Capital Stock in the Issuer, in the Company and in Décomeubles Partners (the "*Completion Share Pledges*");

(2) First ranking pledges over certain existing and/or future intercompany receivables (and with respect to the Company solely, receivables arising under the Sale and Purchase Agreement) of the Issuer, the Parent Guarantor and the Company (the "*Completion Loan Pledges*"); and

(3) First ranking pledges over certain bank accounts of the Issuer, the Parent Guarantor and the Company (the "*Completion Bank Account Pledges*").

(together, the "*Completion Date Collateral*").

The Notes are (subject to the Agreed Security Principles) also secured by:

(1) First ranking securities account pledges over all of the issued Capital Stock in BUT, BUT International, and Cogesem (the "*Post-Completion Share Pledges*", and together with the Completion Share Pledges, the "*Share Pledges*");

(2) First ranking pledges over certain existing and/or future intercompany receivables of Décomeubles Partners, BUT, BUT International, and Cogesem (the "*Post-Completion Loan Pledges*", and together with the Completion Loan Pledges, the "*Loan Pledges*"); and

(3) First ranking pledges over certain bank accounts of Décomeubles Partners, BUT, BUT International, and Cogesem (the "*Post-Completion Bank Account Pledges*", and together with the Completion Bank Account Pledges, the "*Bank Account Pledges*").

(together, the "*Post-Completion Date Collateral*", and together with the Completion Date Collateral, the "*Collateral*").

We expect (subject to the Agreed Security Principles) to implement the Post-Completion Share Pledges, the Post-Completion Loan Pledges and the Post-Completion Bank Account Pledges within 90 days after the Completion Date.

Any other additional security interests that may in the future be created to secure obligations under the Notes and the Indenture would also constitute Collateral.

The Collateral will also secure the liabilities under the Revolving Credit Facility Agreement and may secure certain Hedging Obligations, and certain other future indebtedness (including any Additional Notes); *provided*, that lenders under the Revolving Credit Facility Agreement, counterparties to certain Hedging Obligations and certain other lenders or creditors will receive proceeds from the enforcement of the Collateral in priority to holders of the Notes as further described under the section entitled "Description of Certain Financing Arrangements—Intercreditor Agreement". Any proceeds received upon any enforcement over any Collateral, after all such liabilities have been discharged from such recoveries, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Indenture and the Notes and any other Indebtedness of the Parent Guarantor or its Restricted Subsidiaries permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement. No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "Risk Factors—Risks Related to Our Financial Profile and the Notes".

Security Documents

The Share Pledges, the Loan Pledges and the Bank Account Pledges will (subject to the Agreed Security Principles) secure the payment and performance when due of the obligations of the Issuer and the Guarantors under the Indenture and the Notes, the Revolving Credit Facility Agreement and certain other future indebtedness as provided for in the Security Documents.

So long as no enforcement has occurred and is continuing, and subject to certain terms and conditions, each pledgor will be entitled to receive all cash dividends, interest and other payments made upon or with respect to the shares pledged by it and, so long as no enforcement has occurred, each pledgor will be entitled to exercise any voting and other consensual rights pertaining to the shares pledged by it in a manner which does not adversely affect the validity or enforceability of the security or cause an Event of Default to occur. Subject to the Intercreditor Agreement, *however*:

- upon the occurrence of an enforcement, all rights of the relevant pledgor to receive dividends and other payments made upon or with respect to the pledged shares will cease and such dividends and other payments will be paid to an account for the benefit of the Security Agent; and
- upon the occurrence of an enforcement, the Security Agent will also be entitled to exercise all rights, actions and privileges granted by law to a secured creditor.

The Indenture will provide that the Security Documents may be enforced upon an acceleration of amounts due under the Notes following an Event of Default. The Security Documents will require that any acceleration notice (other than in respect of a payment default) is served in respect of certain minimum amounts of Indebtedness under the Notes.

The Security Agent will enter into the Security Documents in its own name for the benefit of the Trustee and the holders of the Notes. In certain cases, the rights of the Trustee and the holders of the Notes will be secured by the Security Documents through a "parallel debt" claim acknowledged by the Issuer and/or the relevant Guarantor by way of an independent acknowledgement of Indebtedness to the Security Agent that is equal to the total amounts payable by the Issuer and/or the relevant Guarantor under the Indenture and the Notes. Neither the Trustee nor the holders of the Notes may, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders of the Notes may only take action through the Security Agent.

In the event that the Parent Guarantor or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests (as defined below) created under the Security Documents

or the rights and obligations set out in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests created under the Security Documents or the terms of the Intercreditor Agreement were to be successful, the Trustee and the holders of the Notes may not be able to recover any amounts under the Security Documents. See the section entitled "Risk Factors—Risks Related to Our Financial Profile and the Notes".

Subject to certain conditions, including compliance with the covenant described under the caption "—Certain Covenants—Impairment of Security Interest", the Issuer and the Guarantors are permitted to pledge the Collateral in connection with future incurrences of Indebtedness, including any Additional Notes, or Indebtedness of its Restricted Subsidiaries, in each case permitted under the Indenture and on terms consistent with the relative priority of such Indebtedness.

Priority

The relative priority between (a) the lenders under the Revolving Credit Facility Agreement, the counterparties to certain of the Hedging Obligations and certain other lenders or creditors from time to time secured by the Collateral, (b) the Security Agent (including in its capacity as parallel creditors), the Trustee and the Noteholders with respect to the security interests in the Collateral (the "Security Interests") and (c) certain other holders of Indebtedness from time to time secured by the Collateral is established by the terms of the Intercreditor Agreement, the Indenture, the Security Documents, and may be set forth in any Additional Intercreditor Agreement and any other security documents creating security interests in the Collateral.

See the section entitled "Description of Certain Financing Arrangements—Intercreditor Agreement". Pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Completion Date, the Collateral may be pledged to secure other Indebtedness. See the caption "—Certain Covenants—Impairment of Security Interest".

Release of Security

The Collateral will be released:

- upon legal defeasance, covenant defeasance or (subject to customary contingent reinstatement provisions) satisfaction and discharge of the Notes, as provided below under the captions "—Defeasance" and "—Satisfaction and Discharge";
- as described under "—Amendment and Waivers" and "—Certain Covenants—Limitation on Liens";
- upon release of a Guarantee (with respect to the Liens securing such Guarantee granted by such Guarantor) in accordance with the Indenture;
- automatically without any action by the Trustee or Security Agent, if the Lien granted in favor of the Revolving Credit Facility or such other Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released (other than pursuant to the repayment and discharge thereof);
- as provided for under the Intercreditor Agreement, including in accordance with certain enforcement actions taken by the creditors under certain of our secured Indebtedness in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- in the case of property and assets and Capital Stock of a Guarantor, to the extent such Guarantor is released from its Note Guarantee pursuant to the terms of the Indenture;
- to the extent permitted in accordance with the covenant described under the caption "—Certain Covenants—Impairment of Security Interest" below;
- in connection with any asset sale or disposition or transfer of assets to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the covenant described under the caption "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock"; or
- as otherwise permitted in accordance with the Indenture.

Each of the releases set forth above shall be effected by the Security Agent without the consent of the holders of the Notes. The Indenture will provide that any release of a Lien on Collateral shall be evidenced by the delivery by the Issuer to the Trustee and Security Agent of an Officer's Certificate of the Issuer, and that the Security Agent shall acknowledge and confirm such release upon delivery of such Officer's Certificate. The Trustee and the Security Agent shall take all necessary actions to effectuate the releases described above, subject to customary protections and indemnifications.

Change of Control

Upon the occurrence of a Change of Control (as defined below), each holder of the Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or in integral multiples of €1,000 in excess thereof) of such holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of repurchase, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date); *provided, however*, that the Issuer will not be obligated to repurchase Notes pursuant to this covenant in the event that it has exercised its right to redeem all of the Notes as described under the caption "—Optional Redemption". The Transactions will not constitute or give rise to a Change of Control.

The term "Change of Control" means:

(1) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders or a Parent, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Parent Guarantor, *provided* that (x) so long as the Parent Guarantor is a Subsidiary of any Parent, no "person" will be deemed to be or become a "beneficial owner" of more than 50% of the total voting power of the Voting Stock of the Issuer unless such "person" is or becomes a "beneficial owner" of more than 50% of the total voting power of the Voting Stock of such Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" will not in any case be included in any Voting Stock of which any such "person" is the "beneficial owner"; or

(2) the Parent Guarantor merges or consolidates with or into, or sells or transfers (in one or a series of related transactions) all or substantially all of the assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole to, another Person (other than one or more Permitted Holders) and any "person" (as defined in clause (1) above), other than one or more Permitted Holders or any Parent, is or becomes the "beneficial owner" (as so defined), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the surviving Person in such merger or consolidation, or the transferee Person in such sale or transfer of assets, as the case may be, *provided* that (x) so long as such transferee Person is a Subsidiary of a parent Person, no "person" will be deemed to be or become a "beneficial owner" of more than 50% of the total voting power of the Voting Stock of such transferee Person unless such "person" is or becomes a "beneficial owner" of more than 50% of the total voting power of the Voting Stock of such parent Person and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" will not in any case be included in any Voting Stock of which any such "person" is the "beneficial owner";

provided that, in each case, a Change of Control shall not be deemed to have occurred if the relevant Change of Control Event is also a Specified Change of Control Event; *provided* further that in connection with any determination of whether a Change of Control Event also constitutes a Specified Change of Control Event at the Parent Guarantor's election, any calculation of the Consolidated Leverage Ratio may be made as of the date a definitive agreement for such Change of Control Event is entered into giving *pro forma* effect to such Change of Control Event, and any related transactions (including any Incurrence of Indebtedness and the use of proceeds thereof) and, to the extent so made, will not be required to be made at any later date as would otherwise be required under the Indenture. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted after the Completion Date.

Unless the Issuer has exercised its right to redeem all the Notes as described under the caption "—Optional Redemption", the Issuer will, not later than 30 days following the date the Issuer obtains actual knowledge of any Change of Control having occurred, mail a notice (a "Change of Control Offer") to each Holder with a copy to the Trustee and the Paying Agents stating:

(1) that a Change of Control has occurred or may occur and that such Holder has, or upon such occurrence will have, the right to require the Issuer to purchase such Holder's 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 (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date falling prior to or on the purchase date);

(2) the purchase date (which will be no earlier than 10 days nor later than 60 days from the date such notice is mailed except that such notice may be delivered more than 60 days prior to the purchase date if such purchase date is delayed as provided in clause 4 of this paragraph);

(3) the instructions determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(4) if such notice is mailed prior to the occurrence of a Change of Control, that such offer is conditioned on the occurrence of such Change of Control and that the purchase date may, in the Issuer's discretion be delayed until such time as the Change of Control has occurred.

No Note will be repurchased in part if less than €100,000 in original principal amount of such Note would be left outstanding.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 10 days following such purchase pursuant to such Change of Control Offer, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to but excluding the date of such redemption (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

To the extent that the provisions of any applicable laws or regulations, including securities laws, conflict with the provisions of this covenant, the Issuer will comply with the applicable laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Parent Guarantor has no present plans to engage in a transaction involving a Change of Control, although it is possible that the Parent Guarantor could decide to do so in the future. Subject to the limitations discussed below, the Parent Guarantor could, in the future, enter into certain transactions, including acquisitions, refinancings or recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect the Parent Guarantor's capital structure or credit ratings. Except as described above with respect to a Change of Control, the Indenture will not contain any covenants or provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Parent Guarantor in a transaction that would constitute a Change of Control.

The occurrence of certain of the events that would constitute a Change of Control would require prepayment of Indebtedness under the Revolving Credit Facility Agreement. Agreements governing Indebtedness of the Parent Guarantor and the Restricted Subsidiaries may contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased or repaid upon a Change of Control. Agreements governing future Indebtedness of the Parent Guarantor or any of its Subsidiaries may prohibit the Issuer from repurchasing the Notes upon a Change of Control or restrict the ability of the Parent Guarantor's Subsidiaries to provide funds to the Issuer necessary to enable it to repurchase the Notes. Moreover, the exercise by the Holders of

their right to require the Issuer to repurchase the Notes could cause a default under, or require repayment of Indebtedness under, such agreements, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Parent Guarantor and its Subsidiaries. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. As described above under the caption "—Optional Redemption", the Issuer also has the right to redeem the Notes at specified prices, in whole or in part, upon a Change of Control or otherwise.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to purchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes.

The definition of Change of Control includes a phrase relating to the sale or other transfer of "all or substantially all" of the assets of the Parent Guarantor and its Restricted Subsidiaries. Although there is a developing body of case law interpreting the phrase "substantially all", there is no precise definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Parent Guarantor and its Restricted Subsidiaries, and therefore it may be unclear as to whether a Change of Control has occurred and whether the holders of the Notes have the right to require the Issuer to repurchase such Notes.

If and for so long as the Notes are listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any Change of Control Offer in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the Luxembourg Stock Exchange, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu) (the information contained on that website is not part of this Offering Circular).

Certain Covenants

The Indenture will contain, among others, the covenants as described below, that will apply from and after the Completion Date.

Suspension of Covenants on Achievement of Investment Grade Status

If on any day following the Completion Date (a)(x) the Notes have Investment Grade Ratings from both Rating Agencies or (y) following a Public Offering with respect to the Parent Guarantor or any Parent thereof which does not constitute a Change of Control (as described above under the caption "—Change of Control"), at or following completion of such Public Offering, the Consolidated Secured Leverage Ratio (after giving *pro forma* effect to the completion of such Public Offering and the application of proceeds therefrom) is less than 3.00:1.00 and, (b) no Default has occurred and is continuing under the Indenture, then, beginning on that day subject to the provisions of the following paragraph, the covenants specifically listed under the following captions under the caption "—Certain Covenants" in this "Description of Notes" section of this Offering Circular (collectively, the "Suspended Covenants") will be suspended:

(i) "—Limitation on Indebtedness";

(ii) "—Limitation on Restricted Payments";

(iii) "—Limitation on Restrictions on Distributions from Restricted Subsidiaries";

(iv) "—Limitation on Sales of Assets and Subsidiary Stock";

(v) "—Limitation on Transactions with Affiliates";

(vi) "—Future Guarantors"; and

(vii) clauses a(iii), a(iv) and b(iii) of "—Merger and Consolidation".

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries unless such designation would have complied with the covenant described under the caption "—Limitation on Restricted Payments" as if such covenant would have been in effect during such period.

If on any subsequent date, in case of a suspension of the foregoing covenants pursuant to (a)(x) of the first paragraph above, one or both of the Rating Agencies downgrade the ratings assigned to the Notes below an Investment Grade Rating, the foregoing covenants will be reinstated as of and from the time at which the Parent Guarantor obtains actual knowledge of such rating decline, unless at such time the condition set forth in (a)(y) of the first paragraph above is satisfied (in which case the foregoing covenants will thereafter be deemed suspended pursuant to (a)(y) of the first paragraph above) (any such date, a "Ratings Downgrade Reversion Date"). If on any subsequent date, in case of a suspension of the foregoing covenant pursuant to (a)(y) of the first paragraph above on the last day of any fiscal quarter ended after the date of such suspension, the Consolidated Secured Leverage Ratio calculated on such date (taking into account Consolidated EBITDA for the period of four consecutive fiscal quarters ended on such date) is equal or more than 3.00:1.00, the foregoing covenants will be reinstated as of and from the time at which the Parent Guarantor obtains actual knowledge of such increase, unless the Notes have Investment Grade Ratings from the rating Agencies at such time (in which case the foregoing covenants will thereafter be deemed suspended pursuant to (a)(x) of the first paragraph above) (any such date, a "Leverage Ratio Reversion Date", and together with a Ratings Downgrade Reversion Date, a "Reversion Date"). The period of time between the suspension of covenants as set forth above and the Reversion Date is referred to as the "Suspension Period". On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be classified, at the Parent Guarantor's option, as having been Incurred pursuant to the first paragraph of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" or one or more of the clauses set for in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to the Indebtedness Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness", such Indebtedness will be deemed to have been Incurred under the exception provided by clause (b)(iii) of "—Certain Covenants—Limitation on Indebtedness". With respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as if the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period. For purposes of the covenant described under the caption "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock", upon the occurrence of a Reversion Date the amount of Excess Proceeds not applied in accordance with such covenant will be deemed to be reset to zero. In addition, for purposes of the covenant described under the caption "—Limitation on Transactions with Affiliates", all agreements and arrangements entered into by the Parent Guarantor and any Restricted Subsidiary with an Affiliate of the Parent Guarantor during the Suspension Period prior to such Reversion Date will be deemed to have been entered into on or prior to the Completion Date, and for purposes of the covenant described under the caption "—Limitation on Restrictions on Distributions from Restricted Subsidiaries", all contracts entered into during the Suspension Period prior to such Reversion Time that contain any of the encumbrances or restrictions subject to such covenant will be deemed to have been existing on the Completion Date.

During the Suspension Period, any reference in the definitions of "Permitted Liens" and "Unrestricted Subsidiary" to the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" or any provision thereof shall be construed as if such covenant were in effect during the Suspension Period.

Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred for any failure to comply with the Suspended Covenants during any Suspension Period. The Parent Guarantor and any Subsidiary will be permitted, without causing a Default or Event of Default or breach of any kind under the Indenture, to honor, comply with or otherwise perform any contractual commitments or obligations entered into during a Suspension Period following a Reversion Date and to consummate the transactions contemplated thereby.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Ratings.

Limitation on Indebtedness

(a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Parent Guarantor or any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness), if on the date of the Incurrence of such Indebtedness, after giving effect to the Incurrence thereof, the Consolidated Coverage Ratio would be equal to or greater than 2.00:1.00, *provided* that the aggregate principal amount of Indebtedness that may be Incurred pursuant to the foregoing and pursuant to clause (xvi) of paragraph (b) of this covenant by Restricted Subsidiaries that are not the Issuer or Guarantors shall not exceed the greater of €100.0 million and 100% of LTM EBITDA at the time of Incurrence, at any one time outstanding.

(b) Notwithstanding the foregoing paragraph (a), the Parent Guarantor and its Restricted Subsidiaries may Incur the following Indebtedness:

(i) Indebtedness Incurred pursuant to any Credit Facility (including but not limited to in respect of letters of credit or bankers' acceptances issued or created thereunder) and Indebtedness Incurred other than pursuant to any Credit Facility, and (without limiting the foregoing), in each case, any Refinancing Indebtedness in respect thereof, either (I) in a maximum principal amount at any time outstanding not exceeding in the aggregate the Bank Basket Euro Amount at the time of incurrence or (II) in an unlimited amount, if on the date of the Incurrence of such Indebtedness (other than any such Refinancing Indebtedness), after giving effect to such Incurrence (or, at the Parent Guarantor's option, on the date of the initial borrowing of such Indebtedness or entry into the definitive agreement providing the commitment to fund such Indebtedness after giving *pro forma* effect to the Incurrence of the entire committed amount of such or any previously committed Indebtedness (such committed amount, a "Ratio Tested Committed Amount"), in which case such Ratio Tested Committed Amount may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this clause) the Consolidated Secured Leverage Ratio would be equal to or less than 4.00:1.00; and (in the case of this subclause (II)) any Refinancing Indebtedness with respect to any such Indebtedness (or Ratio Tested Committed Amount);

(ii) Indebtedness (A) of any Restricted Subsidiary to the Parent Guarantor or (B) of the Parent Guarantor or any Restricted Subsidiary to any Restricted Subsidiary; *provided*, that (a) except in the case of intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Parent Guarantor and its Restricted Subsidiaries, any such Indebtedness owed by the Parent Guarantor or a Guarantor to a Restricted Subsidiary that is not the Parent Guarantor or a Guarantor shall, to the extent legally permitted, be subordinated in right of payment to, in the case of Indebtedness of the Issuer, the Notes or, in the case of Indebtedness of a Guarantor, its Note Guarantee and (b) any subsequent issuance or transfer of any Capital Stock of such Restricted Subsidiary to which such Indebtedness is owed, or other event, that results in such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of such Indebtedness (except to the Parent Guarantor or a Restricted Subsidiary) will be deemed, in each case, an Incurrence of such Indebtedness by the issuer thereof not permitted by this clause (ii);

(iii) Indebtedness represented by the Notes (other than any Additional Notes), the Note Guarantees, the Security Documents (including "parallel debt" obligations created under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents), and any Indebtedness (other than the Indebtedness described in clauses (i) or (ii) of this paragraph (b)) outstanding (or Incurred pursuant to any commitment outstanding) on the Completion Date and any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (iii) or paragraph (a) above;

(iv) Purchase Money Obligations, Capitalized Lease Obligations, and in each case any Refinancing Indebtedness with respect thereto;

(v) Indebtedness consisting of accommodation guarantees incurred in the ordinary course of business for the benefit of trade creditors of the Parent Guarantor or any of its Restricted Subsidiaries;

(vi) (A) guarantees by the Parent Guarantor or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Parent Guarantor or any Restricted Subsidiary (other than any Indebtedness Incurred by the Parent Guarantor or such Restricted Subsidiary, as the case may be, in violation of this covenant), or (B) without limiting the covenant described under the caption "—Limitation on Liens", Indebtedness of the Parent Guarantor or any Restricted Subsidiary arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary (other than any Indebtedness Incurred by the Parent Guarantor or such Restricted Subsidiary, as the case may be, in violation of this covenant);

(vii) Indebtedness of the Parent Guarantor or any Restricted Subsidiary (A) arising from the honoring of a check, draft or similar instrument of such Person drawn against insufficient funds, *provided* that such Indebtedness is extinguished within 30 Business Days of its Incurrence, or (B) consisting of guarantees, indemnities, obligations in respect of earnouts or other purchase price adjustments, or similar obligations, Incurred in connection with the acquisition or disposition of any business, assets or Person;

(viii) Indebtedness of the Parent Guarantor or any Restricted Subsidiary, in respect of (A) letters of credit, bankers' acceptances or other similar instruments or obligations issued, or relating to liabilities or obligations incurred, in the ordinary course of business (including those issued to governmental entities in connection with self-insurance under applicable workers' compensation statutes), or (B) completion guarantees, surety, judgment, appeal or performance bonds, or other similar bonds, instruments or obligations, provided, or relating to liabilities or obligations incurred, in the ordinary course of business, including in respect of liabilities or obligations of franchises, or (C) Hedging Obligations, entered into not for speculative purposes, or (D) Management Guarantees, or Management Indebtedness or (E) the financing of insurance premiums, in the ordinary course of business, or (F) take or pay obligations under supply arrangements, incurred in the ordinary course of business, or (G) netting, overdraft protection and other similar arrangements arising under standard business terms of any bank at which the Parent Guarantor or any Restricted Subsidiary maintains an overdraft, cash pooling or other similar facility arrangement, or (H) Junior Capital, or (I) Bank Products Obligations;

(ix) Indebtedness (A) of a Special Purpose Subsidiary secured by a Lien on all or part of the assets disposed of in, or otherwise Incurred in connection with, a Financing Disposition or (B) otherwise Incurred in connection with a Special Purpose Financing; *provided* that (1) such Indebtedness is not recourse to the Parent Guarantor or any Restricted Subsidiary that is not a Special Purpose Entity (other than with respect to Special Purpose Financing Undertakings); (2) in the event such Indebtedness shall become recourse to the Parent Guarantor or any Restricted Subsidiary that is not a Special Purpose Entity (other than with respect to Special Purpose Financing Undertakings), such Indebtedness will be deemed to be, and must be classified by the Parent Guarantor as, Incurred at such time (or at the time initially Incurred) under one or more of the other provisions of this covenant for so long as such Indebtedness shall have such recourse; and (3) in the event that at any time thereafter such Indebtedness shall comply with the provisions of the preceding subclause (1), the Parent Guarantor may classify such Indebtedness in whole or in part as Incurred under this clause (b)(ix) of this covenant;

(x) Indebtedness of (A) the Parent Guarantor or any Restricted Subsidiary Incurred to finance or refinance, or otherwise Incurred in connection with, any acquisition of assets (including Capital Stock), business or Person, or any merger or consolidation of any Person with or into the Parent Guarantor or any Restricted Subsidiary, or (B) any

Person that is acquired by or merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary (including Indebtedness thereof Incurred in connection with any such acquisition, merger or consolidation), *provided* that on the date of such acquisition, merger or consolidation, after giving effect thereto, either (1) the Parent Guarantor could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) above or, if the Indebtedness Incurred is of a type described in clause (i)(x) of the definition of Consolidated Net Secured Indebtedness, the Parent Guarantor would have been able to incur at least €1.00 of additional Indebtedness pursuant to clause (b)(i)(II) above, or (2) (a) the Consolidated Coverage Ratio of the Parent Guarantor would equal or exceed the Consolidated Coverage Ratio of the Parent Guarantor or (b) if the Indebtedness Incurred is of a type described in clause (i)(x) of the definition of Consolidated Net Secured Indebtedness, the Consolidated Secured Leverage Ratio would not exceed the Consolidated Secured Leverage Ratio, in each case immediately prior to giving effect thereto; and any Refinancing Indebtedness with respect to any such Indebtedness;

(xi) Contribution Indebtedness and any Refinancing Indebtedness with respect thereto;

(xii) Indebtedness Incurred in connection with a Qualified CICE Securitization Financing;

(xiii) Indebtedness issuable upon the conversion or exchange of shares of Disqualified Stock issued in accordance with paragraph (a) above, and any Refinancing Indebtedness with respect thereto;

(xiv) Indebtedness of the Parent Guarantor or any Restricted Subsidiary Incurred as consideration in connection with any acquisition of assets (including Capital Stock), business or Person, or any merger or consolidation of any Person with or into the Parent Guarantor or any Restricted Subsidiary, and any Refinancing Indebtedness with respect thereto, in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of €30.0 million and 3.0% of Consolidated Total Assets;

(xv) Indebtedness of any Restricted Subsidiary incorporated or otherwise organized outside of France consisting of local lines of credit, bilateral facilities, working capital facilities and/or any other Indebtedness in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of €25.0 million and 2.5% of Consolidated Total Assets, and

(xvi) Indebtedness of the Parent Guarantor or any Restricted Subsidiary in an aggregate principal amount at any time outstanding not exceeding an amount equal to the greater of €60.0 million and 6.0% of Consolidated Total Assets *provided* that the aggregate principal amount of Indebtedness that may be Incurred pursuant to the foregoing and pursuant to paragraph (a) of this covenant by Restricted Subsidiaries that are not the Issuer or Guarantors shall not exceed the greater of €100.0 million and 100% of LTM EBITDA at the time of Incurrence, at any one time outstanding.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with this covenant, (i) any other obligation of the obligor on such Indebtedness (or of any other Person who could have Incurred such Indebtedness under this covenant) arising under any guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation supporting such Indebtedness shall be disregarded to the extent that such guarantee, Lien or letter of credit, bankers' acceptance or other similar instrument or obligation secures the principal amount of such Indebtedness; (ii) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in paragraph (b) above, the Parent Guarantor, in its sole discretion, shall classify such item of Indebtedness and may include the amount and type of such Indebtedness in one or more of such clauses or subclauses of paragraph (b) above (including in part under one such clause or subclause and in part under another such clause or subclause); *provided* that, except with respect to Indebtedness incurred under the Revolving Credit Facility Agreement on the Completion Date pursuant to clause (i) of paragraph (b) and any Refinancing Indebtedness in respect thereof, which may not be reclassified, any Indebtedness Incurred pursuant to clause (b) of this covenant shall cease to

be deemed Incurred or outstanding for purposes of such clause but shall be deemed Incurred for the purposes of paragraph (a) of this covenant from and after the first date on which the Parent Guarantor or any Restricted Subsidiary could have Incurred such Indebtedness under paragraph (a) of this covenant without reliance on such clause; (iii) in the event that Indebtedness could be Incurred in part under paragraph (a) above, the Parent Guarantor, in its sole discretion, may classify a portion of such Indebtedness as having been Incurred under paragraph (a) above and the remainder of such Indebtedness as having been Incurred under paragraph (b) above; (iv) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with GAAP; (v) the principal amount of Indebtedness outstanding under any clause of paragraph (b) above shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness; (vi) if any Indebtedness is Incurred to refinance Indebtedness initially Incurred (or, Indebtedness Incurred to refinance Indebtedness initially Incurred) in reliance on any provision of paragraph (b) above measured by reference to a percentage of Consolidated Total Assets at the time of Incurrence, and such refinancing would cause such percentage of Consolidated Total Assets to be exceeded if calculated based on the Consolidated Total Assets on the date of such refinancing, such percentage of Consolidated Total Assets shall not be deemed to be exceeded (and such refinancing Indebtedness shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing; and (vii) if any Indebtedness is Incurred to refinance Indebtedness initially Incurred (or, Indebtedness Incurred to refinance Indebtedness initially Incurred) in reliance on any provision of paragraph (b) above measured by an amount in euro, such euro amount shall not be deemed to be exceeded (and such refinancing Indebtedness shall be deemed permitted) to the extent the principal amount of such newly Incurred Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing. Notwithstanding anything herein to the contrary, Indebtedness outstanding on the Completion Date under the Revolving Credit Facilities shall be classified as Incurred under paragraph (b)(i)(I) of this covenant, and may not later be reclassified.

(d) For purposes of determining compliance with any provision of paragraph (b) above (or any category of Permitted Liens described in the definition thereof) measured by an amount in euro or by reference to a percentage of Consolidated Total Assets, in each case, for the Incurrence of Indebtedness or Liens securing Indebtedness denominated in a currency other than euros, the Euro Equivalent principal amount of such Indebtedness Incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving or deferred draw Indebtedness; *provided* that (i) if such Indebtedness or Lien denominated in currency other than euro is subject to a Currency Agreement with respect to euro the amount of such Indebtedness or Lien expressed in euro will be calculated so as to take account of the effects of such Currency Agreement, (ii) the Euro Equivalent principal amount of any such Indebtedness outstanding on the Completion Date shall be calculated based on the relevant currency exchange rate in effect on the Completion Date, (iii) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency (or in a different currency from such Indebtedness so being Incurred), and such refinancing would cause the applicable provision of paragraph (b) above (or category of Permitted Liens) measured by an amount in euro or by reference to a percentage of Consolidated Total Assets, as applicable, to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such provision of paragraph (b) above (or category of Permitted Liens) measured by an amount in euro or by reference to a percentage of Consolidated Total Assets, as applicable, shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (A) the outstanding or committed principal amount (whichever is higher) of such Indebtedness being refinanced plus (B) the aggregate amount of fees, underwriting

discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing and (iv) the Euro Equivalent principal amount of Indebtedness denominated in a currency other than euros and Incurred pursuant to a Revolving Credit Facility shall be calculated based on the relevant currency exchange rate in effect on, at the Parent Guarantor's option, (A) the Completion Date, (B) any date on which any of the respective commitments under such Revolving Credit Facility shall be reallocated between or among facilities or subfacilities thereunder, or on which such rate is otherwise calculated for any purpose thereunder, or (C) the date of such Incurrence. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

(a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any such payment in connection with any merger or consolidation involving the Parent Guarantor) except (x) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and (y) dividends or distributions payable to the Parent Guarantor or any Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to other holders of its Capital Stock on no more than a *pro rata* basis measured by value);

(ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Parent Guarantor held by Persons other than the Parent Guarantor or a Restricted Subsidiary (other than any acquisition of Capital Stock deemed to occur upon the exercise of options if such Capital Stock represents a portion of the exercise price thereof);

(iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations of the Issuer or any Guarantor Subordinated Obligations of any Guarantor (other than a purchase, repurchase, redemption, defeasance or other acquisition or retirement for value in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement); or

(iv) make any Investment (other than a Permitted Investment) in any Person,

(any such dividend, distribution, purchase, repurchase, redemption, repurchase, defeasance, other acquisition or retirement or Investment being herein referred to as a "Restricted Payment"), if at the time the Parent Guarantor or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:

(1) an Event of Default shall have occurred and be continuing (or would result therefrom);

(2) the Parent Guarantor could not Incur at least an additional €1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness"; or

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be as determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to the Completion Date and then outstanding would exceed, without duplication, the sum of:

(A) (i) €20.0 million plus (ii) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) beginning on the first date of the fiscal quarter of the Parent Guarantor in which the Completion Date occurs to the end of the most recent fiscal quarter of the Parent Guarantor ending prior to the date of such Restricted

Payment for which consolidated financial statements of the Parent Guarantor are available (or, in case such Consolidated Net Income will be a negative number, 100% of such negative number);

(B) the aggregate Net Cash Proceeds and the Fair Market Value of property or assets received without duplication (x) by the Parent Guarantor as capital contributions to the Parent Guarantor after the Completion Date or from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding or Management Proceeds Funding after the Completion Date (in each case, other than Excluded Contributions or Contribution Amounts) or (y) by the Parent Guarantor or any Restricted Subsidiary from the Incurrence by the Parent Guarantor or any Restricted Subsidiary after the Completion Date of Indebtedness that is converted into or exchanged for Capital Stock of the Parent Guarantor (other than Disqualified Stock) or Subordinated Shareholder Funding or Management Proceeds Funding, plus the amount of any cash and the Fair Market Value of any property or assets received by the Parent Guarantor or any Restricted Subsidiary upon such conversion or exchange;

(C) (i) the aggregate amount of cash and the Fair Market Value of any property or assets received from dividends, distributions, interest payments, return of capital, repayments of Investments or other transfers of assets to the Parent Guarantor or any Restricted Subsidiary from any Unrestricted Subsidiary, plus (ii) the aggregate amount resulting from the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary (valued in each case as provided in the definition of "Investment"); and

(D) in the case of any disposition or repayment of any Investment constituting a Restricted Payment (without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments), the aggregate amount of cash and the Fair Market Value of any property or assets received by the Parent Guarantor or a Restricted Subsidiary with respect to all such dispositions and repayments.

(b) The provisions of paragraph (a) of this covenant do not prohibit any of the following (each, a "Permitted Payment"):

(i) (x) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Capital Stock of the Parent Guarantor ("Treasury Capital Stock") or Subordinated Obligations made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the issuance or sale of, Capital Stock of the Parent Guarantor (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary) ("Refunding Capital Stock") or a capital contribution to the Parent Guarantor, in each case other than Excluded Contributions and Contribution Amounts; *provided* that the Net Cash Proceeds from such issuance, sale or capital contribution shall be excluded in subsequent calculations under clause (3)(B) of the preceding paragraph (a) and (y) if immediately prior to such acquisition or retirement of such Treasury Capital Stock, dividends thereon were permitted pursuant to clause (xi) of this paragraph (b), dividends on such Refunding Capital Stock in an aggregate amount per annum not exceeding the aggregate amount per annum of dividends so permitted on such Treasury Capital Stock;

(ii) any purchase, redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Obligations of the Issuer or Guarantor Subordinated Obligations of any Guarantor (w) made by exchange for, or out of the proceeds of the substantially concurrent Incurrence of, Indebtedness of the Issuer or of such Guarantor or Refinancing Indebtedness Incurred in compliance with the covenant described under "—Certain Covenants—Limitation on Indebtedness", (x) from Net Available Cash to the extent permitted by the covenant described under the caption "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock", (y) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only if the Issuer will have complied with the provisions described under the caption "—Change of Control" and, if required, caused the

repurchase of all Notes tendered pursuant to the offer to repurchase required thereby, prior to purchasing or repaying such Subordinated Obligations of the Issuer or Guarantor Subordinated Obligations of any Guarantor or (z) constituting Acquired Indebtedness;

(iii) any dividend paid or redemption made within 60 days after the date of declaration thereof or the giving notice thereof, as applicable, if at such date of declaration or notice such dividend or redemption would have complied with this covenant;

(iv) Investments or other Restricted Payments in an aggregate amount outstanding at any time not to exceed the amount of Excluded Contributions;

(v) payments, repayments, loans, advances, dividends or distributions by the Parent Guarantor or any Restricted Subsidiary to any Parent or any entity formed for the purpose of investing in Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary to permit any Parent, the Parent Guarantor or any Restricted Subsidiary or any such entity to repurchase or otherwise acquire Capital Stock or other debt or equity securities (including but not limited to repayment of Management Proceeds Funding) of any Parent, the Parent Guarantor or any Restricted Subsidiary or Capital Stock or other debt or equity securities (including but not limited to repayment of Management Proceeds Funding) of any entity formed for the purpose of investing in Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary (including in each case any options, warrants or other rights in respect thereof), or payments by the Parent Guarantor or any Restricted Subsidiary to repurchase or otherwise acquire Capital Stock or other debt or equity securities (including but not limited to repayment of Management Proceeds Funding) of any Parent, the Parent Guarantor or any Restricted Subsidiary or Capital Stock or other debt or equity securities (including but not limited to repayment of Management Proceeds Funding) of any entity formed for the purpose of investing in Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary (including in each case any options, warrants or other rights in respect thereof), in each case from current or former Management Investors (including any repurchase or acquisition by reason of any Parent, the Parent Guarantor or any Restricted Subsidiary retaining any Capital Stock, option, warrant or other right in respect of tax withholding obligations, and any related payment in respect of any such obligation), such payments, repayments, loans, advances, dividends or distributions not to exceed an amount (net of repayments of any such loans or advances) equal to (1) €10.0 million, plus (2) €3.0 million multiplied by the number of calendar years that have commenced since the Completion Date, plus (x) the Net Cash Proceeds received by the Parent Guarantor or any Restricted Subsidiary since the Completion Date (including through receipt of proceeds from the issuance or sale of its Capital Stock to a Parent or a Management Investor or the Incurrence of any Management Proceeds Funding) from, or as a capital contribution from, the issuance or sale to Management Investors of Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of any Parent, the Parent Guarantor or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (3)(B)(x) of the preceding paragraph (a), plus (y) the cash proceeds of key man life insurance policies received by the Parent Guarantor or any Restricted Subsidiary (or by any Parent and contributed to the Parent Guarantor) since the Completion Date to the extent such cash proceeds are not included in any calculation under clause (3)(A) of the preceding paragraph (a) *provided* that the cancellation of Indebtedness owing to the Parent Guarantor or any Restricted Subsidiary by any current or former Management Investor in connection with any repurchase or other acquisition of Capital Stock (including any options, warrants or other rights in respect thereof) from any Management Investor shall not constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(vi) the payment by the Parent Guarantor of, or loans, advances, dividends or distributions by the Parent Guarantor to any Parent to pay, dividends on the common stock or equity of the Parent Guarantor or any Parent following a Public Offering of such common stock

or equity in an amount not to exceed in any fiscal year of the Parent Guarantor the greater of (x) 6% of the aggregate gross cash proceeds received by the Parent Guarantor (whether directly or indirectly through a contribution to common equity capital) in or from such Public Offering and (y) 6% of Market Capitalization;

(vii) Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed an amount (net of repayments of any such loans or advances) equal to the greater of €50.0 million and 5.0% of Consolidated Total Assets;

(viii) loans, advances, dividends or distributions to any Parent or other payments by the Parent Guarantor or any Restricted Subsidiary (A) to satisfy or permit any Parent to satisfy obligations under the Management Agreements, (B) pursuant to a Tax Sharing Agreement, *provided* that payments made pursuant to a Tax Sharing Agreement shall not duplicate payments made pursuant to Clause (C) below, or (C) to pay or permit any Parent to pay any Parent Expenses or any Related Taxes or permit the payment of any Taxes payable by the Parent Guarantor or any of its subsidiaries to any taxing authority;

(ix) payments by the Parent Guarantor, or loans, advances, dividends or distributions by the Parent Guarantor to any Parent to make payments, to holders of Capital Stock of the Parent Guarantor or any Parent in lieu of issuance of fractional shares of such Capital Stock;

(x) dividends or other distributions of or Investments paid for or made with Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(xi) (A) dividends on any Designated Preferred Stock of the Parent Guarantor issued after the Completion Date; *provided* that at the time of such issuance and after giving effect thereto on a *pro forma* basis, the Consolidated Coverage Ratio would be equal to or greater than 2.00:1.00, (B) loans, advances, dividends or distributions to any Parent to permit dividends on any Designated Preferred Stock of any Parent issued after the Completion Date if the net proceeds of the issuance of such Designated Preferred Stock have been contributed to the Parent Guarantor or any of its Restricted Subsidiaries; *provided* that the aggregate amount of all loans, advances, dividends or distributions paid pursuant to this subclause (B) shall not exceed the net proceeds of such issuance of Designated Preferred Stock received by or contributed to the Parent Guarantor or any of its Restricted Subsidiaries or (C) any dividend on Refunding Capital Stock that is Preferred Stock; *provided* that at the time of the declaration of such dividend and after giving effect thereto on a *pro forma* basis, the Consolidated Coverage Ratio would be at least 2.00:1.00;

(xii) Investments in Unrestricted Subsidiaries in an aggregate amount outstanding at any time not exceeding an amount equal to the greater of €25.0 million and 2.5% of Consolidated Total Assets;

(xiii) distributions or payments of Special Purpose Financing Fees, and payment of any Receivable Fees in connection with a Qualified CICE Securitization Financing;

(xiv) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—Certain Covenants—Limitation on Indebtedness";

(xv) Investments or other Restricted Payments in an aggregate amount outstanding at any time not to exceed an amount equal to Declined Excess Proceeds;

(xvi) any Restricted Payment; *provided* that on a *pro forma* basis after giving effect to such Restricted Payment the Consolidated Leverage Ratio would be equal to or less than 3.00:1.00; and

(xvii) any Restricted Payment pursuant to or in connection with the Transactions,

provided that (A) in the case of clauses (iii), (vi) and (ix), the net amount of any such Permitted Payment will be included in subsequent calculations of the amount of Restricted Payments, (B) in all cases other than pursuant to clauses (A) immediately above, the net amount of any such Permitted Payment will be excluded in subsequent calculations of the amount of Restricted Payments and

(C) solely with respect to clauses (vi), (vii) and (xvi) no Event of Default will have occurred or be continuing at the time of any such Permitted Payment after giving effect thereto. The Parent Guarantor, in its sole discretion, may classify any Investment or other Restricted Payment as being made in part under one of the clauses or sub-clauses of this covenant (or, in the case of any Investment, the clauses or sub-clauses of Permitted Investments) and in part under one or more other such clauses or sub-clauses.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer, (ii) make any loans or advances to the Issuer or (iii) transfer any of its property or assets to the Issuer (*provided* that dividend or liquidation priority between classes of Capital Stock, or subordination of any obligation (including the application of any remedy bars thereto) to any other obligation, or agreements to share profits pursuant to *sociétés en participation* or equivalent arrangements will not be deemed to constitute such an encumbrance or restriction), except for any encumbrance or restriction:

(1) pursuant to an agreement or instrument in effect at or entered into on the Completion Date (including the Revolving Credit Facility Agreement, the Intercreditor Agreement, the Notes, the Indenture and the Security Documents);

(2) pursuant to any agreement or instrument of a Person, or relating to Indebtedness or Capital Stock of a Person, which Person is acquired by or merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, or which agreement or instrument is assumed by the Parent Guarantor or any Restricted Subsidiary in connection with an acquisition of assets from such Person, as in effect at the time of such acquisition, merger or consolidation (except to the extent that such Indebtedness was incurred to finance, or otherwise in connection with, such acquisition, merger or consolidation); *provided* that for purposes of this clause (2), if a Person other than the Parent Guarantor is the Successor Parent Guarantor with respect thereto, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary will be deemed acquired or assumed, as the case may be, by the Parent Guarantor or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Parent Guarantor;

(3) pursuant to an agreement or instrument (a "Refinancing Agreement") effecting a refinancing of Indebtedness Incurred or outstanding pursuant or relating to, or that otherwise extends, renews, refunds, refinances or replaces, any agreement or instrument referred to in clause (1) or (2) of this covenant or this clause (3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an Initial Agreement (an "Amendment"); *provided, however*, that the encumbrances and restrictions contained in any such Refinancing Agreement or Amendment taken as a whole are not materially less favorable to the Holders than encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such Refinancing Agreement or Amendment relates (as determined in good faith by the Parent Guarantor);

(4) (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Parent Guarantor or any Restricted Subsidiary not otherwise prohibited by the Notes or the Indenture, (C) contained in mortgages, pledges or other security agreements securing Indebtedness of a Restricted Subsidiary to the extent restricting the transfer of the property or assets subject thereto, (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Parent Guarantor or any Restricted Subsidiary, (E) pursuant to Purchase Money Obligations that impose encumbrances or restrictions on the property or assets so acquired, (F) on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business, (G) pursuant to customary provisions contained in agreements and instruments entered into in the ordinary course of business (including but not limited to

leases and joint venture and other similar agreements entered into in the ordinary course of business), (H) that arises or is agreed to in the ordinary course of business and does not detract from the value of property or assets of the Parent Guarantor or any Restricted Subsidiary in any manner material to the Parent Guarantor or such Restricted Subsidiary, (I) pursuant to the Intercreditor Agreement, any of the Security Documents or any Additional Intercreditor Agreement or (J) pursuant to Hedging Obligations or Bank Products Obligations;

(5) with respect to any agreement for the direct or indirect disposition of Capital Stock, property or assets of any Person, property or assets, imposing restrictions with respect to such Person, Capital Stock, property or assets pending the closing of such sale or disposition;

(6) by reason of any applicable law, rule, regulation or order, or required by any regulatory authority having jurisdiction over the Parent Guarantor or any Restricted Subsidiary or any of their businesses, including any such law, rule, regulation, order or requirement applicable in connection with such Restricted Subsidiary's status (or the status of any Subsidiary of such Restricted Subsidiary) as a Captive Insurance Subsidiary; or

(7) pursuant to an agreement or instrument (A) relating to any Indebtedness permitted to be Incurred subsequent to the Completion Date pursuant to the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than the encumbrances and restrictions contained in the Initial Agreements (as determined in good faith by the Parent Guarantor), or (ii) if such encumbrance or restriction is not materially more disadvantageous to the Holders than is customary in comparable financings (as determined in good faith by the Parent Guarantor) and either (x) the Parent Guarantor determines that such encumbrance or restriction will not materially affect the Issuer's ability to make principal or interest payments on the Notes or (y) such encumbrance or restriction applies only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness, (B) relating to any sale of receivables by or Indebtedness of a Foreign Subsidiary, (C) relating to Indebtedness of or a Financing Disposition by or to or in favor of any Special Purpose Entity or (D) relating to any loan or advance by the Parent Guarantor to a Restricted Subsidiary subsequent to the Completion Date, including of proceeds of any Capital Stock or Indebtedness issued or Incurred by the Parent Guarantor; *provided* that, in the case of this clause (D), the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than the encumbrances and restrictions contained in the Intercreditor Agreement (as determined in good faith by the Parent Guarantor).

Limitation on Sales of Assets and Subsidiary Stock

(a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless:

(i) except in the case of a Specified Asset Sale, the Parent Guarantor or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the Fair Market Value of the shares and assets subject to such Asset Disposition, as such Fair Market Value (on the date a legally binding commitment for such Asset Disposition was entered into) may be determined by the Parent Guarantor (and will be determined, to the extent such Asset Disposition or any series of related Asset Dispositions involves aggregate consideration in excess of €25.0 million, in good faith by the Board of Directors, whose determination will be conclusive (including as to the value of all non-cash consideration));

(ii) in the case of any Asset Disposition (or series of related Asset Dispositions), other than a Specified Asset Sale, having a Fair Market Value (on the date a legally binding commitment for such Asset Disposition was entered into) of €25.0 million or more, at least 75% of the consideration therefor (excluding, in the case of an Asset Disposition (or series of related Asset Dispositions), any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, that are not Indebtedness) received by the Parent Guarantor or such Restricted Subsidiary is in the form of cash; and

(iii) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer (or the Parent Guarantor or any Restricted Subsidiary, as the case may be) as follows:

(A) first, either (x) to the extent the Parent Guarantor or such Restricted Subsidiary elects (or is required by the terms of any Senior Indebtedness of the Issuer or any Guarantor Incurred under clause (b)(i) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" which is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Note Guarantee or any Indebtedness of a Restricted Subsidiary that is not a Guarantor), to prepay, repay or purchase any such Indebtedness or (in the case of letters of credit, bankers' acceptances or other similar instruments) cash collaterize any such Indebtedness (in each case other than Indebtedness owed to the Parent Guarantor or a Restricted Subsidiary) within 365 days after the later of the date of such Asset Disposition and the date of receipt of such Net Available Cash, or (y) to the extent the Parent Guarantor or such Restricted Subsidiary elects, to reinvest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with an amount equal to Net Available Cash received by the Parent Guarantor or another Restricted Subsidiary) within 365 days from the later of the date of such Asset Disposition and the date of receipt of such Net Available Cash, or, if such investment in Additional Assets is a project authorized by the Board of Directors that will take longer than such 365 days to complete, the period of time necessary to complete such project; *provided* that such period of time does not exceed an additional 180 days following the expiration of the aforementioned 365 days;

(B) second, to the extent the balance of such Net Available Cash after application in accordance with clause (A) above (such balance, the "Excess Proceeds") exceeds €25.0 million, to make an offer to purchase Notes and (to the extent the Parent Guarantor or such Restricted Subsidiary elects, or is required by the terms thereof) to purchase, redeem or repay any other Pari Passu Indebtedness of the Parent Guarantor or such Restricted Subsidiary, pursuant and subject to the conditions of the Indenture and the agreements governing such other Indebtedness; and

(C) third, to the extent of the balance of such Net Available Cash after application, if required, in accordance with clauses (A) and (B) above (the amount of such balance, "Declined Excess Proceeds"), to fund (to the extent consistent with any other applicable provision of the Indenture) any general corporate purpose (including but not limited to the repurchase, repayment or other acquisition or retirement of any Subordinated Obligations or the making of other Restricted Payments),

provided, however, that (1) in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (A)(x) or (B) above, the Issuer, the Parent Guarantor or such Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased and (2) the Parent Guarantor (or any Restricted Subsidiary, as the case may be) may elect to invest in Additional Assets prior to receiving the Net Available Cash attributable to any given Asset Disposition (*provided* that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive agreement for the relevant Asset Disposition, and consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (A)(y) above with respect to such Asset Disposition.

Notwithstanding the foregoing clause (iii) of the first paragraph of this covenant, to the extent that repatriating any or all of the Net Available Cash from any Asset Disposition by a Foreign Subsidiary (a "Foreign Disposition") (x) would result in material adverse tax consequences to the Parent Guarantor or any of its Subsidiaries or (y) is prohibited or delayed by applicable local law from being repatriated to France (in the case of the foregoing clauses (x) and (y), as reasonably determined by the Parent Guarantor in good faith which determination shall be conclusive), the portion of such Net Available Cash so affected will not be required to be applied in compliance with clause (iii) of the first paragraph of this covenant, and such amounts may be retained by the applicable Foreign Subsidiary; *provided* that, in the case of this clause (y), the Parent Guarantor shall take commercially reasonable efforts to cause the applicable Foreign Subsidiary to take all

actions reasonably required by the applicable local law, applicable organizational impediments or other impediment to permit such repatriation, and if such repatriation of any of such affected Net Available Cash can be achieved such repatriation will be promptly effected and such repatriated Net Available Cash will be applied (whether or not repatriation actually occurs) in compliance with clause (iii) of the first paragraph of this covenant. The time periods set forth in this covenant shall not start until such time as the Net Available Cash may be repatriated whether or not such repatriation actually occurs.

Notwithstanding the foregoing provisions of this covenant the Parent Guarantor and the Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this covenant except to the extent that the aggregate Net Available Cash from all Asset Dispositions that is not applied in accordance with this covenant exceeds €10.0 million. If the aggregate principal amount of Notes and other Indebtedness of the Parent Guarantor or a Restricted Subsidiary validly tendered and not withdrawn (or otherwise subject to purchase, redemption or repayment) in connection with an offer pursuant to clause (B) above exceeds the Excess Proceeds, the Excess Proceeds will be apportioned between the Notes and such other Indebtedness of the Parent Guarantor or a Restricted Subsidiary, with the portion of the Excess Proceeds payable in respect of the Notes to equal the lesser of (x) the Excess Proceeds amount multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes and the denominator of which is the sum of the outstanding principal amount of the Notes and the outstanding principal amount of the relevant other Indebtedness of the Parent Guarantor or a Restricted Subsidiary, and (y) the aggregate principal amount of Notes validly tendered and not withdrawn.

For the purposes of clause (ii) of paragraph (a) above, the following are deemed to be cash: (1) Temporary Cash Investments and Cash Equivalents, (2) the assumption of Indebtedness of the Parent Guarantor (other than Disqualified Stock of the Parent Guarantor) or any Restricted Subsidiary and the release of the Parent Guarantor or such Restricted Subsidiary from all liability on payment of the principal amount of such Indebtedness in connection with such Asset Disposition, (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Parent Guarantor and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Disposition, (4) securities received by the Parent Guarantor or any Restricted Subsidiary from the transferee that are converted by the Parent Guarantor or such Restricted Subsidiary into cash within 180 days, (5) consideration consisting of Indebtedness of the Parent Guarantor or any Restricted Subsidiary received from Persons who are not the Parent Guarantor or any Restricted Subsidiary, (6) Additional Assets and (7) any Designated Non-cash Consideration received by the Parent Guarantor or any of its Restricted Subsidiaries in an Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause, not to exceed an aggregate amount at any time outstanding equal to the greater of €20.0 million and 2.0% of Consolidated Total Assets (with the Fair Market Value of each item of Designated Non-cash Consideration being measured on the date a legally binding commitment for such disposition (or, if later, for the payment of such item) was entered into and without giving effect to subsequent changes in value).

(b) In the event of an Asset Disposition that requires the purchase of Notes pursuant to clause (iii)(B) of paragraph (a) above, the Issuer will be required to repurchase Notes tendered pursuant to an offer by the Issuer for the Notes (the "Asset Offer") at a purchase price of 100% of their principal amount plus accrued and unpaid interest to the purchase date in accordance with the procedures (including prorating in the event of oversubscription) set forth in the Indenture. If the aggregate purchase price of the Notes tendered pursuant to the Asset Offer is less than the Net Available Cash allotted to the repurchase of Notes, the remaining Net Available Cash will be available to the Parent Guarantor and the Restricted Subsidiaries for use in accordance with clause (iii)(B) of paragraph (a) above (to repay other Indebtedness of the Parent Guarantor or a Restricted Subsidiary) or clause (iii)(C) of paragraph (a) above. The Issuer will not be required to make an Asset Offer for Notes pursuant to this covenant if the Net Available Cash available therefor (after application of the proceeds as provided in clause (iii)(A) of paragraph (a) above), is less than €10.0 million for any particular Asset Disposition (which lesser amounts will be carried forward for purposes of determining whether an Asset Offer is required with respect to the Net Available Cash from any subsequent Asset Disposition).

(c) The Issuer will, not later than 45 days after the Issuer becomes obligated to make an Asset Offer pursuant to this covenant (it being understood that the Issuer may satisfy its obligations pursuant to this covenant by making an Asset Offer with respect to all or part of the Net Available Cash from an Asset Disposition in advance of being required to do so by the Indenture), mail a notice to each Holder with a copy to the Trustee and the Paying Agents stating (1) that an Asset Disposition that requires the purchase of a portion of the Notes has occurred and that such Holder has the right (subject to the prorating described below) to require the Issuer to repurchase a portion of such Holder's Notes in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant Interest Payment Date); (2) the repayment date (which will be no earlier than 10 days nor later than 60 days from the date such notice is mailed); (3) the instructions determined by the Issuer, consistent with this covenant, that a Holder must follow in order to have its Notes purchased; and (4) the amount of the Asset Offer. If, upon the expiration of the period for which the Asset Offer remains open, the aggregate principal amount of Notes surrendered by Holders exceeds the amount of the Asset Offer, the Issuer will select the Notes to be repaid on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in minimum denominations of €100,000 or integral multiples of €1,000 in excess thereof will be repaid).

(d) To the extent that the provision of any applicable laws or regulations, including securities laws, conflict with provisions of this covenant, the Parent Guarantor and the Restricted Subsidiaries will comply with the applicable laws and regulations and will not be deemed to have breached their respective obligations under this covenant by virtue thereof.

(e) The sale, lease, conveyance or other disposition of all or substantially all of the assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger and Consolidation" and not by the provisions described under the caption "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock".

Limitation on Transactions with Affiliates

(a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Parent Guarantor (an "Affiliate Transaction") involving aggregate payments or consideration in excess of €10.0 million unless (i) the terms of such Affiliate Transaction are not materially less favorable to the Parent Guarantor or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time in a transaction with a Person who is not such an Affiliate and (ii) if such Affiliate Transaction involves aggregate consideration in excess of €10.0 million, the terms of such Affiliate Transaction have been approved by a majority of the Board of Directors. For purposes of this paragraph (a), any Affiliate Transaction will be deemed to have satisfied the requirements set forth in this paragraph (a) if (x) such Affiliate Transaction is approved by a majority of the Disinterested Directors or (y) in the event there are no Disinterested Directors, a fairness opinion is provided by an internationally recognized appraisal or investment banking firm with respect to such Affiliate Transaction.

(b) The provisions of the preceding paragraph (a) will not apply to:

(i) any Restricted Payment Transaction;

(ii) (1) the entering into, maintaining or performance of any employment or consulting contract, collective bargaining agreement, benefit plan, program or arrangement, related trust agreement or any other similar arrangement for or with any current or former employee, officer or director or consultant of or to the Parent Guarantor, any Restricted Subsidiary or any Parent heretofore or hereafter entered into in the ordinary course of business, including vacation, health, insurance, deferred compensation, severance, retirement, savings or other similar plans, programs or arrangements, (2) payments of compensation, performance of indemnification or contribution obligations, or any issuance, grant or award of stock, options, other equity related interests or other securities, to any such employees, officers, directors or

consultants in the ordinary course of business, (3) the payment of reasonable fees to directors of the Parent Guarantor, any of its Subsidiaries or any Parent (as determined in good faith by the Parent Guarantor, such Subsidiary or any Parent), or (4) Management Advances or Management Proceeds Funding and payments in respect thereof (or in reimbursement of any expenses referred to in the definition of such term) or (5) any transaction with an officer or director of the Parent Guarantor or any of its Subsidiaries or any Parent in the ordinary course of business not including more than €100,000 in any one case;

(iii) any transaction between or among any of the Parent Guarantor, one or more Restricted Subsidiaries, or one or more Special Purpose Entities;

(iv) any transaction arising out of agreements or instruments in existence on the Completion Date, and any payments made pursuant thereto;

(v) any transaction with customers, clients, suppliers or purchasers or sellers of assets or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture on terms that are fair to the Parent Guarantor and its Restricted Subsidiaries in the reasonable determination of the Board of Directors or senior management of the Parent Guarantor, or are not materially less favorable to the Parent Guarantor or the relevant Restricted Subsidiary than those that could be obtained at the time in a transaction with a Person who is not an Affiliate of the Parent Guarantor;

(vi) any transaction in the ordinary course of business, or approved by a majority of the Board of Directors, between the Parent Guarantor or any Restricted Subsidiary and any Affiliate of the Parent Guarantor controlled by the Parent Guarantor that is a joint venture or similar entity;

(vii) (1) the execution, delivery and performance of any Tax Sharing Agreement and any Management Agreements, and (2) payments to CD&R, any of the CD&R Investors, any of the WM Investors or any of their respective Affiliates (x) for any management consulting, financial advisory, financing, underwriting or placement services or in respect of other investment banking activities pursuant to the Management Agreements which payments are approved by the Board of Directors or a member of the senior management of the Parent Guarantor, (y) in connection with any acquisition, disposition, merger, recapitalization or similar transactions, as provided in any such Management Agreement (in the form as at the Completion Date) or are approved by a majority of the Board of Directors in good faith, and (z) of all out-of-pocket expenses incurred in connection with such services or activities;

(viii) the Transactions, all transactions in connection therewith (including but not limited to the financing thereof), and all fees and expenses paid or payable in connection with the Transactions;

(ix) (A) issuances or sales of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding or Junior Capital of the Parent Guarantor or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding or Junior Capital and (B) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement and, if applicable, any Additional Intercreditor Agreement;

(x) any investments by any Permitted Holder in securities of the Parent Guarantor or any of its Restricted Subsidiaries (and payment of out of pocket expenses incurred by any Permitted Holder in connection therewith) so long as such securities are being offered generally to investors (other than the Permitted Holders) on the same or more favorable terms; and

(xi) any transaction effected as part of a Qualified CICE Securitization Financing.

Limitation on Liens

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist any Lien on any of its property or assets (including Capital Stock of any other Person), whether owned on the date of the Indenture or thereafter acquired, securing any Indebtedness of the Issuer or any Guarantor (the "Initial Lien"), unless (a) in the case of any property or assets that does not constitute Collateral, (i) such Lien is a Permitted Lien or (ii) contemporaneously therewith effective provision is made to secure the Notes and the Indenture or, in respect of Liens on

property or assets of any Guarantor, any Note Guarantee thereof, equally and ratably with (or, in the case of Subordinated Obligations and Guarantor Subordinated Obligations on a senior basis to) such obligation for so long as such obligation is so secured by such Initial Lien and (b) in the case of any property or assets that constitute Collateral, such Lien is a Permitted Collateral Lien.

Any such Lien thereby created in favor of the Notes or any such Note Guarantee will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) as set forth under the caption "—Security".

Future Guarantors

The Parent Guarantor will cause each Restricted Subsidiary that enters into any guarantee of payment by the Issuer or by any Guarantor of any Indebtedness of the Issuer or any such Guarantor (any such guarantee, the "Triggering Indebtedness"), to guarantee payment of the Notes on a senior or *pari passu* basis with such Restricted Subsidiary's guarantee of such other Indebtedness. In addition, the Parent Guarantor may cause any Restricted Subsidiary that is not a Guarantor to guarantee payment of the Notes and become a Guarantor.

The Parent Guarantor will not be obligated to cause any Restricted Subsidiary to become a Guarantor if (x) such Subsidiary is not a Significant Subsidiary or the Indebtedness guaranteed thereby referred to above is not the Revolving Credit Facility Agreement or Public Indebtedness in an aggregate principal amount exceeding €5.0 million or (y), in the good faith determination of the Parent Guarantor (which determination shall be conclusive), the provision by such Restricted Subsidiary of a Note Guarantee would not be required pursuant to the Agreed Security Principles or could reasonably be expected to give rise to or result in:

- any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Parent Guarantor (including any reasonably available "whitewash" procedures or similar procedures that would be required in order to enable such Note Guarantee to be provided in accordance with applicable law);
- any liability (criminal, civil, administrative or other) for any of the officers, directors or shareholders of the Parent Guarantor, any Subsidiary thereof (including such Guarantor) or any Parent;
- any violation of the provisions of any joint venture or other material agreement, in each case in effect on the Completion Date, governing or binding upon the Parent Guarantor or any Restricted Subsidiary;
- any material risk of any such violation or liability; or
- any cost, expense, liability or obligation (including, without limitation, any Tax or any obligation to pay any Additional Amount) other than routine and immaterial out-of-pocket expenses incurred in connection with (x) any governmental or regulatory filings required as a result of such Note Guarantee or (y) any "whitewash" procedures (or similar procedures that would be required in order to enable such Note Guarantee to be provided in accordance with applicable law) undertaken in connection with such Note Guarantee.

Subject to the Intercreditor Agreement, each Guarantor, as primary obligor and not merely as surety, will jointly and severally, irrevocably and fully and unconditionally guarantee, on a *pari passu* basis with the Revolving Credit Facility Agreement, the punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all monetary obligations of the Issuer under the Indenture and the Notes, whether for principal of or interest on the Notes, expenses, indemnification or otherwise (all such obligations guaranteed by such Guarantors being herein called the "Guaranteed Obligations").

The obligations of each Guarantor will be subject to the limitations provided in the Agreed Security Principles and will be further limited to the maximum amount that can, after giving effect to all other contingent and fixed liabilities of such Guarantor (including but not limited to any Bank Indebtedness thereof or any guarantee by it of any Bank Indebtedness), be guaranteed by such Guarantor without rendering its Note Guarantee void, voidable or unenforceable under applicable law

relating to fraudulent conveyance or fraudulent transfer or any other law affecting the rights of creditors generally or otherwise relating to the insolvency of debtors. Notwithstanding any other provisions of the Indenture, each Note Guarantee shall be in such form and substance, and subject to such terms, conditions, limitations, qualifications and restrictions as may be necessary or appropriate (in the good faith determination of the Parent Guarantor, which determination shall be conclusive) by reason of or to comply with any applicable law, rule or regulation, including the law of any jurisdiction where the relevant Guarantor is organized or conducts business.

Each Note Guarantee shall be a continuing guarantee and shall (i) subject to the paragraphs below, remain in full force and effect until payment in full of the principal amount of all outstanding Notes (whether by payment at maturity, purchase, redemption, defeasance, retirement or other acquisition) and all other Guaranteed Obligations of the Guarantor then due and owing, (ii) be binding upon such Guarantor and (iii) inure to the benefit of and be enforceable by the Trustee, the Holders and their permitted successors, transferees and assigns.

The Guaranteed Obligations of each Guarantor hereunder shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced or terminated the obligations of any Guarantor hereunder and under its Note Guarantee (whether such payment shall have been made by or on behalf of the issuer or by or on behalf of a Guarantor) is rescinded or reclaimed from any of the Holders upon the insolvency, bankruptcy, liquidation or reorganization of the Issuer, any Guarantor or otherwise, all as though such payment had not been made.

Each Note Guarantee shall be released in accordance with the provisions described under the caption "—Releases of the Guarantees".

Upon any such occurrence, the Trustee and the Security Agent, if applicable, shall execute any documents reasonably requested in order to evidence such release, discharge and termination in respect of the applicable Note Guarantee.

Neither the Issuer, the Parent Guarantor nor any such Guarantor will be required to make a notation on the Notes to reflect any such Note Guarantee or any such release, termination or discharge.

Reports

So long as any Notes are outstanding, the Parent Guarantor will provide to the Trustee:

(a) within 120 days after the end of each fiscal year of the Parent Guarantor beginning with the fiscal year ending June 30, 2017, annual reports containing the following information with a level of detail that is substantially comparable to this Offering Circular: (a) audited consolidated balance sheet of the Parent Guarantor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates and which, in each case, represent greater than 20% of the Consolidated Total Assets of the Parent Guarantor on a *pro forma* basis (unless such *pro forma* information has been provided in a previous report pursuant to clause (b) or (c) below (*provided* that such *pro forma* financial information will be provided only to the extent it can be prepared without the Parent Guarantor incurring unreasonable expense, in which case, the Parent Guarantor will provide, in the case of a material acquisition, any available audited financial statements for the most recently audited fiscal year of the acquired entity)); (c) an operating and financial review of the audited financial statements (in a scope that is substantially comparable to the information contained in the "Management's Discussion and Analysis of Financial Condition and Results of Operation" of this Offering Circular); and (d) a description of the business, management and shareholders of the Parent Guarantor, material affiliate transactions and material debt instruments;

(b) within 90 days following the end of the fiscal quarter ended September 30, 2016 and within 60 days after the end of each of the first three fiscal quarters in each fiscal year of the Parent Guarantor commencing with the fiscal quarter ending December 31, 2016, 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 Parent Guarantor (save that in respect of any information and any comparable information to be provided in respect of any fiscal quarter ending on or prior to December 31, 2016, such information and such comparable information may be the consolidated financial information of the Target), together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Parent Guarantor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates and which, in each case, represent greater than 20% of the Consolidated Total Assets of the Parent Guarantor on a *pro forma* basis (*provided* that such *pro forma* financial information will be provided only to the extent it can be prepared without the Parent Guarantor incurring unreasonable expense and, if unreasonable expense would be incurred by the Parent Guarantor in such preparation, in the case of a material acquisition, only provide any actually available financial information for the most recent interim or annual period for the acquired entity; (c) an operating and financial review of the unaudited financial statements (in a scope that is substantially comparable to the information contained in the "Management's Discussion and Analysis of Financial Condition and Results of Operation" of this Offering Circular); and (d) material recent developments; and

(c) as soon as reasonably practicable after the occurrence of any material acquisition, disposition or restructuring of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, and which, in each case, represent greater than 20% of the Consolidated Total Assets of the Parent Guarantor on a *pro forma* basis or any change in the Chief Financial Officer or Chief Executive Officer of the Parent Guarantor or change in auditors of the Parent Guarantor, a report containing a description of such event;

provided, however, that the reports set forth in clauses (a), (b) and (c) above will not be required to (1) contain any reconciliation to U.S. generally accepted accounting principles, (2) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Parent Guarantor or (3) include any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Circular. All financial statements shall be prepared in accordance with GAAP.

Substantially concurrently with the issuance to the Trustee after the Completion Date of the reports specified in paragraph (a), (b) or (c) above, the Parent Guarantor will also (1) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Parent Guarantor and its subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined by the Parent Guarantor in good faith) (it being understood that, without limitation, making such reports available on Bloomberg or another private electronic information service will constitute substantially comparable public availability), or (2) to the extent the Parent Guarantor determines in good faith that it cannot make such reports available in the manner described in the preceding clause (1) after the use of its commercially reasonable efforts, furnish such reports to the Holders and prospective purchasers of the Notes, upon their request.

In the event the Parent Guarantor becomes an SEC registrant and subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, the Parent Guarantor will, for so long as it continues to file the reports required by Section 13(a) with the SEC, make available to the Trustee the annual reports, information, documents and other reports that the Parent Guarantor is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Parent Guarantor will be deemed to have complied with the provisions contained in this covenant.

In addition, so long as the Notes remain outstanding and during any period during which the Parent Guarantor is not subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Parent Guarantor shall furnish to the Holders and prospective purchasers of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Parent Guarantor will also make available copies of all reports required by clauses (a) through (c) of the first paragraph of this covenant, if and 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 and regulations of the Luxembourg Stock Exchange so require, at the offices of the Paying Agent in Luxembourg.

The Parent Guarantor will be deemed to have satisfied the requirements of this covenant if any Parent, following a Public Offering of such Parent on any regulated stock exchange, furnishes or makes available such applicable reporting information regarding the Parent of the type required by the applicable competent stock exchange authority with respect to the Parent, in each case *provided* that the same is accompanied by information describing the non-equity differences between the financial information relating to such Parent and its Subsidiaries, on the one hand, and the financial information relating to the Parent Guarantor and its Subsidiaries, on the other hand.

Impairment of Security Interest

The Parent Guarantor shall not, and the Parent Guarantor shall not permit any Restricted Subsidiary to, take or omit to take any action, which action or omission would or is reasonably likely to, in each case, in the good faith determination of the Parent Guarantor, 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) for the benefit of the Trustee and the Holders, and the Parent Guarantor shall not, and the Parent Guarantor shall not permit any Restricted Subsidiary to, grant to any Person other than the Trustee and the holders of the Notes (other than of any Additional Notes), the other beneficiaries described in the Security Documents and the Intercreditor Agreement, any interest whatsoever in any of the Collateral (other than pursuant to a sale, lease, transfer, disposition, merger or conveyance not otherwise prohibited by the Indenture), *provided* that (a) nothing in this provision will 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) subject to the second paragraph of this covenant, the Parent Guarantor and its Restricted Subsidiaries may incur Permitted Collateral Liens.

The Indenture will provide that, at the direction of the Parent Guarantor and without the consent of the holders of the Notes, the Trustee and the Security Agent shall from time to time enter into one or more amendments, extensions, renewals, restatements, supplements, modifications or replacements to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) provide for Permitted Collateral Liens to the extent permitted under the Indenture (including by way of release and retaking of Security Documents), (iii) comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) add to the Collateral, (v) evidence the succession of another Person to the Parent Guarantor, a Guarantor or any security provider, as applicable, and the assumption by such successor of the obligations under the Indenture, the Notes, the Note Guarantee, the Intercreditor Agreement and the Security Documents, as applicable, in each case, in accordance with the caption "—Certain Covenants—Merger and Consolidation", (vi) provide for the release of property and assets constituting Collateral from the Liens created under the Security Documents and/or the release of the Note Guarantee of a Guarantor, in each case, in accordance with (and if permitted by) the terms of the Indenture, (vii) conform the Security Documents to this Description of Notes, (viii) evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent, (ix) provide for Additional Notes to also benefit from the Collateral, or (x) make any other change thereto that does not adversely affect the holders of the Notes in any material respect; *provided, however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced (otherwise than for reasons specified in clauses (i), (iii) (in connection with any enforcement action) and (iv) through (x)), unless

contemporaneously with such amendment, extension, renewal, restatement, supplement, modification or renewal, the Parent Guarantor delivers to the Trustee, either:

(1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the grantor of the security and the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or

(2) a certificate from the Board of Directors or responsible accounting or financial officer of the Parent Guarantor (acting in good faith) substantially in the form attached to the Indenture that confirms the solvency of the grantor of the security and the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or

(3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the security interest or security interests created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid security interests not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such security interest or security interests were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

In the event that this covenant is complied with, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to and enter into all necessary documentation to implement such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from the Holders.

Merger and Consolidation

The Issuer

(a) The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its properties and assets taken as a whole in one or more related transactions, to any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Issuer") is a Person organized and existing under the laws of France or any other member state of the European Union, or the United States of America, any State thereof or the District of Columbia, and the Successor Issuer (if not the Issuer) expressly assumes all the obligations of the Issuer under the Notes, the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement by executing and delivering to the Trustee a supplemental indenture, an accession agreement and/or one or more other documents or instruments in form reasonably satisfactory to the Trustee;

(ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(iii) immediately after giving *pro forma* effect to such transaction and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, either (A) the Parent Guarantor or, if applicable, the Successor Parent Guarantor could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" or (B) the Consolidated Coverage Ratio of the Parent Guarantor (or, if applicable, the Successor Parent Guarantor with respect thereto) would equal or exceed the Consolidated Coverage Ratio of the Parent Guarantor immediately prior to giving effect to such transaction;

(iv) each Guarantor (other than (x) any Guarantor that will be released from its obligations under its Note Guarantee in connection with such transaction and (y) any party to any such

consolidation or merger) shall have delivered a supplemental indenture or other document or instrument in form reasonably satisfactory to the Trustee, confirming its Note Guarantee (other than any Note Guarantee that will be discharged or terminated in connection with such transaction); and

(v) the Issuer will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer complies with the provisions described in this paragraph; *provided* that (x) in giving such opinion such counsel may rely on an Officer's Certificate as to compliance with the foregoing clauses (ii) and (iii) and as to any matters of fact, and (y) no Opinion of Counsel will be required for a consolidation, merger or transfer described in paragraph (c) of this covenant.

The Parent Guarantor

(b) The Parent Guarantor will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its properties and assets taken as a whole in one or more related transactions, to any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Parent Guarantor") is a Person organized and existing under the laws of France or any other member state of the European Union, or the United States of America, any State thereof or the District of Columbia, and the Successor Parent Guarantor (if not the Parent Guarantor) expressly assumes all the obligations of the Parent Guarantor under the Notes, the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement by executing and delivering to the Trustee a supplemental indenture, an accession agreement and/or one or more other documents or instruments in form reasonably satisfactory to the Trustee;

(ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Parent Guarantor or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Parent Guarantor or such Restricted Subsidiary at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(iii) immediately after giving *pro forma* effect to such transaction and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, either (A) the Parent Guarantor or, if applicable, the Successor Parent Guarantor could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under "—Certain Covenants—Limitation on Indebtedness" or (B) the Consolidated Coverage Ratio of the Parent Guarantor (or, if applicable, the Successor Parent Guarantor with respect thereto) would equal or exceed the Consolidated Coverage Ratio of the Parent Guarantor immediately prior to giving effect to such transaction; and

(iv) the Parent Guarantor will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer complies with the provisions described in this paragraph; *provided* that (x) in giving such opinion such counsel may rely on an Officer's Certificate as to compliance with the foregoing clauses (ii) and (iii) and as to any matters of fact, and (y) no Opinion of Counsel will be required for a consolidation, merger or transfer described in paragraph (c) of this covenant.

Guarantors

(c) A Guarantor (other than the Parent Guarantor and other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Indenture) will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of the properties and assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole in one or more related transactions, to any Person, unless:

(i) immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(ii) either

(a) 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 Note Guarantee, the Indenture and the Security Documents to which such Guarantor is a party pursuant to a supplemental indenture and appropriate Security Documents in a form reasonably satisfactory to the Trustee; or

(b) the Net Cash Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

In addition, the Parent Guarantor 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 (ii) of paragraph (a) and (ii) and (iii) of paragraph (b) of this covenant and clause (i) of paragraph (c) of this covenant will not apply to (1) any consolidation or merger among Guarantors or (2) any consolidation or merger among the Issuer and any Guarantor or (3) any consolidation or merger among the Parent Guarantor and any Guarantor or (4) any transaction in which any Restricted Subsidiary consolidates with, merges into or transfers all or part of its assets to the Issuer or (5) a transaction in which the Issuer or the Parent Guarantor or a Guarantor consolidates or merges with or into or transfers all or substantially all its properties and assets to (x) an Affiliate solely for the purpose of reincorporating or reorganizing the Issuer or the Parent Guarantor or a Guarantor in another jurisdiction or changing its legal structure to a corporation or other entity or (y) the Parent Guarantor or a Restricted Subsidiary of the Parent Guarantor so long as all assets of the Parent Guarantor and the Restricted Subsidiaries of the Parent Guarantor immediately prior to such transaction (other than Capital Stock of such Restricted Subsidiary) are owned by the Parent Guarantor and its Restricted Subsidiaries immediately after the consummation thereof.

Upon any transaction involving the Issuer in accordance with this covenant, in which the Issuer is not the Successor Issuer, the Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, and thereafter the predecessor Issuer will be relieved of all obligations and covenants under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, except that the predecessor Issuer in the case of a lease of all or substantially all its assets will not be released from its obligation to pay the principal of and interest on the Notes.

Financial Calculations for Limited Condition Acquisitions

In connection with any Limited Condition Acquisition, and any related transactions (including any financing thereof), at the Parent Guarantor's election, (a) compliance with any requirement relating to the absence of a Default or Event of Default may be determined as of the date a definitive agreement for such Limited Condition Acquisition, is entered into (the "effective date") and not as of any later date as would otherwise be required under the Indenture, and (b) any calculation of the Consolidated Coverage Ratio, the Consolidated Leverage Ratio, the Consolidated Secured Leverage Ratio or any amount based on a percentage of Consolidated Total Assets, or any other determination under any basket or ratio under the Indenture, may be made as of such effective date and, to the extent so made, will not be required to be made at any later date as would otherwise be required under the Indenture, giving *pro forma* effect to such Limited Condition Acquisition, and any related transactions (including any Incurrence of Indebtedness and the use of proceeds thereof). The Indenture will also provide that, if the Parent Guarantor makes such an election, any subsequent calculation of any such ratio, percentage and/or basket (unless the definitive agreement for such Limited Condition Acquisition expires or is terminated without its consummation) shall be calculated on an equivalent *pro forma* basis. As used herein, the term "Limited Condition Acquisition" means any acquisition by one or more of the Parent Guarantor and its Restricted Subsidiaries of any assets, business or Person or any other Investment permitted by the Indenture whose consummation is not conditioned on the availability of, or on obtaining, third party financing.

Listing

The Issuer shall use its commercially reasonable efforts to obtain and, for so long as the Notes are outstanding, maintain thereafter the listing of such Notes on the Official List of the Luxembourg

Stock Exchange or, if at any time the Issuer determines that it shall not obtain or maintain such listing on the Official List of the Luxembourg Stock Exchange, or if maintenance of such listing becomes unduly onerous, it shall, prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange for trading on the Luxembourg Stock Exchange's Euro MTF Market, use all commercially reasonable efforts to list and maintain thereafter a listing of such Notes on another internationally recognized stock exchange.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Parent Guarantor, in connection with the Incurrence by the Parent Guarantor, the Issuer or any Guarantor of any Indebtedness permitted pursuant to the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" (and, in each case, such Indebtedness shall be (x) the Senior Indebtedness of the Parent Guarantor, the Issuer or a Guarantor or (y) Subordinated Obligations of the Parent Guarantor or the Issuer or Guarantor Subordinated Obligations of a Guarantor), the Parent Guarantor, the Issuer, the relevant Guarantors, the Trustee and, if applicable, the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an amended and/or restated Intercreditor Agreement or an additional intercreditor agreement (an "Additional Intercreditor Agreement") containing substantially the same terms as the Intercreditor Agreement (or terms more favorable to the Holders) including with respect to the subordination, payment blockage, limitation on enforcement and release of guarantees (or such other terms or with such changes as are necessary to facilitate compliance with the covenant described under the caption "Certain Covenants—Future Guarantors"), priority and release of the Security Documents (or such other terms or with such changes as the Parent Guarantor may in good faith determine to be necessary or appropriate relating to the Security Documents, in connection with the Incurrence of such Indebtedness, *provided* that such other terms are not materially more adverse to the Holders taken as a whole than the terms contained in the Intercreditor Agreement); *provided*, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreement without the consent of the Trustee. Pursuant to any such Additional Intercreditor Agreements, such other Indebtedness may constitute Senior Indebtedness or Subordinated Obligations of the Issuer or Guarantor Subordinated Obligations. If more than one such intercreditor agreement is outstanding at any one time, the collective terms of such intercreditor agreements must not conflict in any material respect.

The Indenture also will provide that, at the direction of the Parent Guarantor and without the consent of Holders, the Trustee shall from time to time enter into one or more amendments to any Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure any ambiguity, manifest error, omission, defect or inconsistency of any Intercreditor Agreement or any Additional Intercreditor Agreement, (2) increase the amount of Indebtedness of the types covered by any Intercreditor Agreement or any Additional Intercreditor Agreement that may be Incurred by the Parent Guarantor or any of its Subsidiaries that is subject to any Intercreditor Agreement or any Additional Intercreditor Agreement (including the addition of provisions relating to new Indebtedness that is contractually subordinated in right of payment to the Notes or the Note Guarantees, as applicable), (3) add Guarantors to any Intercreditor Agreement or an Additional Intercreditor Agreement, (4) add security to or for the benefit of the Notes (including Additional Notes), or confirm and evidence the release, termination or discharge of any Note Guarantee or Lien (including Liens on the Collateral and the Security Documents) when such release, termination or discharge is provided for or permitted under the Indenture, any Intercreditor Agreement or any Additional Intercreditor Agreement, (5) make provision for pledges of the Collateral securing Additional Notes to rank *pari passu* with the Security Documents or to implement any Permitted Collateral Liens, (6) provide for the assumption by a successor of the obligations of the Parent Guarantor under any Intercreditor Agreement or any Additional Intercreditor Agreement, (7) make any change in the subordination provisions of any Intercreditor Agreement or any Additional Intercreditor Agreement that would limit or terminate the benefits available to any holder of Senior Indebtedness of a Guarantor (or any Representative thereof) under such subordination provisions or as otherwise permitted by any Intercreditor Agreement or Additional Intercreditor Agreement, (8) conform the text of any Intercreditor Agreement or Additional Intercreditor Agreement to any provision of this "Description of Notes", or (9) make any other change to any Intercreditor Agreement or Additional Intercreditor Agreement that does not materially adversely affect the Holders. The Parent Guarantor shall not otherwise direct the Trustee to enter into any

amendment to any Intercreditor Agreement or Additional Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—Amendments and Waivers", and the Parent Guarantor may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or any Intercreditor Agreement or an Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or an Additional Intercreditor Agreement, the Trustee shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments."

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of such Intercreditor Agreement or Additional Intercreditor Agreement.

A copy of each Intercreditor Agreement or an Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Trustee and, if and 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 and regulations of the Luxembourg Stock Exchange so require, at the offices of the Paying Agent in Luxembourg.

Events of Default

An "Event of Default" means the occurrence of the following:

(i) a default in any payment of interest on any Note when due, continued for a period of 30 days;

(ii) a default in the payment of principal of any Note when due, whether at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration of acceleration or otherwise;

(iii) the failure by the Issuer to comply with its obligations under paragraph (a) of the covenant described under the caption "—Certain Covenants—Merger and Consolidation";

(iv) the failure by the Parent Guarantor or the Issuer to comply for (x) 120 days after notice with any of its obligations under the covenant described under the caption "—Certain Covenants—Reports" or (y) 60 days after notice with its other agreements contained in the Notes, the Indenture, any of the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement to which the Trustee or the Security Agent (in its capacity as Security Agent for the Trustee and the Holders) is a party;

(v) the failure by the Parent Guarantor or any Restricted Subsidiary to pay any Indebtedness for borrowed money (other than any Indebtedness owed to the Parent Guarantor or any Restricted Subsidiary) within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default, if the total amount of such Indebtedness so unpaid or accelerated exceeds €25.0 million or its equivalent in a currency other than euro, *provided* that no Default or Event of Default will be deemed to occur with respect to any such accelerated Indebtedness that is paid or otherwise acquired or retired (or for which failure to pay or acceleration is waived or rescinded) within 20 Business Days after such failure to pay or such acceleration (the "cross acceleration provision");

(vi) certain events of bankruptcy, insolvency or reorganization of the Parent Guarantor or a Significant Subsidiary, or of other Restricted Subsidiaries that are not Significant Subsidiaries

but would, in the aggregate, constitute a Significant Subsidiary if considered as a single Person, pursuant to or within the meaning of any Bankruptcy Law (the "bankruptcy provisions");

(vii) the rendering of any final non-appealable judgment for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 90 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof will be unsuccessful) in excess of €25.0 million or its equivalent in a currency other than euros against the Parent Guarantor or a Significant Subsidiary, or jointly and severally against other Restricted Subsidiaries that are not Significant Subsidiaries but would in the aggregate constitute a Significant Subsidiary if considered as a single Person, that is not discharged, or bonded or insured by a third Person, if such judgment is not subject to appeal and remains outstanding for a period of 90 days following its notification to the judgment debtor and is not discharged, waived or stayed (the "judgment default provision");

(viii) the failure of any applicable Note Guarantee by the Parent Guarantor or a Guarantor that is a Significant Subsidiary to be in full force and effect (except as contemplated by the terms thereof or of the Notes or the Indenture) or the denial or disaffirmation in writing by the Parent Guarantor or any applicable Guarantor that is a Significant Subsidiary of its obligations under the Notes and the Indenture or its Note Guarantee (other than by reason of the termination of the Indenture or such Guarantee or the release of such Note Guarantee in accordance with such Note Guarantee and the Indenture), if such Default continues for 10 days (the "guarantee default provision"); or

(ix) the Parent Guarantor or any of its Subsidiaries shall assert in writing that any of the Security Documents are invalid or unenforceable (the "security default provision").

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a Default under clause (iv) will not constitute an Event of Default until the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes notify the Issuer, Parent Guarantor and the Trustee of the Default and the Issuer, the Parent Guarantor or a Guarantor, as applicable, does not cure such Default within the time specified in such clauses after receipt of such notice.

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer) occurs and is continuing, the Trustee, if so given notice by the Holders, or the Holders of at least 25% in principal amount of the outstanding Notes by notice to the Issuer, the Parent Guarantor and the Trustee may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer occurs and is continuing, the principal of and accrued but unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

Notwithstanding the foregoing, in the event of a declaration of acceleration in respect of the Notes because an Event of Default specified in clause (v) above shall have occurred and be continuing, such declaration of acceleration of the Notes and such Event of Default and all consequences thereof (including any acceleration or resulting payment default) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, and be of no further effect, if within 60 days after such Event of Default arose (x) the Indebtedness that is the basis for such Event of Default has been discharged, or (y) the holders thereof have rescinded or waived the acceleration, notice, action or other event or condition (as the case may be) giving rise to such Event of Default, or (z) the default in respect of such Indebtedness that is the basis for such Event of Default has been cured.

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 any of the Holders unless such Holders have offered to the Trustee, and if so requested by the Trustee, have provided to the Trustee indemnity or security, which may include pre-funding, satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due against the Issuer or any Guarantor, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy;

(3) such Holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes will be given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification or security satisfactory to it in its sole discretion against all losses, liabilities and expenses caused by taking or not taking such action.

If a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each Holder notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium (if any) or interest on any Note, the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the Holders. In addition, the Parent Guarantor will be required to deliver to the Trustee, within 120 days after the end of each fiscal year an Officer's Certificate indicating whether the signer thereof knows of any Default that is continuing that occurred during the previous year. The Parent Guarantor will also be required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Events of Default, their status and what action the Parent Guarantor is taking or proposes to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the Indenture, the Notes or any Security Document may be amended with the written consent of the Holders of not less than a majority in principal amount of the Notes (including Additional Notes, if any) then outstanding and any past default or compliance with any provisions may be waived with the consent of the Holders of not less than a majority in principal amount of the Notes (including Additional Notes, if any) then outstanding and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of not less than a majority in principal amount of the Notes then outstanding (including, in each case, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, unless consented to by Holders of at least 90% of the aggregate principal amount of the then outstanding Notes (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(i) reduce the principal amount of Notes whose Holders must consent to an amendment or waiver;

(ii) reduce the rate of or extend the time for payment of interest on any Note;

(iii) reduce the principal of or extend the Stated Maturity of any Note;

(iv) reduce the premium payable upon the redemption of any Note, or change the time on which any Note may be redeemed as described under the caption "—Optional Redemption" above;

(v) make any Note payable in money other than that stated in such Note;

(vi) impair the legal right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(vii) make any change to the subordination provisions of the Indenture that adversely affects the rights of any Holder in any material respect;

(viii) waive a Default or Event of Default in the payment of principal of, or interest, 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);

(ix) waive a required redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the captions "—Change of Control" or "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock");

(x) release any Guarantor from any of its obligations under its Note Guarantee, except in accordance with the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement);

(xi) release any Lien on Collateral granted for the benefit of the Holders, except in accordance with the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement); or

(xii) make any change in the amendment or waiver provisions described in this sentence.

Without the consent of any Holder, the Issuer, any Guarantor, the Trustee and the Security Agent, as applicable, may amend or supplement the Indenture, any Note or any Security Document to (i) cure any ambiguity, mistake, omission, defect or inconsistency, (ii) provide for the assumption by a successor of the obligations of the Issuer or any Guarantor under the Indenture, the Notes or any Security Document, (iii) 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 Code), (iv) add any Note Guarantees with respect to the Notes, add security to or for the benefit of the Notes, or confirm and evidence the release, termination or discharge of any Note Guarantee, Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination or discharge is provided for or permitted under the Indenture and the Intercreditor Agreement or the Security Documents, (v) add to the covenants of the Issuer for the benefit of the Holders or to surrender any right or power conferred upon the Issuer, (vi) provide for or confirm the issuance of Additional Notes in accordance with the limitations set forth in the Indenture (including the establishment of parallel debt in respect thereof or amendment of the parallel debt to allow such Additional Notes to be secured), (vii) to provide that any Indebtedness that becomes or will become an obligation of a Successor Issuer pursuant to a transaction governed by the provisions described under the caption "—Certain Covenants—Merger and Consolidation" (and that is not a Subordinated Obligation or a Guarantor Subordinated Obligation) is Senior Indebtedness for purposes of the Indenture, (viii) conform the text of the Indenture, the Notes, any Note Guarantee or the Security Documents to any provision of this "Description of the Notes", (ix) make any change that does not materially adversely affect the rights of any Holder or (x) make any change to comply with any requirement of the SEC in connection with any qualification of the Indenture under the TIA, or otherwise.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment or waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver. Until an amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by such Holder and every subsequent Holder of all or part of the related Note. Any such Holder or subsequent Holder may revoke such consent as to its Note by written notice to the Trustee or the Parent Guarantor, received thereby before the date on which the

Issuer certifies to the Trustee that the Holders of the requisite principal amount of Notes have consented to such amendment or waiver. After an amendment or waiver under the Indenture becomes effective, the Issuer is required to mail to Holders a notice briefly describing such amendment or waiver. However, the failure to give such notice to all Holders, or any defect therein, will not impair or affect the validity of the amendment or waiver.

Defeasance

The Issuer may, at its option at any time, terminate all its obligations under the Notes and the Indenture ("legal defeasance"), except for certain obligations, including those relating to the Trustee, the defeasance and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes. In addition, the Issuer may, at its option at any time, terminate its obligations under certain covenants under the Indenture, including the covenants described under the caption "—Certain Covenants" (other than clauses (i) and (ii) of paragraph (a) under the caption "—Certain Covenants—Merger and Consolidation") and the caption "—Change of Control", the operation of the default provisions relating to such covenants described under the caption "—Events of Default" above, and the operation of the cross acceleration provision, the bankruptcy provisions with respect to Subsidiaries, the judgment default provision, the guarantee default provision and the security default provision, described under the caption "—Events of Default" above ("covenant defeasance").

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect thereto. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (iv), (as it relates to the covenants described under the caption "—Certain Covenants" above), (v), (vi) (in the case of clause (vi) with respect to Restricted Subsidiaries of the Issuer only), (vii) or (ix) under the caption "—Events of Default" above or because of the failure of the Issuer to comply with clause (a)(ii) or (iii) or (iv) under the covenant described under the caption "—Certain Covenants—Merger and Consolidation" above.

Either defeasance option may be exercised to any redemption date or to the maturity date for the Notes. In order to exercise either defeasance option, the Issuer must irrevocably deposit with the Trustee or with a person designated by the Trustee and approved by the Issuer for the benefit of the Holders money, European Government Obligations, or a combination thereof, the principal of and interest on which will be sufficient (without reinvestment) to pay principal of, and premium (if any) and interest on, the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of, among other things, an Opinion of Counsel to the effect that Holders of the applicable Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel (x) must be based on a ruling of the Internal Revenue Service or a change in applicable U.S. federal income tax law since the Issue Date and (y) need not be delivered if all Notes not theretofore delivered to the Registrar for cancellation have become due and payable, will become due and payable at their Stated Maturity within one year, or are to be called for redemption within one year, under arrangements conforming to the requirements of the Indenture in the name, and at the expense, of the Issuer).

Satisfaction and Discharge

The Indenture, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement will be discharged and cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (i) either (a) all Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Registrar for cancellation or (b) all Notes not previously cancelled or delivered to the Registrar for cancellation (x) have become due and payable,

(y) will become due and payable at their Stated Maturity within one year or (z) have been or are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (ii) the Issuer has irrevocably deposited or caused to be deposited with the Trustee or with a person designated by the Trustee and approved by the Issuer money, European Government Obligations or a combination thereof, sufficient (without reinvestment) to pay and discharge the entire indebtedness on the Notes not previously cancelled or delivered to the Registrar for cancellation, for principal, premium, if any, and interest to the date of redemption or their Stated Maturity, as the case may be, *provided* that if such redemption is made pursuant to the provisions described in the third paragraph under the caption "—Optional Redemption", (x) the amount of money or European Government Obligations, or a combination thereof, that the Issuer must irrevocably deposit or cause to be deposited will be determined using an assumed Applicable Premium calculated as of the date of such deposit or calculated by the Parent Guarantor in good faith and (y) the Issuer must irrevocably deposit or cause to be deposited additional money in trust on the redemption date as necessary to pay the Applicable Premium as determined on such date; (iii) the Issuer has paid or caused to be paid all other sums then payable under the Indenture by the Issuer; and (iv) the Issuer has delivered to the Registrar and the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "Satisfaction and discharge" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (i), (ii) and (iii)).

Concerning the Trustee and Certain Agents

Deutsche Trustee Company Limited is to be appointed as Trustee under the Indenture. The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Trustee will be permitted to engage in transactions with the Issuer and the Guarantors; *provided*, *however*, that if it acquires any conflicting interest, it must either eliminate such conflict or resign.

The Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for the removal of the Trustee and the appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture provides for the indemnification of the Trustee in connection with its actions under the Indenture.

BNP Paribas will initially act as Security Agent under the Security Documents on behalf of the Trustee and the Holders. The Security Agent, acting in its capacity as such, shall have such duties with respect to the Collateral as are set forth in the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents. Under certain circumstances, the Security Agent may have obligations under the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents that are in conflict with the interests of the Holders. In addition, BNP Paribas also acts as security agent under the initial Revolving Credit Facility Agreement. The Security Agent will be under no obligation to exercise any rights or powers conferred under the Indenture or any of the Security Documents for the benefit of the Holders unless such Holders have

offered to the Security Agent indemnity or security reasonably satisfactory to the Security Agent against any loss, liability or expense. Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Security Agent, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Security Documents and has not relied on or will not at any time rely on the Security Agent in respect of such risks.

No personal liability of directors, officers, employees, incorporators and stockholders

No director, officer, employee, incorporator or stockholder of the Parent Guarantor or any Subsidiary thereof will have any liability for any obligation of the Issuer or any Guarantor under the Indenture, the Notes, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement or for any claim based on, in respect of, or by reason of, any such obligation or its creation. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the Issuer, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes or other governmental charges payable in connection with the transfer or exchange. The Issuer will not be required to transfer or exchange any Note selected for redemption or repurchase or to transfer or exchange any Note for a period of 15 Business Days prior to the day of the mailing of the notice of redemption or purchase. The Notes will be issued in registered form and the Holder will be treated as the owner of such Note for all purposes. For further information about transfer and exchange procedures, see the section titled “Book-entry; Delivery and Form”.

Notices

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of such Notes, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes 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 the rules and regulations of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding. For Notes which are represented by global certificates held on behalf of Euroclear and Clearstream, notices may be given by delivery of the relevant notices to Euroclear and Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made, *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first class mail or other equivalent means and shall be sufficiently given to him if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Currency Indemnity and Calculation of Euro-denominated Restrictions

The euro is the sole currency of account with respect to the Notes and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than the euro, whether as a result of, or the

enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Guarantor or otherwise by any Holder of a Note, as the case may be, or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or any Guarantor shall only constitute a discharge to the Issuer or any Guarantor to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note the Issuer will indemnify them against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in reasonable detail in a manner satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities, to the extent permitted by law, constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder or the Trustee (other than a waiver of the indemnities set out under the caption "—Currency Indemnity and Calculation of Euro-denominated Restrictions") and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since most of the managers and executive officers of the Parent Guarantor and its Subsidiaries are not residents of the United States, and most of the assets of the Parent Guarantor and its Subsidiaries are located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States. See the section titled "Enforcement of Civil Liabilities".

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, premium or Additional Amounts, if any, on the Notes or any Notes Guarantees will be prescribed ten years after the applicable due dates for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest will be prescribed five years after the applicable due date for the payment of interest.

Governing Law

The Indenture will provide that it, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement will be governed by, and construed in accordance with, English law. The Revolving Credit Facility Agreement will be governed by, and construed in accordance with, English law, *provided* that certain provisions thereof will be interpreted in accordance with the laws of the State of New York without prejudice to the fact that the Revolving Credit Facility Agreement is governed by, and will be enforced in accordance with, English law. The Collateral will be governed by French law. The Proceeds Loans will be governed by French law.

The Parent Guarantor has not qualified and does not expect to qualify the Indenture under the TIA. The Indenture will accordingly not be subject to the TIA, and will not contain any provision corresponding or similar to certain provisions of the TIA that would otherwise apply if the Indenture were so qualified, including TIA §316(b).

Consent to Jurisdiction and Service

The Issuer and Guarantors will appoint CT Corporation as agent for actions relating to the Notes or the Indenture brought in any U.S. federal or state court located in the Borough of Manhattan in The City of New York and will submit to such jurisdiction.

Certain Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of Notes" for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person (i) existing at the time such Person is merged with or into or becomes a Subsidiary or (ii) assumed in connection with the acquisition of properties or assets from such Person, in each case other than Indebtedness Incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to be Incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

"Acquisition" means the acquisition by Mobilux Acquisition of certain Capital Stock in the Target on the terms of the Sale and Purchase Agreement and the acquisition by the Target of certain Capital Stock in Yvrai.

"Acquisition Costs" means all costs, fees and expenses (and taxes thereon) and all capital, stamp, documentary, registration or other taxes incurred by or on behalf of any Parent, the Issuer or any other member of the Group in connection with the Acquisition and all related transactions (including without limitation the financing thereof) and the Transactions.

"Acquisition Documents" means the Sale and Purchase Agreement, the put option letter dated 27 June 2016 entered into by the Company and Fair Finance S.à .r.l. under which Fair Finance S.a.r.l. was granted a put option in relation to the entire issued share capital of the Target, the representation letters in relation to the sale and purchase of the Target Shares entered into by each of Frank Maassen, Philippe Lederman, Hervé Delille, Mehdi Guennouni, Frank Wendling, Thierry Lernon, Robert Eskenazy and Flavien Dhellemmes and the Company, and the agreement dated 18 November 2011, as amended from time to time including pursuant to amendment agreements dated 14 March 2013 and 11 April 2016, for the sale and purchase of the share capital of Yvrai;

"Additional Assets" means (i) any property or assets that replace the property or assets that are the subject of an Asset Disposition; (ii) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Parent Guarantor or a Restricted Subsidiary or otherwise useful in a Related Business and any capital expenditures in respect of any property or assets already so used; (iii) the Capital Stock of a Person that is engaged in a Related Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Parent Guarantor or another Restricted Subsidiary; or (iv) Capital Stock of any Person that at such time is a Restricted Subsidiary acquired from a third party.

"Additional Proceeds Loan" means any loan agreement entered into between the Issuer and one or more Restricted Subsidiaries (or between Restricted Subsidiaries) pursuant to which the Issuer lends (or such Restricted Subsidiary lends or on lends), on terms substantially similar to those contained in the Proceeds Loans (other than with respect to interest and principal), the proceeds of an issuance of Additional Notes to such Restricted Subsidiary, as amended from time to time.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreed Security Principles" means the Agreed Security Principles as set out in an annex to the Revolving Credit Facility Agreement as amended from time to time, as applied *mutatis mutandis* with respect to the Notes in good faith by the Parent Guarantor.

"Applicable Premium" means, with respect to a Note on any redemption date, the greater of (A) 1% of the principal amount of such Note and (B) the excess (to the extent positive) of:

(1) the present value at such redemption date of (i) the redemption price of such Note at November 15, 2019 (such redemption price (expressed in a percentage of the principal amount) being set forth in the table under the second paragraph in the caption "—Optional Redemption"), plus (ii) all required remaining scheduled interest payments due on such Note to and including November 15, 2019 (excluding accrued and unpaid interest), computed using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

(2) the outstanding principal amount of such Note on such redemption date,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate, *provided* that such calculation shall not be a duty or obligation of the Trustee or any Paying Agent.

"Asset Disposition" means any sale, lease, transfer or other disposition of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares, or shares to be held by third parties to meet applicable legal requirements), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Parent Guarantor or any of its Restricted Subsidiaries (including any disposition by means of a merger, consolidation or similar transaction), other than:

(i) a disposition to the Parent Guarantor or a Restricted Subsidiary;

(ii) a disposition in the ordinary course of business;

(iii) a disposition of Cash Equivalents or Temporary Cash Investments;

(iv) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(v) any Restricted Payment Transaction;

(vi) a disposition that is governed by the provisions described under the captions "—Certain Covenants—Merger and Consolidation" or "—Change of Control";

(vii) any Financing Disposition;

(viii) any "fee in lieu" or other disposition of assets to any governmental authority or agency that continue in use by the Parent Guarantor or any Restricted Subsidiary, so long as the Parent Guarantor or any Restricted Subsidiary may obtain title to such assets upon reasonable notice by paying a nominal fee;

(ix) any exchange of property pursuant to or intended to qualify under Section 1031 (or any successor section) of the Code, or any exchange of equipment to be leased, rented or otherwise used in a Related Business;

(x) any financing transaction with respect to property built or acquired by the Parent Guarantor or any Restricted Subsidiary after the Completion Date, including without limitation any sale/leaseback transaction or asset securitization;

(xi) any disposition arising from foreclosure, condemnation or similar action with respect to any property or other assets or exercise of termination rights under any lease, licenses, concession, or other agreement;

(xii) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(xiii) a disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Parent Guarantor 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), entered into in connection with such acquisition;

(xiv) a disposition of Capital Stock which are directors' qualifying shares or which are *de minimis* holdings of Capital Stock to comply with legal or regulatory requirements;

(xv) any Exempt Sale and Leaseback Transaction;

(xvi) the abandonment or other disposition of patents, trademarks or other intellectual property that are, in the reasonable opinion of the Parent Guarantor, no longer economically practicable to maintain or useful in the conduct of the business of the Parent Guarantor and its Subsidiaries taken as a whole;

(xvii) any disposition or series of related dispositions for aggregate consideration not to exceed €10.0 million;

(xviii) any disposition in connection with the Transactions;

(xix) any license, sub-license or other grant of rights in or to any trademark, copyright or other intellectual property;

(xx) the creation or granting of any Lien permitted under the Indenture;

(xxi) any disposition in connection with a Tax Sharing Agreement; or

(xxii) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Parent Guarantor or any Restricted Subsidiary to such Person) related to such assets.

"Bank Basket Euro Amount" means an amount equal to the greater of (A) €200.0 million and (B) the sum of €100.0 million and 100% of LTM EBITDA plus (C) in the event of any refinancing of any Indebtedness Incurred under the basket permitting Indebtedness up to the Bank Basket Euro Amount, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) Incurred or payable in connection with such refinancing.

"Bank Indebtedness" means any and all amounts, whether outstanding on the Completion Date or thereafter incurred, payable under or in respect of any Credit Facility, including without limitation principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Parent Guarantor or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees, other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"Bank Products Agreement" means any agreement pursuant to which a bank or other financial institution agrees to provide (a) treasury services, (b) credit card, merchant card, purchasing card or stored value card services (including, without limitation, the processing of payments and other administrative services with respect thereto), (c) cash management services (including, without limitation, controlled disbursements, automated clearinghouse transactions, return items, netting, overdrafts, depository, lockbox, stop payment, electronic funds transfer, information reporting, wire transfer and interstate depository network services) and (d) other banking products or services as may be requested by the Parent Guarantor or any Restricted Subsidiary (other than letters of credit and other than loans and advances except indebtedness arising from services described in paragraphs (a) to (c) above).

"Bank Products Obligations" of any Person means the obligations of such Person pursuant to any Bank Products Agreement.

"Bankruptcy Law" means Title 11, U.S. Code, or any similar U.S. federal, state or non-U.S. law for the relief of debtors (but excluding for the avoidance of doubt, any solvent winding up or other solvent process) or any amendment to, succession to or change in such law, including any "*cession totale de l'entreprise*" or "*liquidation judiciaire*" under articles L.620-1 et seq. of the French *Code de Commerce*.

"Bloomberg" means any private electronic information service provided by Bloomberg L.P. or any of its Affiliates, or any of their respective successors.

"Board of Directors" means, for any Person, the board of directors, supervisory board (*conseil de surveillance*) or other governing body (including in relation to a French *sociètè par actions simplifiée*,

its *président*) of such Person or, if such Person does not have such board of directors, supervising board or other governing body, and is owned or managed by a single entity, the Board of Directors of such entity, or, in either case, any committee thereof duly authorized to act on behalf of such Board of Directors. Unless otherwise provided, "Board of Directors" means the Board of Directors of the Company.

"Bund Rate" means, with respect to a redemption date, the yield to maturity at the time of computation of direct obligations of Germany (Bunds or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Parent Guarantor in good faith)) most nearly equal to the period from the redemption date to November 15, 2019; *provided, however*, that if the period from the redemption date to November 15, 2019 is not equal to the constant maturity of a direct obligation of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of Germany for which such yields are given, except that if the period from such redemption date to November 15, 2019 is less than one year, the weekly average yield on actually traded direct obligations of Germany adjusted to a constant maturity of one year shall be used; *provided* that if the Bund Rate determined in accordance with the foregoing shall be less than zero, the Bund Rate shall be deemed to be zero for all purposes of the Indenture.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorized or required by law to close in Luxembourg, London, Paris or New York City, and (in relation to any date for payment or purchase of euros) other than any other day on which Trans European Automated Real-Time Gross settlement Express Transfer payment system is closed for settlement of payments in euros.

"BUT" means BUT, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €34,689,348 as at October 5, 2016 and its registered office as at the Issue Date at 1 avenue Spinoza ZAC de Malnoue, 77184 Emerainville, registered under number 358 500 411 R.C.S. Meaux and any successor in interest thereto.

"BUT International" means BUT International, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €131,772,276.25 as at October 5, 2016 and its registered office as at the Issue Date at 1 avenue Spinoza ZAC de Malnoue, 77184 Emerainville, registered under number 722 041 860 R.C.S. Meaux and any successor in interest thereto.

"Capital Stock" of any Person means any and all shares of, partnership interest in, membership in, rights to purchase, warrants or options for, or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalized or finance lease for financial reporting purposes in accordance with GAAP. The Stated Maturity of any Capitalized Lease Obligation shall be the date of the last scheduled payment of rent or any other amount due under the related lease without penalty.

"Captive Insurance Subsidiary" means any Subsidiary of the Parent Guarantor that is subject to regulation as an insurance company (or any Subsidiary thereof).

"Cash Equivalents" means any of the following: (a) securities issued or fully guaranteed or insured by the United States of America or a member state of the European Union, Switzerland or Canada or any agency or instrumentality of any thereof, (b) overnight bank deposits, time deposits, certificates of deposit or bankers' acceptances or money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition of (i) any bank or institutional lender under the Revolving Credit Facility Agreement or any affiliate thereof or (ii) any commercial bank or trust company having capital and surplus in excess of €250,000,000 and the commercial paper of the holding company of which is rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the

equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (c) repurchase obligations with a term of not less than thirty days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above, (d) money market instruments, commercial paper or other short-term obligations rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (e) investments in money market funds subject to the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act, (f) investments similar to any of the foregoing denominated in currencies other than euros, sterling or U.S. dollars approved by the Board of Directors, (g) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (f) of this definition, and (h) solely with respect to any Captive Insurance Subsidiary, any investment that Person is permitted to make in accordance with applicable law.

"CD&R" means Clayton, Dubilier & Rice, LLC and any successor in interest thereto, or any successor to CD&R's investment management business.

"CD&R Cayman" means CD&R Balloon Holdings L.P., a Cayman Islands exempted limited partnership and any successor in interest thereto.

"CD&R Fund IX" means Clayton, Dubilier & Rice Fund IX, L.P., a Cayman Islands exempted limited partnership, and any successor in interest thereto.

"CD&R Investors" means, collectively, (1) CD&R Fund IX, (2) CD&R Advisor Fund IX, L.P., a Cayman Islands exempted limited partnership and any successor in interest thereto, (3) Clayton, Dubilier & Rice Fund IX-A, L.P., a Cayman Islands exempted limited partnership and any successor in interest thereto, (4) CD&R Cayman, (5) CD&R Mobilux S.à r.l., a Luxembourg *société à responsabilité limitée* and any successor in interest thereto, (6) CD&R Associates IX, L.P., a Cayman Islands exempted limited partnership and any successor in interest thereto, (7) CD&R Investment Associates IX, Ltd., a Cayman Islands exempted limited company, (8) any trust, fund, vehicle, managed account company or partnership owned, managed or advised by CD&R or any Affiliate or Related Person of CD&R and any successor in interest thereto or (9) any Affiliate or Related Person of any CD&R Investor identified in clauses (1) through (8) of this definition.

"Cetelem" means Cetelem S.A., a subsidiary of BNP Paribas through which the Parent Guarantor and its Subsidiaries provide consumer financing.

"Change of Control Event" means an event constituting a Change of Control.

"CICE" means the competitive and employment tax credit pursuant to the French 3rd Amended Finance Law for 2012 (*3ème loi de finances rectificative pour 2012*) No.2012-1510 dated December 29, 2012.

"Clearstream" means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Cogesem" means Compagnie Générale de Services Pour L'Equipement de la Maison-COGESEM, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €22,228,735.5 as at October 5, 2016 and its registered office as at the Issue Date at 1 avenue Spinoza Malnoue, 77184 Emerainville, registered under number 331 691 287 R.C.S. Meaux and any successor in interest thereto.

"Collateral" means the rights, property and assets securing or otherwise benefitting the Notes and/or the Note Guarantees as described under the caption "—Security" 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 Note Guarantees or the Indenture.

"Commodities Agreements" means, in respect of a Person, any commodity futures contract, forward contract, option or similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is a party or beneficiary.

"Completion Date" means the date on which the Acquisition will be consummated.

"Consolidated Coverage Ratio" as of any date of determination means the ratio of (i) LTM EBITDA to (ii) Consolidated Interest Expense for such four fiscal quarters (in each of the foregoing clauses (i) and (ii), determined for any fiscal quarter (or portion thereof) ending prior to the Completion Date, on a *pro forma* basis to give effect to the Acquisition, as if it had occurred at the beginning of such four-quarter period); *provided* that:

(1) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary has Incurred any Indebtedness that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation shall be computed based on (A) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (B) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation);

(2) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary has repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged any Indebtedness that is no longer outstanding on such date of determination (each, a "Discharge") or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a Discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a *pro forma* basis to such Discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such Discharge had occurred on the first day of such period;

(3) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary shall have disposed of any company, any business or any group of assets constituting an operating unit of a business including any such disposition occurring in connection with a transaction causing a calculation to be made hereunder or designation of a Restricted Subsidiary or an Unrestricted Subsidiary (any such disposition or designation, a "Sale"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to (A) the Consolidated Interest Expense attributable to any Indebtedness of the Parent Guarantor or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged with respect to the Parent Guarantor and its continuing Restricted Subsidiaries in connection with such Sale for such period (including but not limited to through the assumption of such Indebtedness by another Person) plus (B) if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period attributable to the Indebtedness of such Restricted Subsidiary to the extent the Parent Guarantor and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such Sale;

(4) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company, any business or any group of assets constituting an operating unit of a business, including any such Investment or acquisition occurring in connection with a transaction causing a calculation to be made hereunder or designated any Unrestricted Subsidiary as a Restricted Subsidiary (any such Investment, acquisition or designation, a "Purchase"), Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma*

effect thereto (including the Incurrence of any related Indebtedness) as if such Purchase occurred on the first day of such period; and

(5) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, and since the beginning of such period such Person shall have Discharged any Indebtedness or made any Sale or Purchase that would have required an adjustment pursuant to clause (2), (3) or (4) above if made by the Parent Guarantor or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Interest Expense for such period shall be calculated after giving *pro forma* effect thereto as if such Discharge, Sale or Purchase occurred on the first day of such period.

provided that (A) (in the event that the Parent Guarantor shall classify Indebtedness Incurred on the date of determination as Incurred in part under paragraph (a) of the covenant described under "—Certain Covenants—Limitation on Indebtedness" and in part under paragraph (b) of such covenant, as provided in paragraph (c)(iii) of such covenant) any such *pro forma* calculation of Consolidated Interest Expense shall not give effect to any such Incurrence of Indebtedness on the date of determination pursuant to such paragraph (b) or to any Discharge of Indebtedness from the proceeds of any such Incurrence pursuant to such paragraph (b), and (B) (at the Parent Guarantor's election) no pro forma effect shall be given to the Purchase of the business or company of a franchisee of the Group whose annual turnover for the most recent period prior to the Purchase for which such figure is available did not exceed €10 million.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, redeemed, defeased or otherwise acquired, retired or discharged in connection therewith, the *pro forma* calculations in respect thereof (including without limitation in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Parent Guarantor or an authorized responsible financial or accounting Officer of the Parent Guarantor. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness). If any Indebtedness bears, at the option of the Parent Guarantor or a Restricted Subsidiary, a rate of interest based on a prime or similar rate, a euro currency interbank offered rate or other fixed or floating rate, and such Indebtedness is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated by applying such optional rate as the Parent Guarantor or such Restricted Subsidiary may designate. If any Indebtedness that is being given *pro forma* effect was Incurred under a revolving credit facility, the interest expense on such Indebtedness shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate determined in good faith by a responsible financial or accounting officer of the Parent Guarantor to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

"Consolidated EBITDA" means, for any period, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for all taxes (whether or not paid, estimated or accrued) based on income, profits or capital (including penalties and interest, if any) including without limitation, CVAE and any charge for such taxes incurred by the Parent Guarantor or a Restricted Subsidiary pursuant to a Tax Sharing Agreement;

(2) Consolidated Interest Expense and any Special Purpose Financing Fees, Receivable Fees, foreign exchange differences that are treated as interest under GAAP, fair value movements on any Indebtedness or Hedging Obligations, costs or other charges (including non-cash charges) related to the Transactions, non cash interest expense in respect of Subordinated Shareholder Funding or Management Proceeds Funding, accretion or accrual of discounted liabilities not constituting Indebtedness, expense resulting from discounting of Indebtedness

in conjunction with recapitalization or purchase accounting, and any "additional interest" in respect of registration rights arrangements for any securities and non cash interest relating to employee benefit plans or arrangements or post-retirement benefit arrangements (including in respect of Participations) and any non-cash interest expenses in relation to any guarantee, indemnity, bond, standby letter of credit or similar instruments issued in respect of commercial obligations of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business;

(3) depreciation, amortization or impairment (including but not limited to amortization of goodwill and intangibles and amortization and write-off of financing costs and write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Parent Guarantor and its Restricted Subsidiaries for such period and any non-cash charges for post-employment benefit scheme liabilities and other similar provisions), and any other non-cash charges, non-cash losses, or non-cash provisions for reserves for discontinued operations, other than the reversal of a reserve for cash charges in a future period in the ordinary course of business;

(4) any expenses or charges related to any Equity Offering, Investment or Indebtedness permitted by the Indenture (whether or not consummated or incurred, and including any offering or sale of Capital Stock to the extent the proceeds thereof were intended to be contributed to the equity capital of the Parent Guarantor or its Restricted Subsidiaries);

(5) the amount of any deferred royalty income;

(6) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Hedging Obligations or other derivative instruments;

(7) any management, monitoring, consulting and advisory fees and related expenses paid or payable to any of CD&R, any of the CD&R Investors, any of the WM Investors and any of their respective Affiliates pursuant to Management Agreements;

(8) any expenses, charges or losses that are covered by indemnification or other reimbursement provisions under the Acquisition Documents, to the extent actually reimbursed, or, so long as the Parent Guarantor has made a determination that a reasonable basis exists for indemnification or reimbursement and only to the extent that such amount is (i) not denied by the applicable carrier (without any right of appeal thereof) within 180 days and (ii) in fact indemnified or reimbursed within 365 days of such determination (with a deduction in the applicable future period for any amount so added back to the extent not so indemnified or reimbursed within such 365 days);

(9) any non-recurring fees or charges attributable to a post-employment benefit scheme or a management or employee benefit scheme, in each case other than the current service costs attributable to any such scheme; and

plus the following, without duplication:

(10) the amount of net cost savings projected by the Parent Guarantor in good faith to be realized as the result of actions taken or to be taken on or prior to the date that is 18 months after the Completion Date, or 18 months after the consummation of any operational change, respectively (calculated on a *pro forma* basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions (which adjustments may be incremental to *pro forma* adjustments made pursuant to the proviso to the definition of "Consolidated Coverage Ratio", "Consolidated Leverage Ratio", "Consolidated Secured Leverage Ratio" or "Consolidated Super Senior Secured Leverage Ratio"); and

(11) the *pro forma* "run rate" Consolidated EBITDA attributable to any newly opened store, which shall be assumed to be the Consolidated EBITDA attributable to comparable stores opened and operating for a period of at least 24 consecutive months (in the good faith determination of the Parent Guarantor, as certified by a director of the Parent Guarantor), minus the actual Consolidated EBITDA for such newly opened store; *provided* that in no event shall the aggregate amount added to Consolidated EBITDA under this clause (11) for any four consecutive fiscal quarter period exceed the greater of (i) €10,000,000 and (ii) 10% of Consolidated EBITDA (determined prior to giving effect to this clause (11)); *provided*, further,

that after any such newly opened store shall actually have been open and operating for a period of at least 24 consecutive months at the time of any determination, Consolidated EBITDA for such newly opened store shall be determined on an actual basis as otherwise provided in this definition without giving effect to this clause (11).

"Consolidated Interest Expense" means, for any period, (i) the total interest expense of the Parent Guarantor and its Restricted Subsidiaries to the extent deducted in calculating Consolidated Net Income, net of any interest income of the Parent Guarantor and its Restricted Subsidiaries and after taking into account the net payment or receipt paid or payable or received or receivable under any Interest Rate Agreement or Currency Agreement in respect of Indebtedness, and after excluding any foreign exchange differences that are treated as interest under GAAP and after excluding any fair value movements on any Indebtedness or Hedging Obligations for such period, and after excluding any costs, fees and expenses related to the Transactions (other than for the avoidance of doubt interest incurred on Indebtedness Incurred pursuant to the Transactions) that are classified as interest under GAAP, including without limitation any such interest expense consisting of (a) interest expense attributable to Capitalized Lease Obligations, (b) amortization of debt discount, (c) interest in respect of Indebtedness of any other Person that has been guaranteed by the Parent Guarantor or any Restricted Subsidiary, but only to the extent that such interest is actually paid by the Parent Guarantor or any Restricted Subsidiary, (d) non-cash interest expense on Indebtedness, (e) the interest portion of any deferred payment obligation and (f) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, plus (ii) Preferred Stock dividends paid in cash in respect of Disqualified Stock of the Parent Guarantor held by Persons other than the Parent Guarantor or a Restricted Subsidiary and minus (iii) to the extent otherwise included in such interest expense referred to in clause (i) above, Special Purpose Financing Fees, Receivable Fees, non-cash interest expense in respect of Subordinated Shareholder Funding, non cash interest expense in respect of Management Proceeds Funding, accretion or accrual of discounted liabilities not constituting Indebtedness, expense resulting from discounting of Indebtedness in conjunction with recapitalization or purchase accounting, and any "additional interest" in respect of registration rights arrangements for any securities, amortization or write-off of financing costs, interest relating to employee benefit plans or arrangements or post-retirement benefit arrangements and interests in respect of Participations, any interest expense in relation to any guarantee, indemnity, bond, standby letter of credit or similar instrument issued in respect of commercial obligations of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business and any arrangement, underwriting and participation fees and similar issue costs, agency and fronting fees, repayment and prepayment premiums, fees or costs, in each case under clauses (i) through (iii) as determined on a Consolidated basis in accordance with GAAP; *provided* that gross interest expense shall be determined after giving effect to any net payments made or received by the Parent Guarantor and its Restricted Subsidiaries with respect to Interest Rate Agreements.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (i) Consolidated Net Indebtedness as at such date (after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) LTM EBITDA, *provided*, that:

(1) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary shall have made a Sale (as defined under the definition of "Consolidated Coverage Ratio"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (as defined under the definition of "Consolidated Coverage Ratio") (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder), Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

(3) if since the beginning of such period any Person became a Restricted Subsidiary or was merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that

would have required an adjustment pursuant to clause (1) or (2) above if made by the Parent Guarantor or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period.

provided that (at the Parent Guarantor's election) no *pro forma* effect shall be given to the Purchase of the business or company of a franchisee of the Group whose annual turnover for the most recent period prior to the Purchase for which such figure is available did not exceed €10 million.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Parent Guarantor or an authorized responsible financial or accounting Officer of the Parent Guarantor.

"Consolidated Net Income" means, for any period, the net income (loss) of the Parent Guarantor and its Restricted Subsidiaries, determined on a Consolidated basis in accordance with GAAP and before any reduction in respect of Preferred Stock dividends; *provided* that there shall not be included in such Consolidated Net Income:

(i) any net income (loss) of any Person if such Person is not the Parent Guarantor or a Restricted Subsidiary, except that subject to the limitations contained in clause (iii) below, the Parent Guarantor's or any Restricted Subsidiary's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount actually distributed by such Person during such period to the Parent Guarantor or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (ii) below);

(ii) solely for purposes of determining the amount available for Restricted Payments under clause (a)(3)(A)(ii) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments", any net income (loss) of any Restricted Subsidiary that is not a Guarantor if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of similar distributions by such Restricted Subsidiary, directly or indirectly, to its parent company 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 stockholders (other than (w) restrictions that have been waived or otherwise released, (x) restrictions pursuant to the Notes or the Indenture or other Senior Indebtedness, (y) restrictions permitted pursuant to clauses (1) and (7) of the covenant described under the caption "—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries", and (z) restrictions in effect on the Completion Date with respect to a Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole are not materially less favorable to the Holders than such restrictions in effect on the Completion Date as determined by the Parent Guarantor in good faith), except that the Parent Guarantor's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of any dividend or distribution that was or that could have been made by such Restricted Subsidiary during such period to the Parent Guarantor or another Restricted Subsidiary (subject, in the case of a dividend that could have been made to another Restricted Subsidiary, to the limitation contained in this clause (ii));

(iii) (x) any net gain or loss realized upon the sale or other disposition of any asset of the Parent Guarantor or any Restricted Subsidiary (including pursuant to any sale/leaseback transaction) that is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors), and (y) any net after-tax gain or loss realized upon the disposal, abandonment or discontinuation of operations of the Parent Guarantor or any Restricted Subsidiary;

(iv) any item classified as an extraordinary, unusual or nonrecurring gain, loss or charge and any exceptional or one off item (including fees, expenses and charges associated with the

Transactions (other than for the avoidance of doubt interest incurred on Indebtedness Incurred pursuant to the Transactions) and any acquisition, merger or consolidation after the Issue Date), any severance (which, for the avoidance of doubt, shall include retention, integration or excess pension or other excess charges), relocation, consolidation, closing, integration, facilities, stores and/or warehouses opening, business optimization, transition or restructuring costs, charges or expenses, any signing, retention or completion bonuses, and any costs associated with curtailments or modifications to pension and post-retirement employee benefit plans;

(v) the cumulative effect of a change in accounting principles;

(vi) 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;

(vii) any unrealized gains or losses in respect of Hedge Agreements 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;

(viii) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person;

(ix) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards;

(x) to the extent otherwise included in Consolidated Net Income, any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Parent Guarantor or any Restricted Subsidiary owing to the Parent Guarantor or any Restricted Subsidiary;

(xi) any non-cash charge, expense or other impact attributable to application of the purchase or recapitalization method of accounting (including the total amount of depreciation and amortization, cost of sales or other non-cash expense resulting from the write-up of assets to the extent resulting from such purchase or recapitalization accounting adjustments);

(xii) any goodwill or other intangible asset impairment charges;

(xiii) the impact of any capitalized interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Funding or Management Proceeds Funding;

(xiv) any expenses or charges related to the acquisition by the Parent Guarantor or a Restricted Subsidiary of the assets, liabilities or businesses of franchisees and any cost related to termination of operations and aborted acquisitions/disposals of assets;

(xv) any one time non-cash charges or any changes in the carrying value of inventory resulting from purchase accounting adjustments, in each case, in relation to the Acquisition;

(xvi) any one-time non-cash charges or expenses related to the conversion of various employee benefit programs in connection with the Transactions and non-cash compensation related expenses; and

(xvii) any losses to the extent covered by business interruption or similar insurance and to the extent the proceeds are actually received.

(xviii) 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 in such period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Capital Stock held by such parties,

(xix) provision for all taxes (whether or not paid, estimated or accrued) based on income, profits or capital (including penalties and interest, if any) including without limitation, CVAE and any charge for such taxes incurred by the Parent Guarantor or a Restricted Subsidiary pursuant to a Tax Sharing Agreement, in each case to the extent in excess of cash payments made in respect of such taxes, and

(xx) any increase in personnel costs or other charge, cost, expense, reduction in tax credit and/or increase to tax as a result of (or otherwise relating to) a change in law (or the application

thereof) with respect to, or change in accounting rules applicable to, CICE (*Crédit d'impôt pour la compétitivité et l'emploi*).

Notwithstanding the foregoing, for the purpose of clause (a)(3)(A)(ii) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments" only, there shall be excluded from Consolidated Net Income, without duplication, any income consisting of dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Parent Guarantor or a Restricted Subsidiary, and any income consisting of return of capital, repayment or other proceeds from dispositions or repayments of Investments consisting of Restricted Payments, in each case to the extent such income would be included in Consolidated Net Income and such related dividends, repayments, transfers, return of capital or other proceeds are applied by the Parent Guarantor to increase the amount of Restricted Payments permitted under such covenant pursuant to clause (a)(3)(C) or (D) thereof.

In addition, Consolidated Net Income for any period ending on or prior to the Completion Date shall be determined based upon the net income (loss) reflected in the consolidated financial statements of Target for such period; and each Person that is a Restricted Subsidiary upon giving effect to the Transactions shall be deemed to be a Restricted Subsidiary and the Transactions shall not constitute a sale or disposition under clause (iii) above, for purposes of such determination.

"Consolidated Net Indebtedness" means, as of any date of determination, an amount equal to (i) the aggregate principal amount of outstanding Indebtedness of the Parent Guarantor and its Restricted Subsidiaries as of such date (other than (1) Indebtedness under paragraphs (c) (save in respect of unreimbursed outstanding drawn amounts under funded letters of credit), (d), (g) and (h) (in the case of (g) and (h) to the extent the underlying Indebtedness is described in this clause (1)) of the definition of "Indebtedness", (2) Hedging Obligations, (3) Management Guarantees and (4) Indebtedness of a type referred to in, or Incurred pursuant to, clause (b)(ix) or (b)(xii) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness") determined on a Consolidated basis in accordance with GAAP (but excluding items eliminated in Consolidation), minus (ii) cash, Cash Equivalents and Temporary Cash Investments of the Parent Guarantor and its Restricted Subsidiaries.

"Consolidated Net Secured Indebtedness" means, as of any date of determination, (i) an amount equal to the sum of, without duplication, Consolidated Net Indebtedness and any Ratio Tested Committed Amount as of such date that, in each case is either (x) then secured by Liens on property or assets of the Parent Guarantor and its Restricted Subsidiaries (other than (i) Indebtedness secured by Liens ranking junior to or subordinated to the Liens securing the Notes and (ii) property or assets held in a defeasance or similar trust or arrangement for the benefit of the Indebtedness secured thereby) or (y) Incurred (or, in the case of any Ratio Tested Committed Amount, established) pursuant to clause (b)(i)(II) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness", minus (ii) cash, Cash Equivalents and Temporary Cash Investments of the Parent Guarantor and its Restricted Subsidiaries.

"Consolidated Net Super Secured Indebtedness" means, as of any date of determination, (i) an amount equal to the sum of, without duplication, Consolidated Net Indebtedness and any Super Senior Ratio Tested Committed Amount as of such date that is then secured by Liens on property or assets of the Parent Guarantor and its Restricted Subsidiaries on a super senior priority basis in respect of proceeds from the enforcement of the Collateral, minus (ii) cash, Cash Equivalents and Temporary Cash Investments of the Parent Guarantor and its Restricted Subsidiaries.

"Consolidated Secured Leverage Ratio" means, as of any date of determination, the ratio of (i) Consolidated Net Secured Indebtedness as at such date (after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) LTM EBITDA, *provided* that:

(1) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary shall have made a Sale (as defined in the definition of "Consolidated Coverage Ratio"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (as defined under the definition of Consolidated Coverage Ratio) (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder), Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

(3) if, since the beginning of such period, any Person became a Restricted Subsidiary or was merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Parent Guarantor or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period;

provided that, in the event that the Parent Guarantor shall classify Indebtedness Incurred on the date of determination that is secured by Liens on property or assets of the Company and its Restricted Subsidiaries, as Incurred in part pursuant to clause (i)(II) of paragraph (b) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" and, in part pursuant to one or more other clauses or subclauses of paragraph (b) and/or pursuant to paragraph (a) of such covenant (as provided in clauses (ii) and (iii) of paragraph (c) of such covenant), Consolidated Net Secured Indebtedness shall not include any such Indebtedness (and shall not give effect to any Discharge of Consolidated Net Secured Indebtedness from the proceeds thereof) to the extent Incurred pursuant to any such other clause or subclause of such paragraph (b) and/or pursuant to such paragraph (a);

provided that (at the Parent Guarantor's election) no *pro forma* effect shall be given to the Purchase of the business or company of a franchisee of the Group whose annual turnover for the most recent period prior to the Purchase for which such figure is available did not exceed €10 million.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Company or an authorized, responsible financial or accounting Officer of the Company.

"Consolidated Super Senior Secured Leverage Ratio" means as of any date of determination, the ratio of (i) Consolidated Net Super Secured Indebtedness as at such date (after giving effect to any Incurrence or Discharge of Indebtedness on such date) to (ii) LTM EBITDA, *provided* that:

(1) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary shall have made a Sale (as defined in the definition of "Consolidated Coverage Ratio"), the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets that are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary (by merger, consolidation or otherwise) shall have made a Purchase (as defined under the definition of Consolidated Coverage Ratio) (including any Purchase occurring in connection with a transaction causing a calculation to be made hereunder), Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

(3) if, since the beginning of such period, any Person became a Restricted Subsidiary or was merged or consolidated with or into the Parent Guarantor or any Restricted Subsidiary, and since the beginning of such period such Person shall have made any Sale or Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Parent Guarantor or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period;

provided that (at the Parent Guarantor's election) no *pro forma* effect shall be given to the Purchase of the business or company of a franchisee of the Group whose annual turnover for the most recent period prior to the Purchase for which such figure is available did not exceed €10 million.

For purposes of this definition, whenever *pro forma* effect is to be given to any Sale, Purchase or other transaction, or the amount of income or earnings relating thereto, the *pro forma* calculations in respect thereof (including, without limitation, in respect of anticipated cost savings or synergies relating to any such Sale, Purchase or other transaction) shall be as determined in good faith by the Chief Financial Officer of the Parent Guarantor or an authorized, responsible financial or accounting Officer of the Parent Guarantor.

"Consolidated Total Assets" means, as of any date of determination, the total assets excluding any increase or decrease in asset carrying value of Hedging Obligations, in each case shown on the consolidated balance sheet of the Parent Guarantor and its Restricted Subsidiaries as of the most recently ended fiscal quarter of the Parent Guarantor for which such a balance sheet is available plus (to the extent not included) any receivables that have been sold or transferred, determined on a Consolidated basis in accordance with GAAP (and, in the case of any determination relating to any Incurrence of Indebtedness or Liens or any Investment, on a *pro forma* basis including any property or assets being acquired in connection therewith).

"Consolidation" means the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Parent Guarantor in accordance with GAAP; *provided* that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company or any Restricted Subsidiary in any Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning. For purposes of this Indenture for periods ending on or prior to the Issue Date, references to the consolidated financial statements of the Parent Guarantor shall be to the consolidated financial statements of the Target.

"Consulting and Indemnification Agreements" means, collectively, (i) the consulting and indemnification agreement to be entered into on or about the Completion Date between the Company and CD&R, (ii) the consulting and indemnification agreement to be entered into on or about the Completion Date among, inter alias, the Company and WM Holding, (iii) the indemnification agreement to be entered into on or about the Completion Date between Mobilux S.à r.l and CD&R, (iv) the indemnification agreement to be entered into on or about the Completion Date between Mobilux S.à r.l and WM Holding, and (v) any other consulting and/or indemnification agreements entered into or to be entered into between one or more members of the Group or (to the extent relating exclusively to consulting and indemnification arrangements for the Group) any Parent, on the one hand, and CD&R and/or one or more CD&R Investors, one or more WM Investors and/or any other parties thereto, on the other hand, and in each case to which any person may accede on or after the Completion Date in accordance with the terms thereof, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture (including by the accession of any other member of the Group).

"Contribution Amounts" means the aggregate amount of capital contributions applied by the Parent Guarantor to permit the Incurrence of Contribution Indebtedness pursuant to clause (b)(xi) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness".

"Contribution Indebtedness" means Indebtedness of the Parent Guarantor or any Restricted Subsidiary in an aggregate principal amount, together with any Indebtedness refinancing such Indebtedness, not greater than the aggregate amount of (x) Subordinated Shareholder Funding and (y) cash contributions (other than Excluded Contributions, the proceeds from the issuance of Disqualified Stock or contributions by the Parent Guarantor or any Restricted Subsidiary) made to the equity capital of the Parent Guarantor or such Restricted Subsidiary (in each case, other than by a Subsidiary of the Parent Guarantor) (whether through the issuance or sale of Capital Stock or otherwise) in each case after the Completion Date; *provided* that such Contribution Indebtedness:

(a) is Incurred within 180 days after the making of the related cash capital contribution or Subordinated Shareholder Funding; and

(b) is so designated as "Contribution Indebtedness" pursuant to an Officer's Certificate no later than the date of Incurrence thereof.

Any sale of Capital Stock or capital contribution or Subordinated Shareholder Funding that forms the basis for an incurrence of Contribution Indebtedness will be disregarded for purposes of the "Restricted Payments" covenant and will not be considered to be an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture.

"Credit Facilities" means one or more of (i) the Revolving Credit Facilities and (ii) other facilities or commercial paper facilities or indentures or trust deeds or note purchase agreements or arrangements designated by the Parent Guarantor, in each case with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables, inventory or real estate financings (including, without limitation, through the sale of receivables, inventory or real estate to such institutions or to special purpose entities formed to borrow from such institutions against such receivables, inventory or real estate or the creation of any Liens in respect of such receivables, inventory or real estate in favor of such institutions), letters of credit, bonds, notes, debentures or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to 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, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, novated, restated, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"Credit Facility Indebtedness" means any and all amounts, whether outstanding on the Completion Date or thereafter Incurred, payable under or in respect of any Credit Facility, including without limitation principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Parent Guarantor or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees, other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"Currency Agreement" means, in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangements (including derivative agreements or arrangements), as to which such Person is a party or a beneficiary.

"CVAE" means the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE) referred to under Article 1586 ter et seq. of the French Tax Code (*Code général des impôts*).

"Décomeubles Partners" means Décomeubles Partners, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €173,971,720 as at October 5, 2016 and its registered office as at the Issue Date at 1 avenue Spinoza, 77184 Emerainville, registered under number 501 586 382 R.C.S. Meaux or any successor in interest thereto.

"Default" means any event or condition that is, or after notice or passage of time or both would be, an Event of Default.

"Designated Non-cash Consideration" means the Fair Market Value of noncash consideration received by the Parent Guarantor or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation.

"Designated Preferred Stock" means Preferred Stock of the Parent Guarantor (other than Disqualified Stock) or any Parent that is issued after the Issue Date for cash (other than to a Restricted

Subsidiary) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate of the Parent Guarantor; *provided* that the cash proceeds of such issuance shall be excluded from the calculation set forth in clause (a)(3)(B) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments".

"Disinterested Directors" means, with respect to any Affiliate Transaction, one or more members of the Board of Directors, or one or more members of the Board of Directors of a Parent, having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of any such Board of Directors shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Parent Guarantor or any Parent, any Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Parent Guarantor or any Parent, or any options, warrants or other rights in respect of any of the foregoing.

"Disqualified Stock" means, with respect to any Person, any Capital Stock (other than Management Stock) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (other than following the occurrence of a Change of Control or other similar event described under such terms as a "change of control", or an Asset Disposition) (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for Indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof (other than following the occurrence of a Change of Control or other similar event described under such terms as a "change of control", or an Asset Disposition), in whole or in part, in each case on or prior to the final Stated Maturity of the Notes; *provided* that Capital Stock issued to any employee benefit plan, or by any such plan to any employees of the Parent Guarantor or any Subsidiary, shall not constitute Disqualified Stock solely because it may be required to be repurchased or otherwise acquired or retired in order to satisfy applicable statutory or regulatory obligations.

"Equity Offering" means a sale of Capital Stock (x) that is a sale of Capital Stock of the Parent Guarantor (other than Disqualified Stock) or (y) proceeds of which in an amount equal to or exceeding the Redemption Amount are contributed to the Parent Guarantor or any of its Restricted Subsidiaries (including through receipt of proceeds of Subordinated Shareholder Funding).

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System as currently in effect or any successor securities clearing agency.

"Euro Equivalent" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Parent Guarantor or the Trustee, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable foreign currency as published in The Financial Times in the "Currencies" 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 Parent Guarantor) on the date of such determination.

"European Government Obligations" means any security that is (i) a direct obligation of Ireland, Belgium, the Netherlands, France, Germany or any other country that is a member of the European Monetary Union, for the payment of which the full faith and credit of such country is pledged or (ii) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (i) or (ii), is not callable or redeemable at the option of the issuer thereof.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended as in effect on the Issue Date.

"Excluded Contribution" means Net Cash Proceeds, or the Fair Market Value of property or assets, received by the Parent Guarantor as capital contributions to the Parent Guarantor after the Completion Date or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Parent Guarantor, in each case to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Parent Guarantor and not previously

included in the calculation set forth in clause (a)(3)(B)(x) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments" for purposes of determining whether a Restricted Payment may be made.

"Exempt Sale and Leaseback Transaction" means any Sale and Leaseback Transaction (a) in which the sale or transfer of property occurs within 180 days of the acquisition of such property by the Parent Guarantor or any of its Subsidiaries or (b) that involves property with a book value equal to the greater of €25.0 million and 2.5% of Consolidated Total Assets or less and is not part of a series of related Sale and Leaseback Transactions involving property with an aggregate value in excess of such amount and entered into with a single Person or group of Persons. For purposes of the foregoing, "Sale and Leaseback Transaction" means any arrangement with any Person providing for the leasing by the Parent Guarantor or any of its Subsidiaries of real or personal property that has been or is to be sold or transferred by the Parent Guarantor or any such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Parent Guarantor or such Subsidiary.

"Fair Market Value" means, with respect to any asset or property, the fair market value of such asset or property as determined in good faith by senior management of the Parent Guarantor or the Board of Directors, whose determination will be conclusive.

"Financing Disposition" means any sale, assignment, transfer (including, without limitation, by way of trust), conveyance or other disposition of, or creation or incurrence of any Lien on, property or assets (a) by the Parent Guarantor or any Subsidiary thereof to or in favor of any Special Purpose Entity, (or in the case of a Lien, a security agent or security trustee) or by any Special Purpose Subsidiary, in each case in connection with the Incurrence by a Special Purpose Entity of Indebtedness, or obligations to make payments to the obligor on Indebtedness, which may be secured by a Lien in respect of such property or assets or (b) by the Parent Guarantor or any Subsidiary thereof to or in favor of any Special Purpose Entity that is not a Special Purpose Subsidiary.

"Fixed GAAP Date" means the Issue Date, *provided* that at any time after the Issue Date, the Parent Guarantor may by written notice to the Trustee elect to change the Fixed GAAP Date to be the date specified in such notice, and upon the date of such notice, the Fixed GAAP Date shall be such date.

"Fixed GAAP Terms" means (a) the definitions of the terms "Capitalized Lease Obligation", "Consolidated Coverage Ratio", "Consolidated EBITDA", "Consolidated Interest Expense", "Consolidated Leverage Ratio", "Consolidated Net Income", "Consolidated Net Indebtedness", "Consolidated Net Secured Indebtedness", "Consolidated Net Super Senior Indebtedness", "Consolidated Secured Leverage Ratio", "Consolidated Super Senior Secured Leveraged Ratio", "Consolidated Total Assets", "Consolidation" or "Receivables", and (b) all defined terms in the Indenture to the extent used in or relating to any of the foregoing definitions, and all ratios and computations based on any of the foregoing definitions.

"Foreign Subsidiary" means any Subsidiary of the Parent Guarantor that is not organized under the laws of France and any Subsidiary of such Foreign Subsidiary.

"France" means the French Republic.

"GAAP" means generally accepted accounting principles in accordance with International Financial Reporting Standards as in effect on the Fixed GAAP Date (for purposes of the Fixed GAAP Terms) and as in effect from time to time (for all other purposes of the Indenture), including those set forth in the opinions and pronouncements of the International Accounting Standards Board and statements and pronouncements of the International Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession, and subject to the following sentence. All ratios and computations based on GAAP contained in the Indenture shall be computed in conformity with GAAP.

"Germany" means Federal Republic of Germany.

"Group" means the Parent Guarantor and its Restricted Subsidiaries from time to time.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person (whether arising by agreements to keep-well, to take or pay or to maintain financial condition, pledges of assets or otherwise); *provided* that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Guarantor" means (a) initially, the Initial Guarantors and, after the Completion Date, the Initial Guarantors, Décomeubles Partners, BUT, BUT International and Cogesem (in the case of Décomeubles Partners, BUT, BUT International and Cogesem subject to completion of their accession as guarantors) and (b) any Restricted Subsidiary that enters into a Note Guarantee of the Notes in accordance with the terms of the Indenture, in each case, together with their respective successors and assigns.

"Guarantor Subordinated Obligations" means, with respect to a Guarantor, any Indebtedness of such Guarantor (whether outstanding on the Issue Date for the Initial Guarantors or on the Completion Date for Décomeubles Partners, BUT, BUT International and Cogesem or, in each case, thereafter Incurred) that is expressly subordinated in right of payment to the obligations of such Guarantor under its Note Guarantee pursuant to a written agreement.

"Hedge Agreements" means, collectively, Interest Rate Agreements, Currency Agreements and Commodities Agreements.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodities Agreement.

"Holder" means a Person in whose name a Note is registered in a register maintained by the transfer agent and reflecting ownership of the Notes.

"Incur" means issue, assume, enter into any guarantee of, incur or otherwise become liable for; and the terms "Incurs," "Incurred" and "Incurrence" shall have a correlative meaning; *provided* that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness, and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, will not be deemed to be an Incurrence of Indebtedness. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed Incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(a) the principal of indebtedness of such Person for borrowed money;

(b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit, bankers' acceptances or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed);

(d) all obligations of such Person to pay the deferred and unpaid purchase price of property (except Trade Payables), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto;

(e) all Capitalized Lease Obligations of such Person;

(f) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock of such Person or (if such Person is a Subsidiary of the Parent Guarantor other than a Guarantor) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if less (or if such Capital Stock has no such fixed price), to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the Fair Market Value of such Capital Stock, such Fair Market Value shall be as determined in good faith by senior management of the Parent Guarantor, the Board of Directors or the board of directors or other governing body of the issuer of such Capital Stock);

(g) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of Indebtedness of such Person shall be the lesser of (A) the Fair Market Value of such asset at such date of determination (as determined in good faith by the Parent Guarantor) and (B) the amount of such Indebtedness of such other Persons;

(h) all guarantees by such Person of Indebtedness of other Persons, to the extent so guaranteed by such Person; and

(i) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) Management Proceeds Funding, (iii) Participation liabilities, (iv) obligations under a Tax Sharing Agreement, up to an amount not to exceed, with respect to such Taxes, the amount of such Taxes that the Parent Guarantor and its Restricted Subsidiaries would have been required to pay on a separate company basis, or on a consolidated basis if the Parent Guarantor and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Parent Guarantor and its Restricted Subsidiaries, (v) any "parallel debt" obligations created in connection with a Lien created to secure other indebtedness permitted to be incurred under the Indenture, (vi) any guarantee, indemnity, bond, standby letter of credit or similar instrument in respect of commercial obligations of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business to the extent such guarantees, indemnities, bonds or letters of credit are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the guarantee, indemnity, bond or letter of credit or (vii) amounts representing reimbursement or similar obligations relating to advances from Cetelem to a Restricted Subsidiary in respect of Cetelem's expected commissions.

The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, or otherwise shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared in accordance with GAAP.

"Independent Financial Advisor" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Parent Guarantor.

"Initial Guarantors" means the Company and the Parent Guarantor.

"Initial Purchasers" means Barclays Bank PLC, BNP Paribas, London Branch, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V., London Branch, Merrill Lynch International and RBC Europe Limited.

"Intercreditor Agreement" means the intercreditor agreement to be entered into on or about the Completion Date and made among, inter alias, the Parent Guarantor, the Issuer (as Senior Secured

Notes Issuer (as defined therein)), BNP Paribas (as RCF Agent (as defined therein)), BNP Paribas (as Security Agent), the lenders under the Revolving Credit Facility Agreement (as RCF Lenders (as defined therein)), the Trustee and the subsidiaries of the Parent Guarantor named therein as Original Intra-Group Lenders (as defined therein), as the same may be amended, waived, supplemented or otherwise modified from time to time in compliance with the Indenture.

"Interest Rate Agreement" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement (including derivative agreements or arrangements), as to which such Person is party or a beneficiary.

"Investment" in any Person by any other Person means any direct or indirect advance, loan or other extension of credit (other than to customers, dealers, licensees, franchisees, suppliers, directors, officers or employees of any Person in the ordinary course of business) or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments" only, (i) "Investment" shall include the portion (proportionate to the Parent Guarantor's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Parent Guarantor at the time that such Subsidiary is designated an Unrestricted Subsidiary, *provided* that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Parent Guarantor shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (x) the Parent Guarantor's "Investment" in such Subsidiary at the time of such redesignation less (y) the portion (proportionate to the Parent Guarantor's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation, (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer and (iii) for purposes of clause (3)(C) of paragraph (a) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments", the amount resulting from the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary shall be the Fair Market Value of the Investment in such Unrestricted Subsidiary at the time of such redesignation. Guarantees shall not be deemed to be Investments. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Parent Guarantor's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment; *provided*, that to the extent that the amount of Restricted Payments outstanding at any time pursuant to paragraph (a) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments" is so reduced by any portion of any such amount or value that would otherwise be included in the calculation of Consolidated Net Income, such portion of such amount or value shall not be so included for purposes of calculating the amount of Restricted Payments that may be made pursuant to paragraph (a) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments".

"Investment Company Act" means the U.S. Investment Company Act of 1940, as amended.

"Investment Grade Rating" means a rating of Baa3 or better by Moody's and BBB- or better by S&P (or, in either case, the equivalent of such rating by such organization), or an equivalent rating by any other Rating Agency.

"Issuer" means, Mobilux Finance and any successor in interest thereto.

"Issue Date" means the first date on which Notes are issued.

"Junior Capital" means, collectively, any Indebtedness of any Parent or the Parent Guarantor *provided* that such Junior Capital (i) is not secured by any asset of the Parent Guarantor or any Restricted Subsidiary, (ii) is expressly subordinated in right of payment to the prior payment in full of the Notes in the event of any Default, bankruptcy, dissolution, reorganization, liquidation, winding up or analogous proceeding taken in any jurisdiction in relation to the Parent Guarantor, (iii) does not

mature or require any amortization that is not earlier than, and provides for no scheduled payments of principal prior to, the date that is 91 days after the maturity of the Notes (other than through conversion or exchange of any such Indebtedness for Capital Stock (other than Disqualified Stock) of the Parent Guarantor, Capital Stock of any Parent or any other Junior Capital), (iv) has no mandatory redemption or prepayment obligations other than (x) obligations that are subject to the prior payment in full in cash of the Notes or (*y*) pursuant to an escrow or similar arrangement with respect to the proceeds of such Junior Capital and (v) does not require the payment of cash interest until the date that is 91 days after the maturity of the Notes.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"LTM EBITDA" means the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters of the Parent Guarantor ending prior to the date of determination for which consolidated financial statements of the Parent Guarantor are available (determined for any fiscal quarter (or portion thereof) ending prior to the Completion Date, on a *pro forma* basis to give effect to the Acquisition as if it had occurred at the beginning of such four quarter period).

"Management Advances" means (1) loans or advances made to directors, officers, employees or consultants of any Parent, the Parent Guarantor or any Restricted Subsidiary (x) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business, (y) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility, or (z) for any other purpose (but in the case of this clause (z) not exceeding €5.0 million in the aggregate outstanding at any time, (2) promissory notes of, or loans to, Management Investors acquired, or made, in connection with the issuance of, or purchase of, Management Stock to, or by, such Management Investors, (3) Management Guarantees, or (4) other guarantees of borrowings by Management Investors in connection with the purchase of Management Stock, which guarantees are permitted under the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness".

"Management Agreements" means, collectively, (i) the Consulting and Indemnification Agreements, (ii) the partnership agreement dated June 24, 2016 among Mobilux S.à r.l, Mobilux 1, the Parent Guarantor, the Company, WM Holding and CD&R Cayman and each other party thereto and (iii) the shareholders' agreement to be entered into on or about the Completion Date among, inter alias, Mobilux S.à r.l., certain managers, certain management companies and Mobilux 1, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture (including by the accession of any other member of the Group).

"Management Guarantees" means guarantees (and any Indebtedness so guaranteed that is thereafter assumed by the Parent Guarantor or any Restricted Subsidiary, and any Indebtedness Incurred to refinance such Indebtedness) (x) of up to an aggregate principal amount outstanding at any time of €7.5 million of borrowings by Management Investors in connection with their purchase of Management Stock or (y) made on behalf of, or in respect of loans or advances made to, directors, officers or employees or consultants of any Parent, the Parent Guarantor 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 (3) for any other purpose but, (in the case of this clause (3)) not exceeding €10.0 million in the aggregate outstanding at any time.

"Management Indebtedness" means Indebtedness Incurred to (a) any Person other than a Management Investor of up to an aggregate principal amount outstanding at any time of €7.5 million, and (b) any Management Investor, in each case, to finance the repurchase or other acquisition of Capital Stock of the Parent Guarantor, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) from any Management Investor, which repurchase or other acquisition of Capital Stock is permitted by the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments".

"Management Investors" means the officers, directors, employees and other members of the management of, or consultants to, any Parent, the Parent Guarantor or any of their respective Subsidiaries, or family members or relatives of any of the foregoing (*provided* that, solely for purposes of the definition of "Permitted Holders", such relatives shall include only those Persons who are or become Management Investors in connection with estate planning for or inheritance from other Management Investors, as determined in good faith by the Parent Guarantor, which determination shall be conclusive), or trusts, partnerships, limited liability companies, *fonds commun de placement d'entreprise* 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 Parent Guarantor or any Restricted Subsidiary or any Parent or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the Parent Guarantor or any Restricted Subsidiary or any Parent.

"Management Proceeds Funding" means any loan made from time to time by any Parent or by any entity formed for the purpose of investing in Capital Stock of the Parent Guarantor or any Parent to the Parent Guarantor of the proceeds of any issue of Management Stock *provided* that such Management Proceeds Funding (i) does not mature or require any amortization or other payment of principal prior to the first anniversary of the final maturity of the Notes; (ii) does not require the payment of cash interest prior to the first anniversary of the maturity of the Notes; (iii) does not accelerate and has no right to declare a default or event of default (other than a default or event of default, the remedy for which is limited to a change to the members of the board of managers or a change of management) or take any enforcement action, in each case prior to the first anniversary of the maturity of the Notes; (iv) is not secured by any asset of the Parent Guarantor or a Restricted Subsidiary; (v) does not contain any covenant that requires the maintenance of financial ratios, or includes tests, in each case relating to the financial performance or condition of the Parent Guarantor or its Restricted Subsidiaries; (vi) is subordinated in right of payment to the prior repayment in full of the Notes or any Note Guarantee (as relevant) in the event of any Default, bankruptcy, dissolution, reorganization, liquidation, winding up or other disposition of assets of the Parent Guarantor or the relevant Guarantor or analogous proceeding taken in any jurisdiction in relation to the Parent Guarantor or such Guarantor and (vii) does not restrict the payment of amounts due in respect of the Notes or compliance by the Parent Guarantor and its Restricted Subsidiaries with their obligations under the Notes and the Indenture.

"Management Stock" means Capital Stock of the Parent Guarantor or any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) or Capital Stock or other debt or equity securities of any entity formed for the purpose of investing in Capital Stock of the of the Parent Guarantor or any Restricted Subsidiary or any Parent held directly or indirectly by any of the Management Investors.

"Market Capitalization" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Parent Guarantor or any direct or indirect parent company on the date of declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests on the relevant regulated market for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"Mobilux 1" means Mobilux 1, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €1 as at October 5, 2016 and its registered office as at the Issue Date at 8 rue François Villon, 75015 Paris, registered under number 820 275 949 R.C.S. Paris and any successor in interest thereto.

"Mobilux 2" means Mobilux 2, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €1 as at October 5, 2016 and its registered office as at the Issue Date at 8 rue François Villon, 75015 Paris, registered under number 820 334 647 R.C.S. Paris and any successor in interest thereto.

"Mobilux Acquisition" means Mobilux Acquisition, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €1 as at October 5, 2016and its registered office as at the Issue Date at 8 rue François Villon, 75015 Paris, registered under number 820 302 883 R.C.S. Paris and any successor in interest thereto.

"Mobilux Finance" means Mobilux Finance, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €1 as at October 5, 2016 and its registered office as at the Issue Date at 8 rue François Villon, 75015 Paris, registered under number 821 716 032 R.C.S. Paris and any successor in interest thereto.

"Moody's" means Moody's Investors Service, Inc., and its successors.

"MW Holding" means MW Holding GmbH and any successor in interest thereto.

"Net Available Cash" from an Asset Disposition means an amount equal to the cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of (i) all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all Taxes required to be paid or to be accrued as a liability under GAAP, in each case as a consequence of or in receipt of such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described under the caption "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock"), (ii) all payments made, and all installment payments required to be made, on any Indebtedness (x) that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or (y) that must by its terms, or in order to obtain a necessary consent to such Asset Disposition (including as a consequence of any transfer of funds in connection with the application thereof in accordance with the covenant described under the caption "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock"), or by applicable law, be repaid out of the proceeds from such Asset Disposition, including but not limited to any payments required to be made to increase borrowing availability under any revolving credit facility, (iii) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition, or to any other Person (other than the Parent Guarantor or a Restricted Subsidiary) owning a beneficial interest in the assets disposed of in such Asset Disposition, (iv) any liabilities or obligations associated with the assets disposed of in such Asset Disposition and retained, indemnified or insured by the Parent Guarantor or any Restricted Subsidiary after such Asset Disposition, including without limitation pension and other post-employment benefit liabilities, liabilities related to environmental matters, and liabilities relating to any indemnification obligations associated with such Asset Disposition, and (v) the amount of any purchase price or similar adjustment (x) claimed by any Person to be owed by the Parent Guarantor or any Restricted Subsidiary, until such time as such claim shall have been settled or otherwise finally resolved, or (y) paid or payable by the Parent Guarantor or any Restricted Subsidiary, in either case in respect of such Asset Disposition.

"Net Cash Proceeds" with respect to any issuance or sale of any securities of the Parent Guarantor or any Subsidiary by the Parent Guarantor or any Subsidiary, or any capital contribution, means the cash proceeds of such issuance, sale, contribution or Incurrence net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance, sale, contribution or Incurrence and net of taxes paid or payable as a result thereof.

"Note Guarantee" means any guarantee of the obligations of the Issuer under this Indenture and the Notes by any Person in accordance with the provisions of this Indenture.

"Obligations" means, with respect to any Indebtedness, any principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Parent Guarantor or any Restricted Subsidiary whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees of such Indebtedness (or of Obligations in respect thereof), other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"Officer" means (a) with respect to the Parent Guarantor or any Guarantor, the Chairman of the Board, the *Président*, the *Gérant*, the Chief Executive Officer, the Chief Financial Officer, any Vice

President, the Controller, the Treasurer or the Secretary (i) of such Person or (ii) if such Person is owned or managed by a single entity, of such entity, or (b) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors.

"Officer's Certificate" means, with respect to any Person, a certificate signed by one Officer of such Person.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The legal counsel may be an employee of or counsel to the Parent Guarantor or the Trustee.

"Parent" means any of Mobilux 1 and any Other Parent and any other Person that is a Subsidiary of Mobilux 1 or any Other Parent and of which the Parent Guarantor is a Subsidiary. As used herein, "Other Parent" means a Person of which the Parent Guarantor is or becomes a Subsidiary after the Issue Date, *provided* that either (x) immediately after the Parent Guarantor first becomes a Subsidiary of such Person, more than 50% of the Voting Stock of such Person shall be held by one or more Persons that held more than 50% of the Voting Stock of a Parent of the Parent Guarantor immediately prior to the Parent Guarantor first becoming such Subsidiary or (y) such Person shall be deemed not to be an Other Parent for the purpose of determining whether a Change of Control shall have occurred by reason of the Parent Guarantor first becoming a Subsidiary of such Person.

"Parent Expenses" means (i) costs (including all professional fees and expenses) incurred by any Parent in connection with maintaining its existence or in connection with its reporting obligations under, or in connection with compliance with, applicable laws or applicable rules of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Parent Guarantor or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, the Exchange Act or the respective rules and regulations promulgated thereunder, (ii) indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with or for the benefit of any such Person (including the Consulting and Indemnification Agreements), or obligations in respect of director and officer insurance (including premiums therefor), (iii) other administrative and operational expenses of any Parent incurred in the ordinary course of business, (iv) fees and expenses incurred by any Parent in connection with maintenance and implementation of any management equity incentive plan, (v) fees and expenses incurred by any Parent in connection with any offering of Capital Stock or Indebtedness, (x) where the net proceeds of such offering are intended to be received by or contributed or loaned to the Parent Guarantor or a Restricted Subsidiary, or (y) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received, contributed or loaned, or (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Parent Guarantor or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed, (v) costs, expenses and fees properly and reasonably incurred in relation to the establishment of any Parent and (vi) Acquisition Costs incurred by any Parent.

"Pari Passu Indebtedness" means Indebtedness of the Parent or any Restricted Subsidiary that is a Guarantor which does not constitute Subordinated Obligations or Guarantor Subordinated Obligations as the case may be.

"Participation" means any compulsory profit sharing plan (participation des salaries) in respect of the Parent Guarantor and its Subsidiaries from time to time required by French law.

"Permitted Collateral Liens" means

(a) Liens arising by operation of law that are described in the definition of "Permitted Liens";

(b) Liens on the Collateral to secure any Indebtedness of the Parent Guarantor or any Restricted Subsidiary that is permitted to be Incurred under clause (i), (ii) (in the case of clause (ii), that are Proceeds Loans, Additional Proceeds Loans or other loans of the proceeds of Indebtedness if such Indebtedness is permitted to be secured by Permitted Collateral Liens), (iii) (to the extent, in the case of Refinancing Indebtedness under clause (iii), such

Refinancing Indebtedness is in exchange for or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge Indebtedness secured with a Permitted Collateral Lien in compliance with the Indenture but, if such Refinancing Indebtedness relates to Indebtedness incurred on the Issue Date or the Completion Date under clause (iii), only if a Permitted Collateral Lien over such assets was in place on the Issue Date or the Completion Date), (vi), (viii)(A), (viii)(C), (viii)(I), (x), (xiv) or (xvi) of paragraph (b) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness"; *provided*, *however*, that, such Lien ranks equal to all other Liens on such Collateral securing the Notes or the Notes Guarantees (except that (A) Liens may have super senior priority status in respect of proceeds from the enforcement of the Collateral not materially less favorable to the Holders than that accorded to the Revolving Credit Facilities Agreement on the Completion Date pursuant to the Intercreditor Agreement up to (together with all other Liens then having super senior priority status) a maximum principal amount at any time outstanding not exceeding in the aggregate the greater of (I) €150 million, (II) €100 million plus 50% of LTM EBITDA and (III) 100% of LTM EBITDA on the date of the Incurrence of such Indebtedness (other than any such Refinancing Indebtedness), after giving effect to such Incurrence (or, at the Parent Guarantor's option, on the date of the initial borrowing of such Indebtedness or entry into the definitive agreement providing the commitment to fund such Indebtedness after giving *pro forma* effect to the Incurrence of the entire committed amount of such or any previously committed Indebtedness (such committed amount, a "*Super Senior Tested Committed Amount*"), in which case such Super Senior Tested Committed Amount may thereafter be borrowed and reborrowed, in whole or in part, from time to time, without further compliance with this clause), and any Refinancing Indebtedness with respect to any such Indebtedness (or Super Senior Tested Committed Amount) may also be secured by Liens having super priority status, and (B) a Lien in favor of Senior Indebtedness ("Refinancing Senior Indebtedness") need not rank equally with Liens in favor of the Notes or the Notes Guarantees if such Refinancing Senior Indebtedness was incurred to refinance Indebtedness described in this paragraph (b) and such unequal ranking is due solely to operation of law arising as a consequence of such refinancing); and

(c) Liens securing Indebtedness permitted to be Incurred under the covenant described under the caption "—Certain Covenants-Limitation on Indebtedness"; *provided, however*, that such Liens rank junior to the Liens on such Collateral securing the Notes or the Notes Guarantees; and

(d) Liens securing Indebtedness permitted to be Incurred under clause (iv) or (viii) (G) of paragraph (b) of the covenant described under the caption "Certain Covenants—Limitation on Indebtedness".

A Lien shall be deemed to rank equally with another Lien notwithstanding (i) any different preference or hardening period applicable thereto, (ii) any other difference in priority so long as an "assignment of ranking" or other sharing arrangement has been entered into by or for the benefit of beneficiaries of each such Lien or (iii) any difference in validity or enforceability.

For purposes of determining compliance with this definition, (u) a Lien need not be incurred solely by reference to one category of Permitted Collateral Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (v) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Collateral Liens, the Parent Guarantor shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (w) the principal amount of Indebtedness secured by a Lien outstanding under any category of Permitted Collateral Liens shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness, (x) any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness shall also be permitted to secure any increase in the amount of such Indebtedness in connection with the accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, (y) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to a percentage of Consolidated Total Assets at the time of

incurrence of such Indebtedness or other obligations, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause the percentage of Consolidated Total Assets to be exceeded if calculated based on the Consolidated Total Assets on the date of such refinancing, such percentage of Consolidated Total Assets shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness or other obligation being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing and (z) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to an amount in euro, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause such euro amount to be exceeded, such euro amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

"Permitted Holder" means any of the following: (1) any of the CD&R Investors and WM Investors, (2) any of the Management Investors, CD&R and their respective Affiliates, (3) any entity formed for the purpose of investing in Capital Stock of the Parent Guarantor or any Restricted Subsidiary or any Parent that is owned and controlled by any of the Permitted Holders or any Parent, (4) any investment fund or vehicle managed, sponsored or advised by CD&R, any WM Investor or any of their respective Affiliates, and any Affiliate of or successor to any such investment fund or vehicle; (5) any limited or general partners of, or other investors in, any CD&R Investor, any WM Investor or any of their respective Affiliates, or any such investment fund or vehicle (in the case of any such limited partner or other investor, for the purposes of the definition of "Change of Control", solely to the extent of any Capital Stock of the Parent Guarantor or any Parent, or any interest therein, held by such Person, that such Person shall have received by way of a dividend or distribution from such CD&R Investor or WM Investor, Affiliate or investment fund or vehicle) and (6) any Person acting in the capacity of an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Parent Guarantor. In addition, any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) whose status as a "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) constitutes or results in (A) a Change of Control in respect of which a Change of Control offer is made in accordance with the requirements of the Indenture or (B) a Specified Change of Control Event, together with its Affiliates, shall thereafter constitute Permitted Holders.

"Permitted Investment" means an Investment by the Parent Guarantor or any Restricted Subsidiary in, or consisting of, any of the following:

(a) a Restricted Subsidiary, the Parent Guarantor, or a Person that will, upon the making of such Investment, become a Restricted Subsidiary (and any Investment held by such Person that was not acquired by such Person, or made pursuant to a commitment by such Person that was not entered into, in contemplation of so becoming a Restricted Subsidiary);

(b) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, or is liquidated into, the Parent Guarantor or a Restricted Subsidiary (and, in each case, any Investment held by such other Person that was not acquired by such Person, or made pursuant to a commitment by such Person that was not entered into, in contemplation of such merger, consolidation or transfer);

(c) Temporary Cash Investments or Cash Equivalents;

(d) receivables owing to the Parent Guarantor or any Restricted Subsidiary, if created or acquired in the ordinary course of business;

(e) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in

compliance with the covenant described under the caption "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock";

(f) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to, or received in settlement of other claims asserted by, the Parent Guarantor or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganization of another Person;

(g) Investments in existence or made pursuant to legally binding written commitments in existence on the Completion Date, and in each case any extension, modification, replacement, reinvestment or renewal thereof; *provided* that the amount of any such Investment may be increased in such extension, modification, replacement, reinvestment or renewal only (x) as required by the terms of such Investment or binding commitment as in existence on the Completion Date, or (y) as otherwise permitted by the Indenture;

(h) Currency Agreements, Interest Rate Agreements, Commodities Agreements and related Hedging Obligations, which obligations are Incurred in compliance with the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness";

(i) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under the caption "—Certain Covenants—Limitation on Liens";

(j) (1) Investments in or by any Special Purpose Subsidiary, or in connection with a Financing Disposition by, to, in or in favor of any Special Purpose Entity, including Investments of funds held in accounts permitted or required by the arrangements governing a Financing Disposition or any related Indebtedness, or (2) any promissory note issued by the Parent Guarantor, or any Parent, *provided* that if such Parent receives cash from the relevant Special Purpose Entity in exchange for such note, an equal cash amount is contributed by any Parent to the Parent Guarantor;

(k) bonds secured by assets leased to and operated by the Parent Guarantor or any Restricted Subsidiary that were issued in connection with the financing of such assets so long as the Parent Guarantor or any Restricted Subsidiary may obtain title to such assets at any time by paying a nominal fee, canceling such bonds and terminating the transaction;

(l) the Notes;

(m) any Investment to the extent made using Capital Stock of the Parent Guarantor (other than Disqualified Stock), Subordinated Shareholder Funding, Junior Capital or Capital Stock of any Parent, as consideration;

(n) Management Advances;

(o) Investments in Related Businesses in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of €30.0 million and 3.0% of Consolidated Total Assets;

(p) Investments in any joint-venture or similar agreement or arrangement with another Person in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of €25.0 million and 2.5% of Consolidated Total Assets;

(q) any Investment in relation to the Transactions;

(r) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of paragraph (b) of the covenant described under the caption "—Certain Covenants—Limitation on Transactions with Affiliates" (except transactions described in clauses (i), (v) and (vi) of such paragraph), including any Investment pursuant to any transaction described in clause (ii) of such paragraph (whether or not any Person party thereto is at any time an Affiliate of the Parent Guarantor);

(s) any Investment by any Captive Insurance Subsidiary in connection with its provision of insurance to the Parent Guarantor or its Subsidiaries which Investment is made in the ordinary course of business of such Captive Insurance Subsidiary or by reason of applicable

law, rule, regulation or order, or is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable; and

(t) other Investments in an aggregate amount outstanding at any time not to exceed an amount equal to the greater of €40.0 million and 4.0% of Consolidated Total Assets.

If any Investment pursuant to clause (o), (p) or (t) above, or paragraph (b)(vii) or (xii) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments", as applicable, is made in any Person that is not a Restricted Subsidiary and such Person thereafter (A) becomes a Restricted Subsidiary or (B) is merged or consolidated into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Parent Guarantor or a Restricted Subsidiary, then such Investment shall thereafter be deemed to have been made pursuant to clause (a) or (b) above, respectively, and not clause (o), (p) or (t), or paragraph (b)(vii) or (xii) of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments", as applicable.

"Permitted Liens" means:

(a) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Parent Guarantor and its Restricted Subsidiaries or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Parent Guarantor or a Subsidiary thereof, as the case may be, in accordance with GAAP;

(b) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings;

(c) pledges, deposits or Liens in connection with workers' compensation, professional liability insurance, insurance programs, unemployment insurance and other social security and other similar legislation or other insurance related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(d) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for utilities, leases, licenses, statutory obligations, completion guarantees, surety, judgment, appeal or performance bonds, other similar bonds, instruments or obligations, and other obligations of a like nature incurred in the ordinary course of business;

(e) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, charges, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Parent Guarantor and its Subsidiaries, taken as a whole;

(f) Liens existing on, or provided for under written arrangements existing on, the Completion Date, or (in the case of any such Liens securing Indebtedness of the Parent Guarantor or any of its Subsidiaries existing or arising under written arrangements existing on the Completion Date, or necessary to complete the Transactions) securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness;

(g) (i) 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 Parent Guarantor or any Restricted Subsidiary of the Parent Guarantor has easement rights or on any leased property and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;

(h) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Hedging Obligations, Bank Products Obligations, Purchase Money Obligations or Capitalized Lease Obligations Incurred in compliance with the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness";

(i) Liens arising out of judgments, decrees, orders or awards in respect of which the Parent Guarantor or any Restricted Subsidiary shall in good faith be prosecuting an appeal or proceedings for review, which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired;

(j) leases, subleases, licenses or sublicenses to or from third parties;

(k) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of (1) Indebtedness Incurred in compliance with clause (b)(i), (b)(iv), b(v), b(vii), (b)(viii), (b)(x), (b)(xv) or (b)(xvi) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" or clause (b)(iii) thereof (other than Refinancing Indebtedness Incurred in respect of Indebtedness described in paragraph (a) thereof), (2) Credit Facility Indebtedness, incurred in compliance with paragraph (b) of the covenant described under the caption "—Certain Covenants—Limitations on Indebtedness", (excluding, in the case of clause (b)(iii) thereof, any Refinancing Indebtedness Incurred in respect of Indebtedness described in paragraph (a) of such covenant), (3) the Notes or any Note Guarantee, (4) Indebtedness of any Restricted Subsidiary that is not a Guarantor (limited, in the case of this clause (4), to Liens on any of the property and assets of any Restricted Subsidiary that is not a Guarantor) or (5) Indebtedness or other obligations of any Special Purpose Entity; in each case including Liens securing any Guarantee thereof;

(l) Liens existing on property or assets of a Person at, or provided for under written arrangements existing of, the time such Person becomes a Subsidiary of the Parent Guarantor (or at the time the Parent Guarantor or a Restricted Subsidiary acquires such property or assets, including any acquisition by means of a merger or consolidation with or into the Parent Guarantor or any Restricted Subsidiary); *provided, however*, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate; *provided, further*, that for purposes of this clause (l), if a Person other than the Parent Guarantor is the Successor Parent Guarantor with respect thereto, any Subsidiary thereof shall be deemed to become a Subsidiary of the Parent Guarantor, and any property or assets of such Person or any such Subsidiary shall be deemed acquired by the Parent Guarantor or a Restricted Subsidiary, as the case may be, when such Person becomes such Successor Parent Guarantor;

(m) Liens on Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or a joint venture that is not a Subsidiary of the Parent Guarantor that secure Indebtedness or other obligations of such Unrestricted Subsidiary or joint venture respectively;

(n) any encumbrance or restriction (including, but not limited to, pursuant to put and call agreements or buy/sell arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(o) Liens securing Indebtedness (including Liens securing any Obligations in respect thereof) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness (other than Indebtedness Incurred under clause (b)(i) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" and secured under clause (k)(1) of this definition) secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, *provided* that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate;

(p) Liens (1) arising by operation of law (or by agreement to the same effect) in the ordinary course of business, (2) 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, (3) on Receivables, commissions or revenue streams from contractual arrangements (including related rights), (4) 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 that 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 or (5) securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities (including in connection with purchase orders and other agreements with customers), (6) in favor of the Parent Guarantor or any Subsidiary (other than Liens on property or assets of the Parent Guarantor in favor of any Subsidiary that is not a Guarantor) (7) arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business (8) on inventory or other goods and proceeds securing obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of such inventory or other goods, (9) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft, cash pooling or similar obligations incurred in the ordinary course of business, (10) attaching to commodity trading or other brokerage accounts incurred in the ordinary course of business, (11) arising in connection with repurchase agreements permitted under the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" on assets that are the subject of such repurchase agreements or (12) in favor of any Special Purpose Entity in connection with any Financing Disposition;

(q) other Liens securing Indebtedness or other obligations that in the aggregate at any time outstanding do not exceed an amount equal to the greater of €35.0 million and 3.5% of Consolidated Total Assets at the time of Incurrence of such Indebtedness or other obligations; and

(r) Liens securing Indebtedness (including Liens securing obligations in respect thereof) or other obligations of, or in favor of, any Special Purpose Entity, or in connection with a Special Purpose Financing Incurred pursuant to clause (b)(ix) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness".

For purposes of determining compliance with this definition, (u) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (v) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Parent Guarantor shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (w) the principal amount of Indebtedness secured by a Lien outstanding under any category of Permitted Liens shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness, (x) any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness shall also be permitted to secure any increase in the amount of such Indebtedness in connection with the accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness and the payment of dividends on Capital Stock constituting Indebtedness in the form of additional shares of the same class of Capital Stock, (y) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to a percentage of Consolidated Total Assets at the time of incurrence of such Indebtedness or other obligations, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause the percentage of Consolidated Total Assets to be exceeded if calculated based on the Consolidated Total Assets on the date of such refinancing, such percentage of Consolidated Total Assets shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness or other obligation being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing and (z) if any Indebtedness or other

obligation is secured by any Lien outstanding under any category of Permitted Liens measured by reference to an amount in euros, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Liens, and such refinancing would cause such euro amount to be exceeded, such euro amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Preferred Stock" as applied to the Capital Stock of any corporation means Capital Stock of any class or classes (however designated) and, including "*actions de préférence*" issued under French law, that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over Capital Stock of any other class of such corporation.

"Public Indebtedness" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (x) a public offering or (y) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A under the Securities Act (or Rule 144A and Regulation S) whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. The term "Public Indebtedness" (i) shall not include the Notes and (ii) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (*provided* that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not underwritten), or any Bank Indebtedness, commercial bank or similar Indebtedness, Special Purpose Financing, Capitalized Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness Incurred in a manner not customarily viewed as a "securities offering".

"Public Offering" means any offering of shares of common stock or other equity interests that are listed or quoted on an exchange or publicly offered (which shall include without limitation an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar Persons).

"Purchase Money Obligations" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets, and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"Qualified CICE Securitization Financing" means any financing arrangement through which the Parent Guarantor and/or its Subsidiaries sell, convey or otherwise transfer (or agrees to sell, convey or otherwise transfer) to any other Person any accounts receivable (whether now existing or arising in the future) of the Parent Guarantor and its Subsidiaries arising from the CICE.

"Rating Agency" means Moody's or S&P or, if Moody's or S&P or both shall not make a rating on the Notes publicly available, a recognized statistical rating agency or agencies, as the case may be, selected by the Parent Guarantor which shall be substituted for Moody's or S&P or both, as the case may be.

"Real Property" means land, buildings, structures and other improvements located thereon, fixtures attached thereto, and rights, privileges, easements and appurtenances related thereto, and related property interests.

"Receivable" means a right to receive payment arising pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay, as determined in accordance with GAAP.

"Receivable Fees" means distributions or Payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, a Qualified CICE Securitization Financing.

"refinance" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell or extend (including pursuant to any defeasance or discharge mechanism); and the terms "refinances", "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refinance any Indebtedness (or unutilized commitments in respect of Indebtedness) existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Parent Guarantor that refinances Indebtedness of any Restricted Subsidiary (to the extent permitted in the Indenture) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, and Indebtedness Incurred pursuant to a commitment that refinances any Indebtedness or unutilized commitment; *provided* that (1) if the Indebtedness being refinanced is Subordinated Obligations or Guarantor Subordinated Obligations, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is equivalent to or later than the final Stated Maturity of the Indebtedness being refinanced (or if shorter, the Notes), (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus (y) an amount equal to any unutilized commitment relating to the Indebtedness being refinanced or otherwise then outstanding under a Credit Facility or other financing arrangement being refinanced to the extent the unutilized commitment being refinanced could be drawn in compliance with the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" immediately prior to such refinancing, plus (z) fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such Refinancing Indebtedness and (3) Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Parent Guarantor or a Guarantor that could not have been initially Incurred by such Restricted Subsidiary pursuant to the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" or (y) Indebtedness of the Parent Guarantor or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"Related Business" means those businesses in which the Parent Guarantor or any of its Subsidiaries is engaged on the Completion Date, or that are similar, related, complementary, incidental or ancillary thereto or extensions, developments or expansions thereof.

"Related Person" means in relation to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition only, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), 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.

"Related Taxes" means (x) any Taxes, charges or assessments, including but not limited to sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, net worth, gross receipts, excise, occupancy, intangibles or similar taxes, charges or assessments (other than Taxes measured by income and withholding imposed by any government or other taxing authority on payments made by any Parent other than to another Parent), required to be paid by any Parent by virtue of its being incorporated or having Capital Stock outstanding or having made a loan (but not by virtue of directly or indirectly owning stock or other equity interests of any corporation or other entity other than the Parent Guarantor or any of its Subsidiaries), or being a holding company parent of the Parent Guarantor, any of its Subsidiaries or any Parent or receiving dividends from or other distributions in respect of the Capital Stock of the Parent Guarantor, any of its Subsidiaries or any Parent, or having guaranteed any obligations of the Parent Guarantor or any Subsidiary thereof, or having made any payment in respect of any of the items for which the Parent

Guarantor or any of its Subsidiaries is permitted to make payments to any Parent pursuant to the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments", or acquiring, developing, maintaining, owning, prosecuting, protecting or defending its intellectual property and associated rights (including but not limited to receiving or paying royalties for the use thereof) relating to the business or businesses of the Parent Guarantor or any Subsidiary thereof, (y) any Taxes attributable to any taxable period (or portion thereof) ending on or prior to the Issue Date, or to the consummation of any of the Transactions, or to any Parent's receipt of (or entitlement to) any payment in connection with the Transactions, including any payment received after the Issue Date pursuant to any agreement related to the Transactions or (z) any other Taxes measured by income for which any Parent is liable up to an amount not to exceed, with respect to such Taxes, the amount of any such Taxes that the Parent Guarantor and such Subsidiaries would have been required to pay on a separate company basis, or on a consolidated basis if the Parent Guarantor and such Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Parent Guarantor and such Subsidiaries (reduced by any Taxes measured by income actually paid by the Parent Guarantor and its Subsidiaries) and any Taxes imposed by way of withholding or otherwise in respect of any financing of one Parent by another Parent that is provided, directly or indirectly, in relation to the Parent Guarantor and such Subsidiaries.

"Representative" means any trustee, agent or representative (if any) for an issue of Indebtedness of the Parent Guarantor or any Restricted Subsidiary.

"Restricted Payment Transaction" means any Restricted Payment permitted pursuant to the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments", any Permitted Payment, any Permitted Investment, or any transaction specifically excluded from the definition of the term "Restricted Payment" (including pursuant to the exception contained in clause (i) and the parenthetical exclusions contained in clauses (ii) and (iii) of such definition).

"Restricted Subsidiary" means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary.

"Revolving Credit Facility" means the collective reference to the Revolving Credit Facility Agreement, any Finance Document (as defined therein), any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Revolving Facilities Agreement or one or more other credit agreements, indentures or financing agreements or otherwise), unless such agreement instrument or document expressly provides that it is not intended to be and is not a Revolving Credit Facility. Without limiting the generality of the foregoing, the term "Revolving Credit Facilities" shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Parent Guarantor as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"Revolving Credit Facility Agreement" means the super senior revolving credit facilities agreement, to be entered into on or about the Completion Date and made among, inter alias, the Parent Guarantor, the Company, the Issuer, the borrowers, guarantors and security grantors party thereto from time to time, the Coordinating Mandated Lead Arrangers (as defined therein), the Arrangers (as defined therein), the lenders party thereto from time to time, BNP Paribas as agent, and the Security Agent, as the same may be amended, waived, supplemented or otherwise modified from time to time in compliance with the Indenture or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Revolving Credit Facility Agreement or other credit agreements or otherwise).

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., and its successors.

"Sale and Purchase Agreement" means the Sale and Purchase Agreement dated August 18, 2016 relating to the sale and purchase of shares in the Target among the Company and Fair Finance S.à.r.l—SCA.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Security Agent" means BNP Paribas in its capacity as security agent for the Trustee and the Holders or any successor thereto appointed in accordance with the Indenture and the Intercreditor Agreement.

"Security Documents" means the Share Pledges, the Loan Pledges, the Bank Account Pledges and any other instrument and document executed and delivered pursuant to the Indenture or any of the foregoing, and in each case 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 and the Trustee or notice of such pledge, assignment or grant is given, in each case as the same may be amended, supplemented or otherwise modified from time to time.

"Senior Indebtedness" means any Indebtedness of the Parent Guarantor or any Restricted Subsidiary other than, (x) in the case of the Parent Guarantor, Subordinated Obligations and (y) in the case of any Guarantor, Guarantor Subordinated Obligations.

"Senior Subsidiary Indebtedness" means (x) with respect to any Guarantor, Senior Indebtedness of such Guarantor, and (y) with respect to any Restricted Subsidiary that is not a Guarantor, any Indebtedness of such Restricted Subsidiary other than Indebtedness thereof that is expressly subordinated in right of payment to any other Indebtedness of such Restricted Subsidiary.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" of the Parent Guarantor within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC, as in effect on the Issue Date. For purposes of the caption "—Certain Covenants—Future Guarantors" only, such determination shall be made by substituting 5% for 10% in such Rule.

"Special Purpose Entity" means (x) any Special Purpose Subsidiary or (y) any other Person that is engaged in the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts, commissions and/or other receivables, revenue streams from contractual arrangements, and/or related assets and/or (ii) acquiring, selling, leasing, financing or refinancing Real Property and/or related rights (including under leases and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets) and/or (iii) financing or refinancing in respect of Capital Stock of any Special Purpose Subsidiary.

"Special Purpose Financing" means any financing or refinancing of assets consisting of or including Receivables, commissions, revenue streams from contractual arrangements and/or Real Property (the "Subject Assets") of the Parent Guarantor or any Restricted Subsidiary that have been transferred to a Special Purpose Entity, prepaid or made subject to a Lien in a Financing Disposition (including any financing or refinancing in respect of Capital Stock of a Special Purpose Subsidiary held by another Special Purpose Subsidiary) that is non recourse to the Parent Guarantor or any Restricted Subsidiary that is not a Special Purpose Subsidiary except for Special Purpose Financing Undertakings, and recourse against the Subject Assets and any assets related thereto including, without limitation, all collateral securing the rights deriving from the Subject Assets, all contracts and all guarantees or other obligations in respect of such Subject Assets, proceeds of such Subject Assets, Cash Equivalents and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving Subject Assets and any Hedging Obligations entered into in connection with such Subject Assets or transactions.

"Special Purpose Financing Fees" means distributions or Payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Special Purpose Financing.

"Special Purpose Financing Undertakings" means representations, warranties, covenants, indemnities, guarantees of performance and (subject to clause (y) of the proviso below) other agreements and undertakings entered into or provided by the Parent Guarantor or any of its Restricted Subsidiaries that the Parent Guarantor determines in good faith (which determination shall be conclusive) are customary or otherwise necessary or advisable in connection with a Special Purpose Financing or a Financing Disposition; *provided* that (x) it is understood that Special Purpose Financing Undertakings may consist of or include (i) reimbursement and other obligations in respect of notes, letters of credit, surety bonds and similar instruments provided for credit enhancement purposes, (ii) Hedging Obligations, or other obligations relating to Interest Rate Agreements, Currency Agreements or Commodities Agreements entered into by the Parent Guarantor or any Restricted Subsidiary, in respect of any Special Purpose Financing or Financing Disposition, or (iii) any Guarantee in respect of customary recourse obligations (as determined in good faith by the Parent Guarantor, which determination shall be conclusive) in connection with any collateralized mortgage-backed securitization or any other Special Purpose Financing or Financing Disposition in respect of Real Property, including in respect of liabilities in the event of any involuntary case commenced with the collusion of any Special Purpose Subsidiary or any Affiliate thereof, or any voluntary case commenced by any Special Purpose Subsidiary, under any applicable bankruptcy law, and (y) subject to the preceding clause (x), any such other agreements and undertakings shall not include any Guarantee of Indebtedness of a Special Purpose Subsidiary by the Parent Guarantor or a Restricted Subsidiary that is not a Special Purpose Subsidiary.

"Special Purpose Subsidiary" means any Subsidiary of the Parent Guarantor that (a) is engaged solely in (x) the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts and receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), revenue streams from contractual arrangements, all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and/or (ii) acquiring, selling, leasing, financing or refinancing Real Property and/or related rights (including under leases and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets), all proceeds thereof and all rights (contractual and other), collateral and/or other assets relating thereto, and/or (iii) owning or holding Capital Stock of any Special Purpose Subsidiary and/or engaging in any financing or refinancing in respect thereof, and (y) any business or activities incidental or related to such business, and (b) is designated as a "Special Purpose Subsidiary" by the Parent Guarantor.

"Specified Asset Sale" means any Asset Disposition necessary or advisable (as determined by the Parent Guarantor in good faith) in order to consummate any acquisition of any Person, business or assets or pursuant to buy/sell arrangements under any joint venture or similar agreement or arrangement or of non-core assets acquired in connection with any acquisition of any Person, business or assets or any Investment.

"Specified Change of Control Event" means any event Change of Control Event if, immediately, prior to the occurrence of such event and immediately thereafter and giving *pro forma* effect thereto, the Consolidated Leverage Ratio of the Parent Guarantor would have been less than (1) 4.0 to 1.0, if the date of such occurrence is prior to the twenty-four month anniversary of the Completion Date; or (2) 3.75 to 1.0, if the date of such occurrence is on or after the twenty-four month anniversary of the Completion Date.

"Stated Maturity" means, with respect to any security or indebtedness, the date specified in such security or indebtedness as the fixed date on which the payment of principal of such Indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or repayment of such security or indebtedness at the option of the holder thereof upon the happening of any contingency).

"Subordinated Obligations" means any Indebtedness of the Issuer (whether outstanding on the date of the Indenture or thereafter Incurred) that is expressly subordinated in right of payment to Indebtedness under the Notes pursuant to a written agreement.

"Subordinated Shareholder Funding" means, collectively, any funds provided to the Parent Guarantor by any Parent, or any Affiliate of any Parent, 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 Funding, *provided* that such Subordinated Shareholder Funding (i) does not mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Capital Stock (other than Disqualified Stock) or for any other security or instrument meeting the requirements of this definition), (ii) does not require the payment of cash interest prior to the first anniversary of the maturity of the Notes, (iii) does not accelerate and has no right to declare a default or event of default (other than a default or event of default, the remedy for which is limited to a change to the members of the board of managers or a change of management) or take any enforcement action, in each case prior to the first anniversary of the maturity of the Notes, (iv) is not secured by any asset of the Parent Guarantor or a Restricted Subsidiary, (v) does not contain any covenant that requires the maintenance of financial ratios, or include tests, in each case relating to the financial performance or condition of the Parent Guarantor or its Restricted Subsidiaries and (vi) is subordinated in right of payment to the prior payment in full of the Notes in the event of any Default, bankruptcy, dissolution, reorganization, liquidation, winding up or analogous proceeding taken in any jurisdiction in relation to the Parent Guarantor.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other equity interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person or (ii) one or more Subsidiaries of such Person.

"Successor Parent Guarantor" has the meaning assigned thereto in clause (a)(i) under the caption "—Certain Covenants—Merger and Consolidation".

"Successor Issuer" has the meaning assigned thereto in clause (b)(i) under the caption "—Certain Covenants—Merger and Consolidation".

"Target" means Décomeubles Partners, a French company (*société par actions simplifiée*), and any successor in interest thereto.

"Tax Sharing Agreement" means any tax consolidation agreement or any similar arrangements in respect of any consolidated, combined, affiliated or unitary tax group or an arrangement relating to the surrender of group relief to which the Parent Guarantor or any of its Restricted Subsidiaries is a party.

"Taxes" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"Temporary Cash Investments" means any of the following: (i) any investment in (x) direct obligations of the United States of America, a member state of the European Union, Switzerland or Canada or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Parent Guarantor or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any thereof, or obligations guaranteed by the United States of America or a member state of the European Union, Switzerland or Canada or any country in whose currency funds are being held pending their application in the making of an investment or capital expenditure by the Parent Guarantor or a Restricted Subsidiary in that country or with such funds, or any agency or instrumentality of any of the foregoing, or obligations guaranteed by any of the foregoing or (y) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the

equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (ii) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by (x) any lender under the Revolving Credit Facility Agreement or any affiliate thereof (y) a bank or trust company that is organized under the laws of the United States of America, any state thereof or any country recognized by the United States of America having capital and surplus aggregating in excess of $250.0 million (or the equivalent thereof in a currency other than Dollars) and whose long term debt is rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization) at the time such Investment is made, (iii) repurchase obligations with a term of not more than 30 days for underlying securities or instruments of the types described in clause (i) or (ii) above entered into with a bank meeting the qualifications described in clause (ii) above, (iv) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than that of the Parent Guarantor or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (v) Investments in securities maturing not more than one year after the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (vi) Preferred Stock (other than of the Parent Guarantor or any of its Subsidiaries) having a rating of "A" or higher by S&P or "A2" or higher by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any nationally recognized rating organization), (vii) investment funds investing 95% of their assets in securities of the type described in clauses (i) through (vi) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution), (viii) any money market deposit accounts issued or offered by a French commercial bank or a commercial bank organized and located in a country recognized by the United States of America, in each case, having capital and surplus in excess of $250.0 million (or the equivalent thereof in a currency other than Dollars), or investments in money market funds subject to the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the Investment Company Act, and (ix) similar investments approved by the Board of Directors in the ordinary course of business.

"TIA" means the U.S. Trust Indenture Act of 1939 (15 U.S.C. §§77aaa-77bbbb) as in effect on the date of the Indenture, except as otherwise provided therein.

"Trade Payables" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transactions" means, collectively, any or all of the following: (*i*) the entry into the Indenture, and the offer and issuance of the Notes, (*ii*) the entry into the Revolving Credit Facility Agreement and Incurrence of Indebtedness thereunder by one or more of the Parent Guarantor and its Subsidiaries, (*iii*) the refinancing of certain existing Indebtedness of the Target and its Restricted Subsidiaries, (*iv*) the acquisition of the shares of the Target, and (*v*) all other transactions relating to any of the foregoing (including payment of fees and expenses related to any of the foregoing).

"Trust Officer" means any officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Trustee" means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

"Unrestricted Subsidiary" means (i) any Subsidiary of the Parent Guarantor that at the time of determination is an Unrestricted Subsidiary, as designated by the Board of Directors in the manner

provided below, and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Parent Guarantor other than the Issuer (including any newly acquired or newly formed Subsidiary of the Parent Guarantor) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Parent Guarantor or any other Restricted Subsidiary of the Parent Guarantor that is not a Subsidiary of the Subsidiary to be so designated; *provided* that (A) such designation was made at or prior to the Completion Date, or (B) the Subsidiary to be so designated has total consolidated assets of €1,000 or less or (C) if such Subsidiary has consolidated assets greater than €1,000, then such designation would be permitted under the covenant described under "the caption—Certain Covenants—Limitation on Restricted Payments". The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation either (x) the Parent Guarantor could Incur at least €1.00 of additional Indebtedness pursuant to paragraph (a) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness" or (y) the Consolidated Coverage Ratio would be greater than it was immediately prior to giving effect to such designation or (z) such Subsidiary shall be a Special Purpose Subsidiary with no Indebtedness outstanding other than Indebtedness that can be Incurred (and upon such designation shall be deemed to be Incurred and outstanding) pursuant to paragraph (b) of the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness". Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Parent Guarantor's Board of Directors giving effect to such designation and an Officer's Certificate of the Parent Guarantor certifying that such designation complied with the foregoing provisions.

"Voting Stock" of an entity means all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of members of the directors or all interests in such entity with the ability to control the management or actions of such entity.

"WM Holding" means WM Holding GmbH and any successor in interest thereto.

"WM Investors" means, collectively, (1) WM Holding, (2) MW Holding, (3) Mag. Dr. Andreas Seifert, (4) any Affiliate or Related Person of any WM Investor identified in clauses (1) through (3) of this definition or (5) any trust, fund, partnership, investment fund, vehicle or managed account company owned, managed, established by, under the influence of or advised by any such WM Investor or any Affiliate or Related Person of such WM Investor, and in each case any successor in interest thereto.

"Yvrai" means Yvrai Distribution Equipement du Foyer, a *société par actions simplifiée* incorporated under the laws of France having a share capital of €28,808,000 as at October 5, 2016 and its registered office as at the Issue Date at 5 rue de l'Isère, 38120 Saint-Égrève, registered under number 507 413 763 R.C.S. Grenoble and any successor in interest thereto.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes sold within the United States to investors who the seller reasonably believes to be qualified institutional buyers pursuant to Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "**144A Global Note**"). The Notes sold outside the United States pursuant to Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Note**", and together with the 144A Global Note, the "**Global Notes**").

The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes ("**Rule 144A Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of the Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and/or Clearstream, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Issuer, the Guarantors or the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest, and any additional interest and Additional Amounts) to, or to the

order of, the common depositary or its nominee via the paying agent for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any Tax imposed or levied by or on behalf of the government of the Republic of France, except as may be required by law. If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Additional Amounts*", the Issuer will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes after such deduction or withholding will equal the net amounts that such holder would have otherwise received in respect of such Global Note, 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 and the Trustee will treat the registered holder of the Global Notes (e.g., the common depositary (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of its or their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream each reserve the right to exchange the Global Notes for definitive registered Notes in certificated form ("**Definitive Registered Notes**"), and to distribute Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of securities or to pledge such securities, such holder 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 have a legend to the effect set forth under "*Notice to Investors*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors*".

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Certain Investors*" and "*Notice to Investors*" 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 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or
- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

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 no Definitive Registered Note in a denomination less than €100,000 will be issued. 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.

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 requirements of the Trustee and the Issuer 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 it 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 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 "*Notice to Certain Investors*" and *"Notice to Investors*".

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, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a daily newspaper having general circulation in Luxembourg (which is currently 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).

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor any Initial Purchaser is 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 also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such 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 Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee or the Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN TAX CONSIDERATIONS

The Proposed Financial Transactions Tax (FTT)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

On December 8, 2015, Estonia indicated that it will no longer be a participating Member State.

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under the current proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) when the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective investors should consult their own tax advisors in relation to the FTT.

OECD Base Erosion and Profit Shifting Project

In 2015, the OECD released the final reports on Base Erosion and Profit Shifting Project (***BEPS***) to reform the international tax system to prevent tax avoidance and aggressive tax planning.

The proposed actions have a very broad scope including, but not limited to, neutralizing the effects of hybrid mismatch arrangements, limiting base erosion involving interest deductions and other financial payments, countering harmful tax practices, preventing the granting of treaty benefits in inappropriate circumstances, and mandatory disclosure rules.

The final reports give countries and jurisdictions tools in order to implement new policies to prevent tax avoidance and aggressive tax planning.

Prospective investors should consult their own tax advisors on the impact of the BEPS' final reports prior to making an investment decision in respect of the Notes.

Certain French Tax Considerations

The following description is only addressed to beneficial owners of the Notes who are not French residents for French tax purposes, who do not hold their Notes in connection with a permanent establishment or a fixed base in France and who do not otherwise hold shares of the Company and are not related parties of the Issuer, as applicable, within the meaning of Article 39.12 of the French Tax Code (*Code général des impôts*) (the ***FTC***) (for the purposes of this section the "holders" of the Notes).

The following description only represents a summary of certain provisions of French tax laws and regulations which does not cover all details and tax exemptions that may apply in specific individual cases, including consequences of the application of the provisions of any relevant tax treaty. Furthermore, it does not deal with any tax other than withholding, income and transfer taxes as described below and is based on French tax and practices in effect on the date hereof, all of which are subject to changes or changes in interpretation, possibly on a retroactive basis. Therefore, prospective investors are advised to consult their own professional advisors.

Payments of Interest and Redemption Premium

Pursuant to Article 125 A III of the FTC, payments of interest and other revenues made by a debtor which is established in France with respect to notes will not be subject to the withholding tax set forth under Article 125 A III of the FTC unless such payments are made outside France in a non-cooperative state or territory within the meaning of Article 238-0 A of the FTC (a ***Non-Cooperative State***). If such payments are made in a Non-Cooperative State, a 75% withholding tax will be applicable, subject to certain exceptions (some of which are set forth below) and to the more favorable provisions of any applicable double tax treaty. The list of Non-Cooperative States is published by a ministerial order, which is updated yearly. The updated list enters into force as from January 1 of the year following the one in which it is published as regards any addition to the list.

In addition, pursuant to Article 238 A of the FTC, interest and other revenues on notes paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in a Non-Cooperative State may be nondeductible from the debtor's taxable income. Under certain conditions, any such non-deductible interest or revenues may be recharacterized as constructive dividends pursuant to Articles 109 *et seq*. of the FTC, in which case they may be subject to the withholding tax set forth under Article 119 *bis* 2 of the FTC, at a rate of 30% or 75%, subject to the more favorable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75% withholding tax set forth under Article 125 A III of the FTC nor, to the extent that the relevant interest or other revenues relate to a genuine transaction and are not in an abnormal or exaggerated amount, the non-deductibility of interest and other revenues provided for by Article 238 A of the FTC and the related withholding tax set forth under Article 119 *bis* 2 of the FTC that may be levied as a result of such non-deductibility will apply in respect of a particular issue of notes, provided that the debtor can prove that the main purpose and effect of such issue of notes is not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the ***Exception***).

However, pursuant to the French tax administrative guidelines *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211, BOI-RPPM-RCM-30-10-20-40-20140211, and BOI-IR-DOMIC-10-20-20-60-20150320 (the ***Administrative Guidelines***), an issue of notes benefits from the Exception without the debtor having to provide any proof of the main purpose and effect of such issue of notes (the ***Safe Harbor***), if such notes are:

- instruments issued in a public offering within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) or pursuant to an equivalent offer in a state other than a Non-Cooperative State (for this purpose, an "equivalent offering" means any offering requiring the registration or submission of an offering document by or with a foreign securities market authority);
- instruments admitted to trading on a French or foreign regulated market or on a multilateral financial instruments trading facility, provided that such market or facility is not located in a Non-Cooperative State and that such market is operated by a market operator, an investment services provider, or by such other similar foreign entity that is not located in a Non-Cooperative State; or
- instruments admitted, at the time of their issue, to the clearing operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code (*Code monétaire et financier*), or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State.

The Notes issued by the Issuer under this Offering Circular qualify as debt securities under French commercial law. Considering that (i) as of the date of their admission to trading, the Notes will be admitted to trading on the Luxembourg Stock Exchange in Luxembourg which does not qualify as a Non-Cooperative State and that such market will be operated by a market operator which is not located in a Non-Cooperative State, and (ii) the Notes will be admitted to the clearing operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561-2 of the French Monetary and Financial Code (*Code monétaire et financier*) which is not located in a Non-Cooperative State, payments of interest and redemption premium made by the Issuer or on behalf of the Issuer in respect of the Notes will fall under the Safe Harbor.

Accordingly, such payments made by or on behalf of the Issuer to the holders of the Notes will be exempt from the withholding tax set forth under Article 125 A III of the FTC. Moreover, under the same conditions, and assuming that the relevant interest and redemption premium should be considered as relating to genuine transactions and not in an abnormal or exaggerated amount, interest and redemption premium in respect of the Notes paid by or on behalf of the Issuer to the holders of the Notes will not be subject, pursuant to the Administrative Guidelines, to the related non-deductibility rule set forth under Article 238 A of the FTC and, as a result, will not be subject to the withholding tax set forth under Article 119 *bis* 2 of the FTC solely on account of their being paid or accrued to a person domiciled or established in a Non-Cooperative State or paid on an account opened in a financial institution established in such a Non-Cooperative State.

In addition, if a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of principal under the Notes) it is possible that such payments may be subject to French withholding tax, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Sale, Disposal or Redemption of the Notes

Holders of the Notes who are not residents of France for French tax purposes will not be subject to any income or withholding taxes in France in respect of the gains realized on the sale, exchange, disposal or redemption of the Notes, unless such Notes form part of the business property of a permanent establishment or a fixed base that such holders have in France.

In addition, no stamp or registration fee or duty or similar transfer taxes will be payable in France in connection with the sale, disposal or redemption of the Notes, except in the case of filing with the French tax authorities on a voluntary basis.

FATCA

Under the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Code of 1986, as amended and related U.S. Treasury guidance (***FATCA***), a withholding tax of 30% will be imposed in certain circumstances on (i) payments of certain U.S. source income (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends (***withholdable payments***) and (ii) payments by certain foreign financial institutions (such as banks, brokers, investment funds or certain holding companies) (***FFIs***) that agree to comply with FATCA (***participating FFIs***) that are attributable to withholdable payments (***foreign passthru payments***). It is uncertain at present when payments will be treated as "attributable" to withholdable payments. FATCA withholding on foreign passthru payments generally will not apply to debt obligations that are issued on or before the date that is six months after the date on which the final U.S. Treasury regulations that define "foreign passthru payments" (***passthru payment regulations***) are filed unless such obligations are materially modified after that date or are treated as equity for U.S. federal income tax purposes.

It is possible that, in order to comply with FATCA, the Issuer (or if the Notes are held through an FFI, such FFI) may be required, pursuant to an agreement with the United States (an ***FFI Agreement***) or under applicable non-U.S. law enacted in connection with an intergovernmental agreement between the United States and another jurisdiction (an ***IGA***) to request certain information and documentation from the holders or beneficial owners of the Notes, which may be provided to the IRS. In addition, if the terms of the Notes are materially modified on a date more than six months after the date on which the passthru payment regulations are filed, then it is possible that the Issuer or a financial institution through which the Notes are held may be required to apply the FATCA withholding tax to any payment with respect to the Notes treated as a foreign passthru payment made after the later of (a) 31 December 2018 and (b) the date on which the passthru payment regulations are published if any required information or documentation is not provided or if payments are made to certain FFIs that have not agreed to comply with an FFI Agreement (and are not subject to similar requirements under applicable non-U.S. law enacted in connection with an IGA).

Each non-U.S. person considering an investment in the Notes should consult its own tax advisor regarding the application of FATCA to the Notes.

Certain U.S. Federal Income Tax Considerations for U.S. Holders

The following is a discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below) that purchase the Notes at their issue price (generally the first price at which a substantial amount of the Notes is sold, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) pursuant to this offering and hold such Notes as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the ***Code***), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof , all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances (including U.S. Holders that are directly or indirectly related to the Issuer or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other U.S. Holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, U.S. Holders that hold a Note as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders that have a "functional currency" other than the U.S. dollar). This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of a Note that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity treated as a partnership for U.S. federal income tax purposes invests in a Note, the U.S. federal income tax considerations relating to such investment will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners relating to the purchase, ownership and disposition of a Note.

EACH PERSON CONSIDERING AN INVESTMENT IN THE NOTES SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. INCOME, ESTATE AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF ITS PARTICULAR CIRCUMSTANCES.

Certain Additional Payments

In certain circumstances, the Issuer is required to make payments on the Notes other than scheduled principal and interest. For example, the Issuer is required to pay 101% of the principal amount of any Note purchased by it at the Holder's election after a change of control, as described above under the heading "*Description of the Notes—Change of Control*".

U.S. Treasury regulations provide special rules for contingent payment debt instruments that, if applicable, could cause the timing, amount and character of a U.S. Holder's income, gain or loss with respect to the Notes to be different from those described below. The Issuer intends to treat the possibility of it making a payment described above as not causing the Notes to be contingent payment debt instruments. The Issuer's treatment will be binding on all U.S. Holders, except a U.S. Holder that discloses its differing treatment in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which such U.S. Holder acquired its Notes. However, the Issuer's treatment is not binding on the U.S. Internal Revenue Service (the ***IRS***). If the IRS were to challenge the Issuer's treatment, a U.S. Holder might be required to accrue income on the Notes in excess of stated interest and original issue discount (as described below) and to treat as ordinary

income, rather than capital gain, gain recognized on the disposition of the Notes. In any event, if the Issuer actually makes any such additional payment, the timing, amount and character of a U.S. Holder's income, gain or loss with respect to the Notes may be affected. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Interest on the Notes

In general, interest payable on a Note (without reduction for any non-U.S. tax withheld with respect to such payment) will be taxable to a U.S. Holder as ordinary interest income when it is received or accrued, in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. The Notes are not expected to be issued with more than *de minimis* original issue discount (***OID***). However, if the Notes are issued with more than *de minimis* OID, each U.S. Holder generally will be required to include OID in income (as interest) as it accrues, regardless of its regular method of accounting for U.S. federal income tax purposes, using a constant yield method, before such U.S. Holder receives any payment attributable to such income. The remainder of this discussion assumes that the Notes are not issued with more than *de minimis* OID.

The amount of interest paid with respect to a Note that is includible in income by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes is the U.S. dollar value of the amount paid translated at the spot rate of exchange on the date such payment is received by such U.S. Holder.

In the case of interest on a Note held by a U.S. Holder that uses the accrual method of accounting such U.S. Holder is required to include the U.S. dollar value of such interest income that accrued during the relevant accrual period. The U.S. dollar value of such accrued interest income generally is determined by translating such interest income at the average rate of exchange for such accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year). Alternatively, such U.S. Holder may elect to translate such interest income at the spot rate of exchange on the last day of such accrual period (and in the case of a partial accrual period, the spot rate of exchange on the last day of the taxable year). If the last day of an accrual period is within five business days of receipt of the payment in respect of the related accrued interest, a U.S. Holder that has made such election may translate such accrued interest using the spot rate of exchange on the date of receipt of such payment. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder generally will recognize foreign currency exchange gain or loss with respect to such accrued interest income on the date the payment in respect of such interest income is received, if there is any difference between the rate of exchange used to determine such interest income and the rate of exchange on the date such payment is received. Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss from sources within the United States.

Interest income on the Notes generally will be treated as income from sources outside the United States and generally will be categorized for U.S. foreign tax credit purposes as "passive category income" or, in the case of some U.S. Holders, as "general category income".

A U.S. Holder generally will have a basis in the euros received with respect to payments of interest on a Note equal to the U.S. dollar value of such euros on the date of receipt. Any gain or loss on a conversion or other disposition of such euros by such U.S. Holder generally will be treated as ordinary income or loss from sources within the United States.

Sale, Exchange, Retirement or Other Disposition of the Notes

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the amount realized on such sale, exchange, retirement or other disposition (other than any amount attributable to accrued interest, which, if not previously included in such U.S. Holder's income, will be taxable as interest income to such U.S. Holder) and such U.S. Holder's adjusted tax basis in such Note. A U.S. Holder that receives euros on the sale, exchange, retirement or other disposition of a Note generally will have an amount realized equal to the U.S. dollar value of such euros translated at the spot rate of exchange on the

date of such sale, exchange, retirement or other disposition (or, if the Note is treated as traded on an established securities market, on the settlement date in the case of a cash basis or electing accrual basis taxpayer). A U.S. Holder generally will realize foreign currency exchange gain or loss upon such sale, exchange, retirement or other disposition (as ordinary income or loss from sources within the United States) if there is any difference between (i) the spot rate of exchange on the date such U.S. Holder acquired such Note (or, if applicable, the settlement date for such acquisition) and (ii) the spot rate of exchange on the date the payment in respect of such sale, exchange, retirement or other disposition is received or the date such Note is disposed of, as applicable. Such foreign currency exchange gain or loss, together with any foreign currency exchange gain or loss realized on such disposition in respect of accrued interest, generally will be realized only to the extent of the total gain or loss realized by such U.S. Holder on the sale, exchange, retirement or other disposition of the Note. Any such total gain or loss not treated as foreign currency exchange gain or loss generally will be capital gain or loss from sources within the United States. Net long-term capital gain of certain non-corporate U.S. Holders generally is subject to preferential rates of tax. The deductibility of capital losses is subject to limitations.

A U.S. Holder that determines its amount realized in connection with the sale, exchange, retirement or other disposition of a Note by reference to the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (rather than on the settlement date) may recognize additional foreign currency exchange gain or loss upon receipt of euros from such sale, exchange, retirement or other disposition.

A U.S. Holder generally will have a basis in the euros received upon a sale, exchange, retirement or other disposition of a Note equal to the U.S. dollar value of such euros on the date of receipt. Any gain or loss on a conversion or other disposition of such euros by such U.S. Holder generally will be treated as ordinary income or loss from sources within the United States.

Medicare Tax

In addition to regular U.S. federal income tax, certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income", which may include all or a portion of their interest income on a Note and net gain from the sale, exchange, retirement or other disposition of a Note.

Information Reporting and Backup Withholding

Under certain circumstances, information reporting and/or backup withholding may apply to a U.S. Holder with respect to payments of interest on, or proceeds from the sale, exchange, retirement or other disposition of, a Note, unless an applicable exemption is satisfied. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by such U.S. Holder on a timely basis to the IRS.

Reportable Transactions

A U.S. Holder that participates in any "reportable transaction" (as defined in U.S. Treasury regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 reporting foreign currency exchange loss arising from the Notes or any amounts received with respect to the Notes.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. "Specified foreign financial asset" generally includes any financial account maintained with a non-U.S. financial institution and may also include the Notes if they are not held in an account maintained with a financial institution.

Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

FURTHER ISSUES

The Issuer may from time to time, without the consent of Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, the date of issue and the amount of principal) so as to be consolidated and form a single series with the Notes. Even if such additional securities are treated for non-tax purposes as part of the same series as the Notes, such additional securities may in some cases be treated as a separate series for U.S. federal income tax purposes. In such case, such additional securities may be considered to have been issued with OID even if the Notes were not issued with OID for U.S. federal income tax purposes. These differences may affect the market value of the Notes if such additional securities are not otherwise distinguishable from the Notes.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF GUARANTEES AND SECURITY AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

Set out below is a summary of certain limitations on the enforceability of the rights under the Notes, the Notes and/or the Guarantees and the Security Documents in each of the jurisdictions in which the Guarantors (as of the date hereof) are organized. It is a summary only. Bankruptcy or insolvency proceedings or a similar event could be initiated in any of these jurisdictions and/or 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 jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Notes, the Guarantees and any security.

European Union

Pursuant to Council Regulation (EC) no. 1346/2000 of May 29, 2000 on insolvency proceedings (the ***EU Insolvency Regulation***), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU Member State (other than Denmark) where the company concerned has its "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its "center of main interests" is determined at the time when the request for the commencement of the proceedings is filed (ECJ, January 17, 2006, *Staubitz-Schreiber*). The determination of such location is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views.

The term "center of main interests" is not a static concept. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its "center of main interests" in the EU Member State in which it has its registered office, Preamble 13 of the EU 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". In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "center of main interests".

If the "center of main interests" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one EU Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be opened in another EU Member State. If the "center of main interests" of a debtor is in one EU Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other EU Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other EU Member State. If the company does not have an establishment in any other EU Member State, no court of any other EU Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation. In the event that any one or more of the Issuer, the Guarantors or any of the Parent Guarantor's 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.

A new Council Regulation (EC) no. 2015/848 of May 20, 2015 on insolvency proceedings (the ***New EU Insolvency Regulation***) came into force on June 26, 2015 and will gradually replace the EU Insolvency Regulation, but its main provisions will only become effective on June 26, 2017. One of the main changes introduced by the New EU Insolvency Regulation consists in an increased scrutiny in situations where there has been a recent COMI shift. Where a company's COMI has shifted in the

preceding three months the rebuttable presumption that its COMI is at the place of its registered office will no longer apply. Also, the opening of secondary proceedings in another EU Member State will be possible not only if the debtor has an establishment in such EU Member State at the time of the opening of main insolvency proceedings, but also if the debtor had an establishment in such EU Member State in the three-month period prior to the request of opening of main insolvency proceedings.

France

Insolvency

The Issuer is incorporated in France and, to the extent that its center of main interests (***COMI***) within the meaning of EU Insolvency Regulation is found to be in France (which is presumed), it would be subject to French main insolvency proceedings. French insolvency proceedings falling within the scope of the EU Insolvency Regulation are safeguard proceedings (*procédure de sauvegarde*), accelerated safeguard proceedings (*procédure de sauvegarde accélérée*), accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) and liquidation proceedings (*liquidation judiciaire*). The Issuer could also be subject to French pre-insolvency proceedings not falling within the scope of the EU Insolvency Regulation, namely *mandat ad hoc* proceedings or conciliation proceedings (*procédure de conciliation*).

Similarly, Guarantors could be subject to French pre-insolvency or insolvency proceedings if, under the EU Insolvency Regulation or, if not applicable, under French traditional private international law, French courts are held to have jurisdiction.

In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Notes Guarantees granted by the French Guarantors and corresponding security interests. The following is a general discussion of pre-insolvency or insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to the holders of the relevant Notes.

Grace periods

In addition to insolvency laws discussed below, you could, like any other creditors, be subject to Article 1343-5 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil proceeding involving the debtor, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate as published annually by decree) or that payments made shall first be allocated to the repayment of principal. A court order made under Article 1343-5 after October 1, 2016 of the French Civil Code 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.

Court-assisted Pre-insolvency Proceedings

A French company facing difficulties may request the opening of court-assisted pre-insolvency proceedings (*mandat ad hoc* or *conciliation*), the aim of which is usually to reach an agreement with the debtor's main creditors in order to put an end to the company's difficulties. *Mandat ad hoc* and *conciliation* are informal and confidential proceedings carried out under the supervision of an officer (called the *mandataire ad hoc* in *mandat ad hoc* proceedings and the conciliator in conciliation proceedings) appointed by the Presiding Judge of the Commercial Court (in the context of commercial companies such as a simplified liability company (*société par actions simplifiée*)) or the Presiding Judge of the Civil Court (in the context of non-commercial companies, such as a real estate partnership (*société civile immobilière*)). *Mandat ad hoc* and conciliation proceedings do not involve any stay of payments and of proceedings, and the court-appointed officer has no coercive power over

the creditors participating in the process. It should be noted however that any contractual provisions which, as a result solely of the opening (or a request for the opening) of *mandat ad-hoc* or conciliation proceedings, would restrict the debtor's rights or increase the debtor's obligations, are deemed to be null and void.

Mandat ad hoc is a very informal process. In practice, *mandat ad hoc* proceedings are used by debtors that are facing difficulties of an economic or financial nature but are not insolvent according to the French test of illiquidity (*cessation de paiements*) (i.e., the debtor's inability to pay its debts when they fall due with its liquid assets, taking into account available credit lines and existing moratoria). *Mandat ad hoc* proceedings are not limited in time. The agreement reached by the parties (if any) with the help of the court-appointed officer (*mandataire ad hoc*) is reported by the latter to the Presiding Judge of the court but is not sanctioned by the court.

Conciliation proceedings are available to a debtor that faces actual or foreseeable difficulties of a legal, economic or financial nature and that is not insolvent or has been insolvent for no more than 45 days. The debtor petitions the Presiding Judge of the Commercial Court (in the context of commercial companies such as a simplified limited liability company (*société par actions simplifiée*)) or the Presiding Judge of the Civil Court (in the context of non-commercial companies, such as a real estate partnership (*société civile immobiliere*)) for the appointment of a conciliator in charge of assisting the debtor in negotiating with all or part of its creditors, potential new sponsors and/or trade partners an agreement providing for the restructuring of its indebtedness. The conciliator may also, upon request by the debtor and after consultation with the creditors, be in charge of organizing a partial or total sale of the business which could be subsequently implemented in the context of further safeguard, reorganization or liquidation proceedings. Conciliation proceedings are confidential and may last up to four months, with a possible extension of one month. During the proceedings, creditors may continue to sue individually for payment of their claims but the debtor retains the right to petition for debt rescheduling for a maximum of two years pursuant to Article 1244-1 1343-5 after October 1, 2016 of the French Civil Code. The judge having commenced conciliation proceedings (i) may grant grace periods under Articles 1244-1 1343-5 after October 1, 2016 of the French Civil Code even when the formal notice asking the debtor to pay was sent before the commencement of conciliation proceedings and (ii) may, during the execution period of any conciliation agreement concluded in connection with such conciliation proceedings, impose such grace periods on creditors having been asked to participate in the conciliation proceedings (other than the tax and social security administrations) for their claims that were not dealt with in the conciliation agreement. Upon its execution, the conciliation agreement reached by the parties becomes binding upon them and creditors may not take action against the company in respect of claims governed by such agreement. In addition, without such formalities being an obligation on the parties, the agreement can be either:

- upon all parties' request, acknowledged (*constaté*) by the Presiding Judge of the court, which makes it immediately enforceable; or
- upon the debtor's request, formally approved (*homologué*) by the Commercial Court if (i) the debtor is not insolvent or if the rescheduling agreement has the effect of putting an end to the debtor's insolvency, (ii) the rescheduling agreement effectively ensures that the company will continue its activity as a going concern, and (iii) the agreement does not adversely affect the interest of the non-signatory creditors; the judgment does not make public the terms of the agreement but discloses the existence of the conciliation proceedings and guarantees and priorities (*privilèges*) granted to the creditors under the conciliation agreement.

While the agreement (whether acknowledged, formally approved or not) is being implemented, any individual proceedings by creditors with respect to the claims included in the agreement are suspended. Also, for so long as the conciliation agreement is in effect, interest accruing on the affected claims can no longer be compounded.

Subject to having been formally approved (*homologué*), the agreement has the following effects:

- new fundings made available to the debtor pursuant to the agreement (otherwise than through subscribing to a share capital increase) will benefit from a lien (the ***New Money Lien***) taking priority over most other claims in the event of subsequent court-administered proceedings (safeguard, reorganization or liquidation proceedings);

- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of the *cessation des paiements* (and therefore the starting date of the "suspect period" as defined below) cannot be determined by the court to be at a date earlier than the date of the approval of the agreement by the court, except in case of fraud; and
- In case of breach of the agreement, any party to the agreement can petition the court for its termination.

If acknowledged (*constaté*) or approved (*homologué*), the court can, upon the debtor's request, appoint a conciliator to monitor the implementation of the agreement (*mandataire* à *l'exécution de l'accord*) during its execution.

It should be noted that the following contractual provisions are deemed null and void: (i) any provision that modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of conciliation proceedings or of a request submitted to this end and (ii) any provision forcing the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of conciliation proceedings, the fees of the professional advisers whom the creditor shall have retained in connection with these proceedings for the portion exceeding three-quarters of such fees.

Court-administered Proceedings—Safeguard, Reorganization and Liquidation Proceedings

Court-administered proceedings may be initiated:

- in the event of safeguard, accelerated safeguard or financial accelerated safeguard proceedings upon petition by the debtor only; and
- in the event of reorganization or liquidation proceedings, upon petition by the debtor, any creditor or the public prosecutor.

The debtor may file for safeguard proceedings at any time it is facing difficulties that it cannot overcome, as long as it is not insolvent according to the French test of illiquidity. It is required to petition for the opening of conciliation proceedings, reorganization proceedings (if recovery is possible) or liquidation proceedings (if recovery is manifestly not possible) within 45 days of the occurrence of insolvency. If it fails to do so, its directors and officers are exposed to civil liability.

In case of safeguard or reorganization proceedings, the period from the date of the court decision commencing the proceedings (whether a safeguard or a reorganization) to the date on which the court takes a decision on the outcome of the proceedings is called the observation period and may last up to 18 months.

During the observation period, a court-appointed judicial administrator (*administrateur judiciaire*), whose name can be suggested by the debtor in safeguard proceedings, investigates the business of the company. The judicial administrator's mission is to assist the company in drawing up a safeguard or reorganization plan. In addition, the administrator has authority to:

- in safeguard proceedings, oversee the debtor's management or, if the court so decides, formally assist the debtor's directors and officers in all or part of the debtor's management; and
- in reorganization proceedings, either formally assist the debtor's directors and officers in all or part of the debtor's management or in rarer cases and if the court so decides, manage the debtor instead of its directors and officers.

In addition, during the observation period:

- the debtor is prohibited from paying any amount (whether of principal or interest) in respect of debts that came into existence prior to the date of the court decision commencing the proceedings, subject to specified exceptions which essentially cover the set-off of related (*connexes*) debts and payments authorized by the insolvency judge to recover assets for which recovery is justified by the continued operations of the business;

- contractual provisions that would accelerate the payment of the debtor's obligations upon the occurrence of certain insolvency events (such as the occurrence of insolvency or the opening of safeguard or reorganization proceedings) are not enforceable;
- accrual of interest is suspended (except in respect of loans providing for a term of at least one year, or contracts providing for a payment which is deferred by at least one year), and such interest can no longer be compounded;
- creditors may not pursue any individual legal action against the debtor with respect to any claim arising prior to the court decision commencing the proceedings if the objective of such legal action is:
    - to obtain an order for the payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due);
    - to terminate a contract for non-payment of amounts owed by the creditor; or
    - to enforce the creditor's rights against any assets of the debtor,
    - as a general rule, creditors whose debts arose prior to the commencement of proceedings and the payment of which is stayed by the proceedings must file their claims with the court-appointed creditors' representative (*mandataire judiciaire*) within a certain timeframe (see below). Employees are not subject to limitations and are preferential creditors under French law.

At the end of the observation period, if it considers that the company can continue its activity as a going concern, the court can adopt a safeguard or reorganization plan which will entail a restructuring and/or rescheduling of debts and may entail the divestiture of some of the debtor's assets and businesses.

Alternatively, in reorganization proceedings (but not in safeguard proceedings), the court may order the sale of all or part of the debtor's business to a third party, through a sale plan (*plan de cession*), which is, in essence, an asset transaction, as described below in more detail.

There is no observation period in case of judicial liquidation proceedings being opened against the debtor. The outcome of these proceedings, which is decided by the court without a vote of the creditors, may be a plan for the sale of all or part of the business and/or isolated sales of the debtor's assets in order to discharge the debtor's liabilities. In case a plan for the sale of all or part of the business is considered, the court can authorize a temporary continuation of the business for a maximum period of three months (renewable once at the Public Prosecutor's request), whose effects are similar to an observation period.

In either judicial liquidation proceedings or in judicial reorganization proceedings (in the latter case, if no restructuring plan is drafted or if the draft restructuring plans appears obviously incapable of restoring the debtor's viability), the court may also decide to adopt a sale plan (*plan de cession*), i.e. a plan whereby all or part of the business is sold to a third party which can cherry-pick the assets, contracts and employees, without (subject to certain exceptions) the need to obtain the consent of either the debtor, the creditors or the other party to certain contracts (such as lease-back agreements or supply agreements of goods and services). Any third party may make a bid to that effect as from the opening of judicial reorganization of judicial liquidation proceedings. By exception, such sale may be organized in mandat ad hoc and/or conciliation proceedings and implemented in insolvency (including safeguard) proceedings, through an expeditious and derogatory process (without competitive bids). If such a sale of the business plan is adopted, the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of their claims. The sale price is generally significantly lower than the aggregate value of the assets, bearing in mind that the courts would generally endorse the most credible offer that would best ensure the preservation of jobs.

Creditors' Committees and Adoption of the Safeguard or Reorganization Plan

During the observation period of safeguard or reorganization proceedings, in the case of large companies (i.e. if the debtor (a) has more than 150 employees or a turnover greater than €20,000,000

and (b) its accounts are certified by a statutory auditor or carried out by a certified public accountant), or where authorized by the supervising judge for smaller companies, two creditors' committees must be established:

- one for credit institutions, comprising (i) credit institutions, (ii) assimilated entities (notably defined as any entity that entered into a credit transaction with the debtor, including, to the present date, shareholders' loans), and (iii) any holder of a claim acquired from either such a credit institution, such an assimilated entity or any supplier of goods or services to the debtor; and
- one for the debtor's main suppliers, comprising suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers.

If there are any outstanding debt securities in the form of *obligations* (such as bonds or notes), a general meeting gathering all holders of such debt securities will be convened whether or not there are different issuances and regardless of the applicable law of those *obligations* (the ***bondholders' general meeting***). The Notes constitute obligations for the purposes of safeguard or reorganization proceedings.

These two committees and the bondholders' general meeting will be consulted on the safeguard or reorganization plan drafted by the debtor's management during the observation period. Each member of a creditors' committee is also entitled to prepare its own alternative safeguard or reorganization plan which will be submitted to the vote of creditors under the same voting rules. It should be noted however that note holders are not members of any creditor's committee and therefore they will not be able to propose such alternative plans. A safeguard or reorganization plan may include debt rescheduling, debt write-offs as well as debt-for-equity swaps (subject to the relevant shareholder consent) in limited liability companies. This plan must take into account existing subordination agreements and can provide for a differentiated treatment of creditors within the committees and the bondholders' general meeting if the differences in situation so justify. Each member of a creditors' committee and each member of the bondholders' general meeting must inform the administrator of the existence of any subordination agreement, any agreement relating to the exercise of its vote and any agreement providing for the total or partial payment of its claim by a third party. The judicial administrator shall then submit to such creditor/member of the bondholders' general meeting the method for the computation of its voting rights in the creditors' committee/ bondholder general meeting. In the event of a disagreement, the creditor/ member of the bondholders' general meeting or the administrator may request that the matter be decided by the president of the commercial court in summary proceedings.

The amount of the claims secured by a trust (*fiducie*) constituted as a guarantee granted by the debtor are not taken into account. In addition, creditors whose repayment schedule is not modified by the plan, or for which the plan provides for a payment of their claims in cash in full as soon as the plan is adopted or as soon as their claims are admitted, do not take part in the vote. Such creditors do not need to be consulted on the plan.

The plan must be approved by each of the two creditors' committees. Such approval requires the affirmative vote of creditors holding at least two-thirds of the amounts of the claims held by the members of such committee that participated in such vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders' general meeting. The approval of the plan at such meeting requires the affirmative vote of bondholders representing at least two-thirds of the principal amount of the *obligations* held by creditors who voted in the bondholders' general meeting.

The approval of the plan by the two creditors' committees and the bondholders' general meeting must occur within six months from the decision commencing the safeguard or reorganization proceedings unless it is extended at the request of the court-appointed administrator for a period which cannot exceed the observation period.

In parallel, debt restructuring proposals (e.g. debt reduction and / or rescheduling) are made individually to creditors who are not members of the committees or the bondholders' general meeting.

Following approval by the creditors' committees and the bondholders' general meeting, the court has to check that the interests of all creditors are sufficiently protected. Once it has done so, the court adopts (*arrête*) the plan. Once adopted by the relevant court, the safeguard or reorganization plan accepted by the creditors' committees and the bondholders' general meeting will be binding on all the members of the committees and all bondholders (including those who abstained or voted against the adoption of the plan). With respect to creditors who are not members of the committees or the bondholders' general meeting and who rejected the debt restructuring proposals that they received individually, for such creditors with whom a negotiated agreement would not have been reached, the court can impose a uniform rescheduling of the repayment of their claims over a maximum period of ten years, except for claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same. The court cannot oblige creditors subject to such a rescheduling to waive any part of their claim or accept debt-for-equity swaps. The first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount paid annually must be of at least 5% of the total amount of the debt claim) or the year following the initial maturity of the claim if it is later than the date of the first anniversary of the adoption of the plan, in which case the amount of the payment is determined in accordance with specific rules in order to ensure that the full amount of the claim is repaid within the deferral period set by the court.

In the event any of the committees or the bondholders' general meeting has not given its consent to the plan within the required timeframe, the committees are dissolved. In such a case, or if creditors' committees have not been created because the conditions were not met, all creditors are consulted individually as described above.

If the court empowers the administrator to convene a shareholders' meeting in order to take corporate resolutions required by a safeguard plan, the court may order that upon the first convening of such meeting, shareholders' decisions be adopted by a majority of the shareholders attending or represented as long as such shareholders own at least half of the shares with voting rights.

Within the context of the adoption of a safeguard plan or a reorganization plan, the payment date of claims benefitting from the New Money Lien (granted under a prior conciliation agreement formally approved (*homologué*) by the court) may not be rescheduled or written off by the court without their holders' consent. It is debated, however, whether such debt restructuring would be possible within the framework of creditors' 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 lead to the debtor shortly becoming insolvent.

Any safeguard plan entailing modifications of the share capital of the debtor company (including a debt for equity swap) is subject to the approval of the debtor's shareholders.

In reorganization proceedings, in case a shareholders' meeting needs to vote to bring the shareholders' equity (*capitaux propres*) to a level equal to at least one half of the share capital as required by Article L.626-3 of the French Commercial Code, the administrator may appoint a trustee (*mandataire*) to vote on behalf of the shareholders that refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the share capital to the benefit of a person undertaking to comply with the restructuring plan.

Two other procedures are meant to facilitate an eviction of the shareholders of insolvent companies placed in judicial reorganization proceedings (*redressement judiciaire*):

- the appointment by the insolvency court of a judicial representative who would have the power to vote in favor of a share capital increase of the insolvent company in lieu of the dissenting shareholders (it being specified that such share capital increase may be implemented either by a cash injection or by a debt-for-equity swap); or
- the forced sale in favor of entities who undertake to comply with the reorganization plan of the shares held by the majority shareholders of the insolvent company (or the minority

shareholders having a blocking voting right) who refuse to approve the change in the capital structure of the insolvent company. The price of the shares shall, failing agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court which may not exceed the duration of the reorganization plan.

The above-mentioned procedures may be implemented if all the following conditions are met:

- the relevant company under judicial reorganization proceedings (*redressement judiciaire*) has more than 150 employees or it controls a group of companies having an aggregate number of employees exceeding 150;
- the cessation of business of such company would materially and adversely affect the national or local economy and the local employment;
- a change in the share capital structure of the company is the only viable solution which would prevent the material adverse effect mentioned above from occurring; and
- the proceedings have been commenced for at least three months.

Accelerated Financial Safeguard

A debtor in the course of conciliation proceedings may request the commencement of Accelerated Financial Safeguard proceedings. The Accelerated Financial Safeguard procedure has been designed to "fast-track" purely financial restructurings. The procedure relates only to debt owed to creditors which are eligible to the credit institutions' committee and debts towards bondholders, which are eligible to the bondholders' general meeting described above), which are subject to an automatic stay and dealt with under the safeguard plan. The company continues to trade normally while the procedure is pending, thus reducing significantly the impact of a safeguard on operational companies. Other classes of creditors, such as trade creditors, are not affected by the procedure.

To be eligible to the Accelerated Financial Safeguard, the debtor must fulfill the following conditions:

- produce consolidated financial statements (in compliance with Article L.233-16 of the French Commercial Code); or
- have its financial statements produced by a certified accountant (*expert-comptable*) or certified by an auditor (*commissaire aux comptes*) and meet one of the following thresholds:
  - more than 20 employees;
  - an aggregate balance sheet (*total du bilan*) in excess of €1.5 million; or
  - a turnover (*chiffre d'affaires*) in excess of €3 million.

In addition, the following conditions must be met by a debtor for the opening of accelerated financial safeguard proceedings:

- be subject to ongoing conciliation proceedings when it applies for the opening of the Accelerated Financial Safeguard proceedings; and
- have prepared a draft safeguard plan to protect its operations in the long run supported by enough of its financial creditors (i.e., credit institutions which are eligible to creditor's committees and bondholders, which are eligible to the bondholders' general meeting described above), to render likely its adoption by a two-thirds majority of its financial indebtedness within a maximum period of two months from the commencement of the Accelerated Financial Safeguard proceedings.

A debtor may open such proceedings even if it is insolvent, subject to not having been insolvent for more than 45 days prior to requesting the opening of conciliation proceedings.

Where an Accelerated Financial Safeguard procedure is opened, the credit institution committee and the bondholders' general meeting are convened and are required to vote on the proposed safeguard plan within a minimum period of eight days of delivery of the proposed plan (as compared to a minimum period of 15 days for the regular safeguard).

For their claim to be taken into account in the safeguard plan, creditors which are members of the credit institution committee and the bondholders' general meeting must file a proof of claim within two months from the publication of the judgment commencing the Accelerated Financial Safeguard procedure, as this is the case for regular safeguard proceedings. However, for those creditors who participated in the conciliation proceedings before the opening of the Accelerated Financial Safeguard procedure, a list of claims prepared by the debtor and certified by an auditor or an accountant is deemed sufficient. These provisions also apply with respect to the Accelerated Safeguard proceedings described below.

The total duration of the Accelerated Financial Safeguard (i.e., the period between the judgment commencing the Accelerated Financial Safeguard and the judgment adopting the plan) is one month, unless the court decides to extend it by one additional month.

Accelerated Safeguard

The key difference with Accelerated Financial Safeguard is that the automatic stay applies not only to debts towards creditors which are eligible to creditor's committees and debts towards bondholders, but also to the other creditors (such as trade creditors). Therefore, the committee of the debtor's main suppliers is convened to vote on the draft plan, in addition to the credit institutions' committee and the bondholders' general meeting.

As in the Accelerated Financial Safeguard proceedings, prior conciliation proceedings are also required for the opening of Accelerated Safeguard proceedings and a restructuring plan which is supported by enough of its creditors to render likely its adoption by at least a two-thirds majority of its indebtedness within a maximum of three months of the commencement of the proceedings must have been prepared.

The plan must be submitted to the creditors' committees and to the bondholders' general meeting.

The criteria for a debtor to be eligible for Accelerated Safeguard proceedings are the same as the criteria for Accelerated Financial Safeguard proceedings mentioned above.

As mentioned above with respect to the Accelerated Financial Safeguard proceedings, a debtor may file for Accelerated Safeguard proceedings even if it is insolvent, subject to not having been insolvent for more than 45 days prior to the request for opening of conciliation proceedings.

The maximum duration of the Accelerated Safeguard proceedings is three months.

Status of Creditors during Safeguard, Accelerated Financial Safeguard, Accelerated Safeguard, Reorganization or Liquidation Proceedings

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of insolvency proceedings must file a proof of claim (*déclaration de créances*) with the relevant insolvency officer within two months of the publication of the court decision in the *Bulletin Officiel des annonces civiles et commerciales* (by exception, the deadline starts upon receipt of an individual notification for those creditors whose claim arose out of a published contract or who benefit from a published security interest); this period is extended to four months for creditors domiciled outside France. Where the debtor has informed the relevant insolvency officer of the existence of a claim and no proof of a claim has been filed yet, such claim is deemed filed. Creditors are allowed to ratify a proof of claim made on their behalf until the judge rules on the admission of their claims. Creditors who have not submitted their claims during the relevant period and whose claims are not deemed filed are barred, except with respect to very limited exceptions, from receiving distributions made in accordance with the insolvency proceedings. Employees do not need to file proofs of claim and are preferential creditors under French law.

In accelerated safeguard and accelerated financial safeguard proceedings, the debts held by creditors that took part in the conciliation proceedings are listed by the debtor and certified by its statutory auditor (or, in its absence, its accountant) and are thus deemed to have been filed. Although such creditors can 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 on the list prepared by the debtor (within the 2 or 4 months time limit). Those creditors who did not take part in the conciliation proceedings (but who would be members of the creditors' committees or the bondholders' general meeting) would have to file their proofs of claim within the above-mentioned legal time limit and process.

As from the commencement of insolvency proceedings:

- accrual of interest is suspended (except in respect of loans providing for an initial term of at least one year, or contracts providing for a payment which is differed by at least one year; even in such a case, accrued interest cannot bear themselves interest);
- the debtor is prohibited from paying (i) debts incurred prior to the date of the court decision commencing the insolvency proceedings, subject to specified exceptions which essentially cover the set-off of related debts (compensation pour dettes connexes), and payments authorized by the supervising judge (*juge-commissaire*) to recover assets for which recovery is justified by the continued operation of the business and (ii) post-opening debts not useful to the proceedings; and
- creditors may not initiate or pursue any individual legal action against the debtor with respect to any claim arising prior to the court decision commencing the insolvency proceedings if the objective of such legal action is:
    - to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due);
    - to terminate or cancel a contract for non-payment of pre-opening amounts owed to the creditor; or
    - to enforce the creditor's rights against any assets of the debtor, except in limited cases, in particular (i) in judicial liquidation proceedings, by way of private foreclosure (*attribution judiciaire*) of pledged assets or (ii) where such asset—whether tangible or intangible, moveable or immoveable—is located in another Member State within the European Union, in which case the rights *in rem* of creditors thereon would not be affected by the insolvency procedure, in accordance with the terms of article 5 of EC Regulations 1346/2000 (provided no secondary proceedings are open in such member state).

Contractual provisions that would either accelerate the payment of the debtor's obligations or diminish the rights or increase the obligations of the debtor upon the occurrence of insolvency proceedings or of *cessation des paiements* are not enforceable under French law. The opening of liquidation proceedings does, however, automatically accelerate the maturity of all of the debtor's liabilities, unless the court allows the business to continue for a period of no more than three months (renewable once) if it considers that a sale of part or all of the business is possible. In this case, the debtor's liabilities are deemed mature on the day the court approves the sale of the business or the end of the period of continuation of the business.

The relevant insolvency officer can unilaterally decide not to continue ongoing contracts (contrats en cours) which it believes the debtor will not be able to continue to perform. The court-appointed administrator can, on the contrary, require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that such debtor fully performs its post-opening contractual obligations.

If the court adopts a safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court adopts a plan for the sale of the business (*plan de cession*), the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of the claims.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator in charge of selling the assets of the company either by way of a sale plan (*plan de cession*) or on a piecemeal basis, and settling the relevant debts in accordance with their ranking.

French insolvency law assigns priority to the payment of certain preferred creditors. In the event of liquidation proceedings, the proceeds will be allocated to creditors according to the following waterfall of claims: (i) so-called "super privileged" claims of employees (covering the unpaid sums for the last 60 days of work before the opening of the safeguard or insolvency proceedings, subject to certain caps), (ii) legal fees and expenses of the proceedings, (iii) claims secured by the so-called "new money priority" granted under a prior conciliation agreement formally approved (*homologué*) by the court, (iv) claims secured by security interests over real estate property and security interests over movable property to which a retention right is attached, (v) claims that arose after the decision commencing the proceedings and which are linked to the debtor's business or useful to the proceedings (in accordance with a specific ranking).

The opening judgment of the insolvency proceedings renders due and payable all unpaid share capital of the debtor.

The "Suspect Period" in Reorganization and Liquidation Proceedings

In reorganization and liquidation proceedings (as opposed to safeguard proceedings), the court determines the date on which the insolvency is deemed to have occurred. It can be any date within the 18 months preceding the date of the opening of the proceedings. This marks the beginning of the "suspect period" (*période suspecte*). Certain transactions entered into, and certain payments made, by the debtor during the suspect period are automatically void or voidable by the court.

Automatically void transactions include in particular 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. Such transactions or payments must be set aside by the court if a claimant (the judicial administrator, the liquidator, the creditors' representative or the court-appointed trustee in charge of overseeing the implementation of the restructuring plan, or the Public Prosecutor) so requests. These include, notably, transfers of assets for no consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred, provisional measures (unless the right of attachment or seizure predates the date of *cessation des paiements*), share options granted or sold during the suspect period, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as a security for debt incurred at the same time), and any amendment to a trust arrangement (*fiducie*) that dedicates assets or rights as a guaranty of pre-existing debts.

Voidable transactions include, (i) transactions for consideration, (ii) payments of due and payable debts or (iii) notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions, in each case, if such actions are taken after the debtor was in *cessation des paiements* and the party dealing with the debtor knew that the debtor was in *cessation des paiements* at that time. In addition, transactions relating to transfers of assets for no consideration are also voidable when carried out during the six-month period prior to the beginning of the suspect period. Unlike void transactions, which must be set aside by the court if so requested, the court has discretion to decide whether or not it is appropriate to set aside transactions that are only "voidable".

There is no suspect period prior to the opening of safeguard proceedings, since the condition required to commence such proceedings is that the company is not insolvent (*en état de cessation des paiements*) within the meaning of French law.

Creditors' Liability

Pursuant to Article L. 650-1 of the French Commercial Code, where insolvency proceedings have been commenced, creditors may be held liable for the losses suffered as a result of credit support

granted to the debtor, if the grant of such credit support was wrongful, on the following grounds: (i) fraud; (ii) interference with the management of the debtor; or (iii) the guarantees or security interests taken to secure the amounts made available to a debtor are disproportionate to those amounts. In addition, where the creditor is held liable by the relevant court on this ground, guarantees, security interests and any other credit support granted to secure the amounts made available to the debtor could be null and void or reduced.

Limitations on Enforcement

Limitations on Guarantees

Under French financial assistance rules provided for by Article L.225-216 of the French *Code de commerce*, a French stock company is prohibited from guaranteeing or securing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition.

Under French corporate benefit rules provided for by Article L.241-3 or L. 242-6 or L. 244-1 of the French *Code de commerce*, a court could subordinate or void any guarantee/security interest and, if payment had already been made under the relevant guarantee/security interest, require that the recipient return the payment to the relevant guarantor/security provider, if the court found that the French guarantor/security provider did not derive an overall corporate benefit from the transaction involving the grant of the guarantee/security interest as a whole. Existence of corporate benefit is a factual matter which must be determined on a case-by-case basis. Based on current case law:

- the company giving the guarantee/security interest must itself receive an actual benefit or advantage (direct or indirect) from the transaction involving the giving of the guarantee/security interest taken as a whole which is commensurate with the liability which it takes on under the guarantee/security interest; and
- the financial commitment assumed by the guarantor/security provider must not exceed its financial capability.

Accordingly, (i) the obligations and liabilities of a French company under its guarantee/security interest for the obligations of a parent company issuing notes will be limited, at any time, to an amount equal to the lesser of (a) the aggregate nominal amount of all notes issued by the parent company and (b) the amount of the proceeds of the notes (if any) (x) directly or indirectly on-lent to the French company and/or any subsidiaries of such French company under intercompany loan or similar arrangements or (y) used by the Issuer to refinance any indebtedness that was previously directly or indirectly, by way of intercompany loans or similar arrangements, on-lent by it or any borrower or guarantor under such indebtedness, to such French company and/or its subsidiaries, in each case outstanding at the date a payment is to be made by such French company under its guarantee/security interest, it being specified that any payment made by a French company under its guarantee/security interest shall automatically reduce *pro tanto* the outstanding amount of the relevant intercompany loans or similar arrangements due by such French company to the parent company or its subsidiaries; and (ii) the obligations and liabilities of a French company for the obligations of any obligor which is its subsidiary will cover all amounts due by such obligor as issuer or borrower under any applicable finance document and as guarantor (the ***Guaranteed Obligor***). However, where such Guaranteed Obligor is not incorporated in France, the amounts payable by the French company under (ii) in respect of the obligations of the Guaranteed Obligor as guarantor, shall be limited as set out in (i) above.

In addition, if a French Guarantor receives, in return for issuing the guarantee, an economic return that is less than the economic benefit such French Guarantor would obtain in a transaction entered into on an arm's-length basis, the difference between the actual economic benefit and that in a comparable arm's-length transaction could be taxable under certain circumstances.

Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and the grantor of the

security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Agent, fail or are unable to take the actions required to perfect any of these liens. Furthermore, it should be noted that neither the Trustee nor the Security Agent shall have any obligation to take any steps or action to perfect any of these liens. In France, pledges over the securities of French subsidiaries in the form a stock company (*société par actions*) that are governed by French law consist of pledges over a securities account (*nantissement de compte de titres*) in which the relevant securities are registered. The securities account pledges will be validly established after execution of a statement of pledge (*déclaration de nantissement de compte titres financiers*) by the grantor of such security interest 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 the relevant French company. 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 cash amount ("soulte")

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

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured in that respect unless otherwise secured by another security interest. Should a holder of the Notes elect not to request the judicial or contractual foreclosure of the securities, an enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. If enforcement is implemented through a public auction procedure, it is possible that the sale price received in any such auction might not reflect the value of the securities.

Parallel Debt—Trust

Under French law, certain "accessory" security interests such as pledges require that the pledgee of a French law security interest and the creditor of the claim secured by such security interest be the same person. Such security interest cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary (*fiduciaire*) under Article 2011 of the French Civil Code or as security agent under article 2328-1 of the French Civil Code. The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent (the ***Parallel Debt***) mirroring the obligations of the Issuer and the Guarantors (as principal obligors) towards the holders of the Notes, as applicable under or in connection with the Indenture, as applicable (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 and the Intercreditor Agreement. The pledges governed by French law will directly secure the Parallel Debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The holders of the Notes will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent (even if they are in some instances direct beneficiaries of the security interests in the Collateral).

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (Cass.com. September 13, 2011 n°10-25533 *Belvédère*) relating to a bond documentation governed by New York law. Such a decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt governed by New York law. 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 or will meet such courts' interpretation of the *Cour de cassation* decision, and therefore the ability of the Security Trustee to enforce the Collateral may be restricted. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim. There is no certainty that the Parallel Debt construction will eliminate the risk of unenforceability under French law.

To the extent that the security interests in the Collateral created to the benefit of the Security Agent as Parallel Debt Creditor under the Parallel Debt construction are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. The holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt.

The Notes Trustee and the Trustee have certain assigned duties and rights under the Indenture, respectively, that become particularly important following Defaults or Events of Default, and acts as trustee in a fiduciary capacity in the best interests of the holders of the Notes, as applicable.

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 commenced in France. However, while substantial comfort may be derived from the above, France has not ratified the Hague Convention of July 1, 1985 on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law.

The Security Documents are granted to the benefit of the Security Agent, as applicable. To the extent that the security interests in the Collateral created to the benefit of the Security Agent are successfully challenged by other parties, holders of the Notes will not be entitled to receive on this basis any proceeds from an enforcement of the security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent.

Fraudulent conveyance

French law contains specific provisions dealing with fraudulent conveyance both in and outside of insolvency proceedings, called *action paulienne* provisions. The *action paulienne* offers creditors

protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such debtor guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such debtor's or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant debtor by, as the case may be, the relevant insolvency officer of the debtor, 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 (according to case law): (i) the debtor performed such acts without an obligation to do so; (ii) the creditor concerned or, in the case of the debtor's insolvency proceedings, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the 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 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, holders of the Notes may not enjoy the benefit of the Notes, as applicable, the Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes, as applicable, the security interests in the Collateral or the Guarantees could also be subject to recovery from the holders of the Notes, as applicable, and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

Recognition of intercreditor arrangements by French courts

There is no law or published decision of the French courts of appeal or of the French Supreme Court (*Cour de cassation*) on the validity or enforceability of the obligations of an agreement such as the Intercreditor Agreement, except for article L.626-30-2 of the French Commercial Code, which states that, in the context of safeguard proceedings, the safeguard plan which is put to the committees of creditors takes into consideration (*prend en compte*) the provisions of subordination agreements between creditors which were entered into prior to the commencement of the safeguard proceedings. As a consequence, except to the extent referred to above (which, as at the date of this Offering Circular, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the Intercreditor Agreement.

Order of priority of certain first-ranking pledges

The Notes will be secured by, among others, French law first-ranking security interests over securities accounts, bank accounts and receivables.

In France, no lien searches are available for security interests which are not registered with a public registry, such as pledges over securities accounts, bank accounts or receivables. As a result, no assurance can be given on the order of priority of such pledges.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the purchase agreement (the ***Purchase Agreement***) dated as of October 27, 2016, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed to purchase, from the Issuer, Notes in an aggregate principal amount set forth therein.

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 Circular, which will be ten business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+10"). 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 Circular or the following ten 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.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page of this Offering Circular. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchaser without notice.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof. Sale of the Notes may be made through affiliates of the Initial Purchasers or through registered broker-dealers.

The Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchaser may be required to make in respect thereof.

The Issuer and the Guarantors have agreed not to, and not to allow their subsidiaries or other affiliates over which they or they exercise management or voting control, or any other person acting on their behalf, without the prior written consent of the Representative, sell, offer to sell, contract to sell, or otherwise dispose of any other debt securities issued or guaranteed by the Issuer or any of its subsidiaries that are substantially identical to the Notes or any securities issued or guaranteed by the Issuer or any of its subsidiaries that are convertible or exchangeable for such debt securities issued or guaranteed by the Issuer or any of its subsidiaries that are substantially identical to the Notes, during a period of 90 days from the date of the Purchase Agreement (if the sale of the Notes by the Issuer and the Guarantors to the Initial Purchasers shall have occurred).

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the ***Securities Act***). The Initial Purchasers have agreed that they will only offer or sell the Notes (A) in the United States to investors who the seller reasonably believes to be "qualified institutional buyers" in reliance on Rule 144A, and (B) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S. Terms used above have the meanings given to them by Rule 144A and Regulation S.

Any offer or sale of the Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the U.S. Exchange Act. In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this Offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Notice to Investors*".

Each Initial Purchaser will represent, warrant and agree in the Purchase Agreement that it:

(1) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(2) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Circular or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See "*Notice to Investors*".

This Offering Circular has been prepared on the basis that this offering of Notes will be made pursuant to an exemption under Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU (the ***2010 PD Amending Directive***), to the extent implemented in each member state of the European Economic Area (the ***EEA***) which has implemented such directive (a ***Relevant Member State***) and includes any relevant implementing measure in each Relevant Member State) (the ***Prospectus Directive***) as implemented in member states of the EEA, from the requirement to produce and publish an offering circular which is compliant with the Prospectus Directive, as so implemented, for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA or a Relevant Member State of the Notes, which are the subject of the placement referred to in this Offering Circular must only do so in circumstances in which no obligation arises for the Issuer to produce and publish an offering circular which is compliant with the Prospectus Directive, including Article 3 thereof, as so implemented for such offer.

The Issuer and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbor of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading the Notes on the Euro MTF Market. However, there can be no assurance that the Notes will be approved for listing or that such listing will be maintained.

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, and there can be no assurance that the prices at which the Notes will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this Offering. Accordingly, there can be no assurance as to the liquidity of or the trading market for the Notes. See "*Risk Factors—Risk Factors—Risks Related to Our Financial Profile and the Notes—The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*".

In connection with the offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over-allot the offering 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. See "*Risk Factors—Risks Related to Our Financial Profile and the Notes—The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited*".

Certain Relationships

The Initial Purchasers or their respective affiliates are full-service financial institutions engaged in various activities, including securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates have, from time to time, performed, and may in the future perform, various consulting, financial advisory, investment banking, commercial lending, capital markets services for Mobilux 2 SAS and its subsidiaries and affiliates, for which they received or will receive customary fees and expenses. In addition, each Initial Purchaser or their respective affiliates may be currently engaged as mergers and acquisitions advisors to Mobilux 2 SAS and its subsidiaries and affiliates or other interested parties, and each Initial Purchaser or their respective affiliates may advise such parties from time to time on other transactions in the future.

In the ordinary course of their various business activities, each Initial Purchaser or their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of the Issuer. Each Initial Purchaser or their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Certain affiliates of the Initial Purchaser are investors in certain of the Target or its subsidiaries' existing securities, including the 2019 Notes. Certain Initial Purchasers and/or their respective affiliates are lenders under the Existing Revolving Credit Facility of the Group which will be terminated in connection with the Transactions. In addition, certain Initial Purchasers and/or their respective affiliates have bilateral commitments and exposures to entities of the Group.

Goldman Sachs International is an affiliate of Goldman Sachs European Special Situations Group, which is one of the members of the private equity consortium, which is the seller in connection with the Acquisition. The proceeds of the Offering will be used to partially fund the Acquisition. See "*Use of Proceeds*".

BNP Paribas, Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V., acting through its French branch and RBC Capital Markets, the investment banking division of Royal Bank of Canada are the coordinating mandated lead arrangers and mandated lead arrangers under the Super Senior Revolving Credit Facility. In addition, the Initial Purchasers or their respective affiliates, in their capacity as lenders, will also be lenders under the new Super Senior Revolving Credit Facility. BNP Paribas is acting as agent and security agent under the Super Senior Revolving Credit Facility. See "*Description of Certain Financing Arrangements—Super Senior Revolving Credit Facility"*.

BNP Paribas will be acting as security agent for the Notes.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes.

The Notes have not been and will not be registered under the Securities Act or any other applicable securities laws, and may not be offered, sold or delivered in the United States, except pursuant to an effective registration statement or in a transaction not subject to the registration requirements of the Securities Act or in accordance with an applicable exemption from the registration requirements and those other laws. Accordingly, the Notes are being offered and sold only (i) to investors that the seller reasonably believes to be qualified institutional buyers (as defined in Rule 144A under the Securities Act) in a private sale exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and any other applicable securities laws and (ii) to certain persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the Securities Act. We use the terms "offshore transaction," and "United States" with the meanings given to them in Regulation S.

Each purchase of the Notes is subject to restrictions on transfer as summarized below. By purchasing the Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

(1) The purchaser understands and acknowledges that:

- The Notes have not been registered under the Securities Act or any other securities laws, and the Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.

(2) The purchaser is not an affiliate (as defined in Rule 144A) of us or the Issuer, that the purchaser is not acting on behalf of us or the Issuer and that either:

- the purchaser is a qualified institutional buyer (as defined in Rule 144A), is aware that the sale to it is being made in reliance on Rule 144A and is purchasing the Notes for its own account or for the account of another qualified institutional buyer; or
- the purchaser is acquiring the Notes in an offshore transaction outside the United States pursuant to Regulation S.

(3) The purchaser represents that it is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only: (a) to us; (b) under a registration statement that has been declared effective under the Securities Act; (c) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A; (d) through offers and sales that occur outside the United States within the meaning of Regulation S; or (e) under any other available exemption from the registration requirements of the U.S. Securities Act; in each case in compliance with any applicable state securities laws; subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control.

The purchaser of the Notes also acknowledges that:

(1) the above restrictions on resale will apply from the closing date until the date after which such Note, as applicable, may be freely transferred pursuant to Rule 144A or 40 days after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes, as applicable, or any predecessor of the Notes, as applicable (the ***Resale Restriction Period***), and will not apply after the applicable Resale Restriction Period ends;

(2) if a holder of Notes proposes to resell or transfer the Notes under clause (3)(e) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee, as applicable, a letter from the purchaser in the form set forth in the Indenture, as applicable, which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the Securities Act;

(3) we and the Trustee, as applicable, reserve the right to require in connection with any offer, sale or other transfer of the Notes under clauses (d), (e) and (f) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee, as applicable; and

(4) each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ***SECURITIES ACT***), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE ***RESALE RESTRICTION TERMINATION DATE***) THAT IS [*IN THE CASE OF RULE 144A NOTES*: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR ANY PREDECESSOR OF THIS SECURITY) AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY)] [*IN THE CASE OF REGULATION S NOTES*: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF THE REGULATION S)], ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. [*IN THE CASE OF REGULATION S NOTES*: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

(5) The purchaser has received a copy of the Offering Circular relating to the Offering of the Notes and acknowledges that (a) neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to it with respect to us or the Offering and the sale of the Notes other than the information contained in this Offering Circular and (b) it has had access to such financial and other information and has been offered the opportunity to ask questions of us and received answers thereto, as it deemed necessary in connection with the decision to purchase the Notes or Notes.

(6) The purchaser understands that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and agrees that if any of the representations and acknowledgements deemed to have been made by it by its purchase of the Notes are no longer accurate, the purchaser shall promptly notify us and the Initial Purchasers. If the purchaser is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, acknowledgements and agreements on behalf of such account.

(7) The purchaser: (a) is able to fend for itself in the Transactions contemplated by this Offering Circular; (b) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.

(8) Either (a) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any Plan or governmental or church plan subject to Similar Law or entity whose underlying assets are considered to include "plan assets" of any such Plan, account or arrangement or (b) the purchase and holding of the Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

(9) The purchaser acknowledges that the Registrar will not be required to accept for registration of transfer any Notes acquired by the purchaser, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.

(10) The purchaser agrees that it will give to each person to whom it transfers these Notes (including the Guarantees) notice of any restrictions on the transfer of the Notes (including the Guarantees).

(11) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Company, the Guarantors or the Initial Purchasers that would permit a public offering of the Notes (including the Guarantees, as applicable) or the possession, circulation or distribution of this Offering Circular or any other material relating to the Company, the Guarantors or the Notes (including the Guarantees) in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes (including the Guarantees) will be subject to the selling restrictions set forth under "*Plan of Distribution*".

(12) The purchaser acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

For the purposes of this notice, the Notes include interests or rights in the Notes, as applicable, held in Euroclear or Clearstream, Luxembourg or any other clearing system.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Debevoise & Plimpton LLP as to matters of U.S. Federal and New York State law, English law and French law (other than matters of French tax law) and by Clifford Chance, France on matters of French tax law. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Clifford Chance LLP as to matters of U.S. Federal and New York State law, English law and French law (including matters of French tax law).

STATUTORY AUDITORS

The consolidated financial statements of Décomeubles Partners SAS as of and for the years ended June 30, 2014, 2015 and 2016 have been audited by PricewaterhouseCoopers Audit and Ernst & Young et Autres, statutory auditors, as stated in their reports dated September 3, 2014, September 2, 2015 and July 29, 2016, respectively, English translations of which appear herein.

PricewaterhouseCoopers Audit and Ernst & Young et Autres are both members of the *Compagnie régionale des commissaires aux comptes de Versailles*.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer and the Guarantors are organized under the laws of France. Each of the Security Documents relating to the Collateral is governed by the laws of France. The Indenture (including the Guarantees), the Notes and the Guarantees are governed by New York law. The Intercreditor Agreement is governed by English law. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against 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, 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 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.

France

Our French counsel has advised us that the United States and France are not party to a treaty providing for 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, enforceable in the United States, 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 proceedings brought in the form of an adversarial application if the civil court is satisfied that the following six 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 non-French 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 is not contrary to French international public policy rules (both substantive public policy and general rules regarding due process):
- the U.S. judgment is not contrary to French international public policy rules as applied by French courts in respect of matters of substance;
- the U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there is no risk of conflict with proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment;
- the rights of the defendant were respected in the U.S. Federal or state court proceedings (French courts may check in particular that service was properly effected, that the facts were properly proved by reference to elements other than mere statements by the plaintiff and that the defendant had the opportunity of appealing to the extent an appeal was possible in the relevant court, in particular by having had knowledge of the judgment in sufficient time); 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. 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 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 Hague Convention of 18 March 1970 on the Taking of Evidence Abroad in Civil or Commercial Matters) or French procedural rules to obtain evidence in France or from French persons.

Similarly, French data protection rules (French Law No. 78 17 of January 6, 1978 on data processing, data files and individual liberties, as most recently modified by French Law No. 2014-344 of March 17, 2014) (*Loi Hamon*) and French Ordinance No 2016-462 of April 14, 2016) 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.

We have been advised by our French counsel that if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French rules of conflict if its application contravenes French international public policy rules. 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.

Our French counsel has also advised us that according to Article 15 of the French Civil Code (*Code civil*), a party may always bring in France an action against a French national (either a company or an individual). However, according to French 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, according to Article 14 of the French Civil Code, a French national may decide to bring an action before the French courts, regardless of the nationality of the defendant. However, according to French 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. The rights granted under Articles 14 and 15 of the French Civil Code may be waived, 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 contrary to the principles of foreseeability and legal certainty. 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.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchaser will be furnished with a copy of this Offering Circular and, to the extent provided to such Initial Purchaser by the Issuer, any related amendment or supplement to this Offering Circular. Each person receiving this Offering Circular and any related amendments or supplements to this Offering Circular 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 any Initial Purchaser or any person affiliated with any Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decisions; 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 information or representation should not be relied upon as having been authorized by the Company or any Initial Purchaser.

So long as the Notes are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, make available to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to us at Décomeubles Partners SAS, 1 Avenue Spinoza, ZAC de Malnoue 77184 Emerainville, Attention: Philippe Lederman.

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

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, copies of the Issuer's organizational documents, the Indenture, as applicable, and our most recent consolidated financial statements published by us may be inspected and obtained at the office of the Paying Agent in Luxembourg. See "*Listing and General Information*".

LISTING AND GENERAL INFORMATION

Listing

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market in accordance with the rules and regulations of the Luxembourg Stock Exchange. 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, to the extent and in the same manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organizational documents of the Issuer;
- the bylaws of the Issuer and the Guarantors;
- the Guarantees and Security Documents;
- our most recent audited consolidated financial statements, and any interim financial statements published by us on a quarterly basis; and
- the Indenture (which includes the form of the Notes), as applicable.

It is expected that the approval in connection with the listing of the Notes on the Official List of the Luxembourg Stock Exchange and the admission of the Notes to trading on the Euro MTF Market will be granted by the Luxembourg Stock Exchange after the issuance of the Notes, respectively. Transactions will normally be effected for settlements in euros and for delivery on the third business day after the day of the transaction.

We have appointed Deutsche Bank AG, London Branch as paying agent and Deutsche Bank Luxembourg S.A. as transfer agent to make payments on, when applicable, and transfers of the Notes for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market and Deutsche Bank Luxembourg S.A. as listing agent. We reserve the right to change this appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the same manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Application may be made to the Luxembourg Stock Exchange to have the Notes removed from listing on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, including if necessary to avoid any new withholding taxes in connection with the listing.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, the Notes will be freely transferable and negotiable.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream.

	ISIN	Common Code
Regulation S Global Notes	XS1512670412	151267041
Rule 144A Global Notes	XS1512671063	151267106

Legal Information

The Issuer

The Issuer, **Mobilux Finance SAS**, is a limited liability company (*société par actions simplifiée*) incorporated under the laws of France on July 25, 2016. On the date of this Offering Circular, the

business address of the Issuer is 8, rue François Villon, 75015 Paris, France. On or around the Completion Date, the business address of the Issuer will be transferred to 1 Avenue Spinoza, ZAC de Malnoue, 77184 Emerainville, France. The Issuer is registered with the Paris Trade and Commerce Register under number 821 716 032. On the Issue Date, the Issuer's share capital was €1, divided into 1 fully paid share, with a nominal value of €1 per share. The Issuer is wholly-owned by Mobilux Acquisition SAS (referred to in this Offering Circular as Bidco), which is a private limited liability company (*société par actions simplifée*) incorporated under the laws of France. Mobilux Acquisition SAS is directly wholly-owned by Mobilux 2 SAS, a private limited liability company (*société par actions simplifée*) incorporated under the laws of France, which in turn is wholly-owned by Mobilux 1 SAS, a private limited liability company (*société par actions simplifée*) incorporated under the laws of France, which is in turn owned by Mobilux S.à r.l., a private limited liability company (*sociéte à responsabilité limitée*) incorporated under the laws of Luxembourg.

The Issuer's principal field of activity is to act as an investment holding company and group finance company, and to provide financial assistance to the Group and to coordinate the business of any corporate bodies in which the Issuer is directly or indirectly interested, and to acquire (whether by original subscription, tender, purchase, exchange or otherwise) the whole or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by any person and any other asset of any kind and to hold the same as investments, and to sell, exchange and dispose of the same. The Issuer does not have any business operations or material assets or liabilities other than those incurred in connection with its incorporation and the Transactions.

The Issuer's financial year, as of the date hereof, runs from August 1 to July 31 and, as of the Completion Date, will be changed so as to run from July 1 to June 30.

The offering of the Notes by the Issuer was authorized by a shareholders' written resolution dated October 27, 2016.

Guarantors

As of June 30, 2016, the Guarantors and the Issuer would have represented 88.4% of the total assets of the Group on a non-consolidated combined basis (before intercompany eliminations). For the year ended June 30, 2016, the Guarantors and the Issuer would have been responsible for 88.0% of the Group's total combined recurring operating profit before depreciation and amortization, and other operating income and expense on the same non-consolidated combined basis (before intercompany eliminations). The foregoing figures do not give any *pro forma* effect to the completion of the Yvrai Acquisition by the Group on September 1, 2016.

Issue Date Guarantors

Bidco, **Mobilux Acquisition SAS**, is a limited liability company (*société par actions simplifiée*) incorporated on May 13, 2016 under the laws of France. On the date of this Offering Circular, the business address of Bidco is 8, rue François Villon, 75015 Paris, France. On or around the Completion Date, the business address of Bidco will be transferred to 1 Avenue Spinoza, ZAC de Malnoue, 77184 Emerainville, France. The entirety of Bidco's share capital is directly held by the Parent Guarantor. On the Issue Date, Bidco's share capital was €1, divided into 1 fully paid share, with a nominal value of €1 per share.

Bidco's field of activity is to carry on general commercial business for its own account, including the holding of majority or minority interests in any company and the provision of any type of consulting or advisory services.

Bidco's financial year, as of the date hereof, runs from August 1 to July 31 and, as of the Completion Date, will be changed so as to run from July 1 to June 30. Bidco will publish annual non-consolidated financial statements as required by French law. These annual non-consolidated financial statements will be filed with the registrar office of the commercial court no later than eight months following the end of the financial year as required by French law.

The Guarantee by Bidco was authorized by a shareholders' written resolution dated October 27, 2016.

From and after the Completion Date, Bidco will directly own 100% of the share capital of Décomeubles Partners SAS, which in turn directly owns 100% of the share capital of BUT SAS. As such, Bidco will directly or indirectly own 100% of the assets and operations of the Group.

The Parent Guarantor, **Mobilux 2 SAS**, is a limited liability company (*société par actions simplifiée*) incorporated on May 17, 2016 under the laws of France. The Parent Guarantor's registered office is 8, rue François Villon, 75015 Paris, France. The entirety of the Parent Guarantor's share capital is held by Mobilux 1 SAS, a limited liability company (*société par actions simplifiée*) incorporated under the laws of France. On the Issue Date, the Parent Guarantor's share capital was €1, divided into 1 fully paid share, with a nominal value of €1 per share.

The Parent Guarantor's field of activity is to carry on general commercial business for its own account, including the holding of majority or minority interests in any company and the provision of any type of consulting or advisory services.

The Parent Guarantor's financial year, as of the date hereof, runs from August 1 to July 31 and, as of the Completion Date, will be changed so as to run from July 1 to June 30. The Parent Guarantor will publish annual non-consolidated financial statements as required by French law. These annual non-consolidated financial statements will be filed with the registrar office of the commercial court no later than eight months following the end of the financial year as required by French law.

The Parent Guarantor is managed by its president (*président*) under the supervision of its supervisory board (*Conseil de Surveillance*). The Parent Guarantor's supervisory board also approves the principal decisions made by the Parent Guarantor, including those listed below under "*Management—Bidco—Management Board*". The Parent Guarantor's supervisory board is composed of four members, with each of our Sponsors appointing two members. The table below sets forth the names and ages (as of June 30, 2016) of the four members of the Parent Guarantor's Supervisory Board.

Name	Age	Position
Marco Herbst	44	Member
Gregory Lai	37	Member
Matthias Ley	34	Member
Dr. Andreas Seifert	61	Member

Marco Herbst, 44, is a partner at CD&R and joined the firm in 2006. He is currently a Director of Motor Fuel Group and was a Director of B&M Retail and British Car Auctions. Before joining CD&R, Marco worked for Duke Street Capital and Merrill Lynch & Co. Marco is a graduate of Universitá Commerciale Luigi Bocconi in Milan, Italy.

Gregory Lai, 37, is a principal at CD&R. Gregory is currently a Director of Motor Fuel Group and was a Director of B&M Retail. Previously, he worked at Mubadala Development Company, where he helped to establish Mubadala Capital. Prior to that, he worked in the Investment Banking Division of Citigroup. Gregory graduated from ESCP-EAP European School of Management in Paris.

Dr. Andreas Seifert, 61, is the chief operating officer of XXXLutz KG and the ultimate beneficial owner of WM Holding. He is currently a member of the management board of several companies of the XXXLutz Group, and is chief executive officer of XXXLutz Verwaltungs GmbH. He is also a member of the supervisory board of German furniture discounter Poco Einrichtungsmärkte GmbH. He is a graduate of Wirtschaftsuniversität of Vienna, Austria and holds a doctorate in law from the University of Vienna.

Matthias Ley, 34, is a managing director at WM Holding. Since 2014, Matthias is also an Investment manager at XXXLutz KG and LSW Privatstiftung, both based in Wels, Austria. From 2012 to 2014, he was Head of Operations at MagicLine GmbH. Matthias is a graduate of the University of Applied Sciences Wr. Neustadt and holds an M.B.A. from IESE Business School.

The Guarantee by the Parent Guarantor was authorized by a shareholder's written resolution dated October 27, 2016.

The Parent Guarantor directly owns 100% of the share capital of Bidco, which, from and after the Completion Date, will directly own 100% of the share capital of Décomeubles Partners SAS. As such, from and after the Completion Date, the Parent Guarantor will directly or indirectly own 100% of the assets and operations of the Group.

The Target and other Subsidiary Guarantors

Décomeubles Partners SAS's registered office is located at 1 Avenue Spinoza, ZAC de Malnoue, 77184 Emerainville. Décomeubles Partners SAS's field of activity is to carry on general commercial business for its own account.

BUT SAS's registered office is located at 1 Avenue Spinoza, ZAC de Malnoue 77184 Emerainville. BUT SAS's field of activity is all operations relating directly or indirectly to distribution, particularly of home equipment, which activities may contribute to the development of the company, as well as related activities, as set forth in Article 2—"*Objet*" of BUT SAS's articles of association.

BUT International SAS's registered office is located at 1 Avenue Spinoza, ZAC de Malnoue, 77184 Emerainville. BUT International SAS's field of activity is to assist companies, pursuant to standard contracts, particularly by providing services related to organization, management, publicity, professional training, selecting products suppliers, leasing trademarks, marketing, promoting sales, conducting market studies, establishing organizational structures and store equipment relating to furnishings, households and home equipment and, more generally, relating to all consumer goods with the exception of perishable foodstuffs, as well as certain related activities.

Cogesem SAS's registered office is located at 1 Avenue Spinoza, ZAC de Malnoue, 77184 Emerainville. Cogesem SAS's field of activity is to carry on general commercial business.

Significant Change

Except as disclosed in this Offering Circular:

- there has been no material adverse change in our financial position as set forth in our audited consolidated financial statements as of and for the year ended June 30, 2016; and
- we have not been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issue of the Notes, and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

The Issuer accepts responsibility for the information contained in this Offering Circular.

FINANCIAL INFORMATION OF DÉCOMEUBLES PARTNERS SAS

The English-language audited consolidated financial statements for Décomeubles Partners SAS and its subsidiaries as of and for the years ended June 30, 2016, 2015 and 2014 set forth below are translations of the French-language financial statements. In the event of a discrepancy between the French-language financial statements and the English-language financial statements, the French-language version will prevail.

Audited Consolidated Financial Statements of Décomeubles Partners SAS for the year ended June 30, 2016 (English Translation)

Audit report of the statutory auditors F-3
Consolidated Statement of Financial Position as of June 30, 2016 . . . . . F-8
Consolidated Income Statement for the year ended June 30, 2016 . . . . . F-9
Consolidated Statement of Comprehensive Income for the year ended June 30, 2016 . . . . . F-10
Consolidated Statement of Changes in Equity for the year ended June 30, 2016 . . . . . F-11
Consolidated Statement of Cash Flow for the year ended June 30, 2016 . . . . . F-12
Notes to the Consolidated Financial Statements for the year ended June 30, 2016 . . . . . F-13

Audited Consolidated Financial Statements of Décomeubles Partners SAS for the year ended June 30, 2015 (English Translation)

Audit report of the statutory auditors F-55
Consolidated Statement of Financial Position as of June 30, 2015 . . . . . F-60
Consolidated Income Statement for the year ended June 30, 2015 . . . . . F-61
Consolidated Statement of Comprehensive Income for the year ended June 30, 2015 . . . . . F-62
Consolidated Statement of Changes in Equity for the year ended June 30, 2015 . . . . . F-63
Consolidated Statement of Cash Flow for the year ended June 30, 2015 . . . . . F-64
Notes to the Consolidated Financial Statements for the year ended June 30, 2015 . . . . . F-65

Audited Consolidated Financial Statements of Décomeubles Partners SAS for the year ended June 30, 2014 (English Translation)

Audit report of the statutory auditors F-113
Consolidated Statement of Financial Position as of June 30, 2014 . . . . . F-118
Consolidated Income Statement for the year ended June 30, 2014 . . . . . F-119
Consolidated Statement of Comprehensive Income for the year ended June 30, 2014 . . . . . F-120
Consolidated Statement of Changes in Equity for the year ended June 30, 2014 . . . . . F-121
Consolidated Statement of Cash Flow for the year ended June 30, 2014 . . . . . F-122
Notes to the Consolidated Financial Statements for the year ended June 30, 2014 . . . . . F-123

Décomeubles Partners

Statutory Auditors' report on the consolidated financial statements

For the year ended 30 June 2016

PricewaterhouseCoopers Audit
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Simplified joint-stock company with variable share capital

Statutory Auditors' report on the consolidated financial statements

For the year ended 30 June 2016

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

Décomeubles Partners

1, avenue Spinoza
77184 Emerainville,
France

To the sole Shareholder,

In compliance with the assignment entrusted to us by the sole shareholder, we hereby report to you, for the year ended 30 June 2016, on:

- the audit of the accompanying consolidated financial statements of Décomeubles Partners;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Chairman. Our role is to express an opinion on these financial statements based on our audit.

I—Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as 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.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 30 June 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note C.7 "Other assets" to the consolidated financial statements regarding the terms and repayment schedule of a €20 million loan granted to a supplier placed in receivership in February 2016.

II—Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

– Goodwill in the consolidated statement of financial position amounted to €127,209,000 at 30 June 2016. Note B.3 "Consolidation" to the consolidated financial statements describes accounting policies concerning, in particular, business combinations. Notes B.6 "Intangible assets", C.1 "Business combinations" and C.2 "Goodwill" to the consolidated financial statements provide details on identified assets and liabilities and their value, as well as residual goodwill resulting from acquisitions completed over the past two years. As part of our assessment, we reviewed the procedures implemented in order to identify and assess the assets and liabilities acquired, and the calculation of goodwill, and verified that they were properly recorded in the consolidated financial statements. The Group tests goodwill and indefinite-lived assets for impairment on an annual basis and assesses evidence of impairment in long-term assets. We examined the methods used to implement these impairment tests and verified that the notes to the consolidated financial statements provide appropriate disclosures.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III—Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, 29 July 2016

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Edouard Sattler	Bruno Bizet

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

at 30 June 2016

This report has 45 pages.

Décomeubles Partners SAS
Annual IFRS consolidated financial statements at 30 June 2016

Contents

Consolidated statement of financial position *F-8*
Consolidated income statement *F-9*
Consolidated statement of comprehensive income *F-10*
Consolidated statement of changes in equity *F-11*
Consolidated statement of cash flows *F-12*
Notes to the consolidated financial statements *F-13*
A *Significant events over the past two reporting periods* *F-13*
A.1 Scope of consolidation *F-13*
A.2 Other significant events over the past two reporting periods *F-14*
B *Accounting policies* *F-14*
B.1 Statement of compliance *F-14*
B.2 Basis of preparation *F-14*
B.3 Consolidation *F-15*
B.4 Foreign currency translation *F-16*
B.5 Property, plant and equipment *F-16*
B.6 Intangible assets *F-17*
B.7 Impairment *F-17*
B.8 Assets held for sale *F-18*
B.9 Financial instruments *F-18*
B.10 Inventories *F-21*
B.11 Cash and cash equivalents *F-21*
B.12 Income tax *F-21*
B.13 Employee benefits *F-22*
B.14 Provisions *F-23*
B.15 Revenue recognition *F-23*
B.16 Other operating income and expense *F-24*
B.17 Financial income and expense *F-24*
B.18 Leases *F-24*
B.19 Dividends *F-25*
B.20 Contingent assets and liabilities *F-25*
B.21 Events after the reporting date *F-25*
B.22 Impact of new standards, amendments and interpretations *F-25*
B.23 Use of estimates *F-26*
C *Presentation of financial statements—Statement of financial position* *F-28*
C.1 Business combinations *F-28*
C.2 Goodwill *F-29*
C.3 Other intangible assets *F-30*
C.4 Property, plant and equipment *F-32*
C.5 Investments in associates and joint ventures *F-33*
C.6 Derivative instruments with a positive fair value *F-34*
C.7 Other assets *F-34*
C.8 Inventories *F-34*
C.9 Trade and other receivables *F-35*
C.10 Cash and cash equivalents *F-35*
C.11 Assets held for sale and discontinued operations *F-35*
C.12 Share capital *F-36*
C.13 Retirement benefit obligations *F-36*
C.14 Provisions *F-39*
C.15 Deferred tax *F-39*
C.16 Loans and borrowings *F-41*
C.17 Trade and other payables *F-43*
C.18 Cash flows *F-43*

D		***Presentation of financial statements—Income statement***	***F-44***
	D.1	**Revenue**	***F-44***
	D.2	**Cost of sales**	***F-44***
	D.3	**Personnel expenses**	***F-44***
	D.4	**External expenses**	***F-45***
	D.5	**Other income and expense from operations**	***F-45***
	D.6	**Other operating income and expense**	***F-45***
	D.7	**Cost of debt**	***F-46***
	D.8	**Other financial income and expense**	***F-46***
	D.9	**Income tax**	***F-46***
E		***Presentation of the financial statements—off-balance sheet items***	***F-47***
	E.1	**Financial instruments**	***F-47***
	E.2	**Risk management**	***F-49***
	E.3	**Contingent liabilities**	***F-50***
	E.4	**Commitments**	***F-50***
	E.5	**Related-party transactions**	***F-52***
F		***List of consolidated companies***	***F-53***
G		***Events after the end of the reporting period***	***F-53***

Décomeubles Partners SAS

Annual IFRS consolidated financial statements at 30 June 2016

Consolidated statement of financial position

	Note	30 June 2016	30 June 2015
		(in € thousands)	
Assets			
Goodwill	C.2	127,209	127,209
Other intangible assets	C.3	71,006	68,262
Property, plant and equipment	C.4	99,994	99,751
Investments in equity-accounted companies	C.5	—	—
Non-current derivatives with a positive fair value	C.6	—	3,634
Other non-current assets	C.7	34,898	33,025
Deferred tax assets	C.15	—	—
Non-current assets		**333,107**	**331,881**
Inventories	C.8	288,096	276,695
Trade and other receivables	C.9	92,184	74,125
Income tax receivables		48	48
Current derivatives with a positive fair value	C.6	6,903	16,167
Other current assets	C.7	1,088	188
Cash and cash equivalents	C.10	237,268	56,498
Current assets		**625,587**	**423,721**
Assets held for sale	C.11	270	9,143
Total assets		**958,964**	**764,745**
Equity and liabilities			
Share capital	C.12	173,972	173,972
Reserves		(61,239)	(65,880)
Other comprehensive income (loss)		(606)	6,513
Profit for the period		9,248	4,638
Equity attributable to owners of the Company		**121,375**	**119,243**
Non-controlling interests		—	—
Total equity		**121,375**	**119,243**
Loans and borrowings	C.16	257,214	188,179
Provision for retirement benefit obligations	C.13	21,335	17,715
Non-current provisions	C.14	24,486	20,308
Deferred tax liabilities	C.15	33,890	34,546
Non-current liabilities		**336,925**	**260,748**
Loans and borrowings	C.16	6,870	5,525
Trade and other payables	C.17	462,568	353,194
Current provisions	C.14	26,110	23,221
Income tax payables		5,003	931
Bank overdrafts	C.10	113	82
Current liabilities		**500,664**	**382,953**
Liabilities related to assets held for sale		—	1,801
Total equity and liabilities		**958,964**	**764,745**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements at 30 June 2016

Consolidated income statement

	Note	30 June 2016 (12 months)	30 June 2015 (12 months)
		(in € thousands)	
Continuing operations			
Retail revenue		1,364,600	1,200,759
Other revenue		114,032	97,407
Revenue	D.1	**1,478,632**	**1,298,166**
Cost of sales	D.2	(868,708)	(773,353)
Gross profit		**609,924**	**524,813**
Personnel expenses	D.3	(236,915)	(214,431)
Taxes other than on income		(19,324)	(18,307)
External expenses	D.4	(271,122)	(237,730)
Other income from operations	D.5	24,958	25,259
Other expense from operations	D.5	(18,580)	(14,545)
Recurring operating profit before depreciation, amortisation and impairment, and other operating income and expense		**88,941**	**65,059**
Other operating income and expense	D.6	(12,135)	**(6,398)**
Depreciation, amortisation and impairment of non-current assets	C.3; C.4	(30,886)	(31,542)
Operating profit		**45,920**	**27,119**
Cost of debt	D.7	(20,744)	(16,281)
Interest income		380	175
Other financial income and expense	D.8	(5,071)	(2,851)
Share of profit (loss) of equity-accounted companies	C.5	83	(67)
Profit before income tax		**20,568**	**8,095**
Income tax	D.9	(11,001)	(3,230)
Profit from continuing operations		**9,567**	**4,865**
Discontinued operations			
Profit (loss) from discontinued operations	C.11	(318)	(227)
Profit for the period		**9,249**	**4,638**
Attributable to:			
Owners of the Company		9,249	4,638
Non-controlling interests		—	—
Profit for the period		**9,249**	**4,638**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements at 30 June 2016

Consolidated statement of comprehensive income

	Note	30 June 2016 (12 months)	30 June 2015 (12 months)
		(in € thousands)	
Profit for the period		**9,249**	**4,638**
Exchange differences on translating foreign operations		80	(626)
Effective portion of cash flow hedges	C.6	(9,729)	15,011
Income tax relating to items that may be subsequently reclassified to profit or loss	D.9	3,946	(5,763)
Total items that may be subsequently reclassified to profit or loss		**(5,703)**	**8,622**
Actuarial gains and losses on retirement benefit obligations	C.13	(2,158)	118
Income tax on items that will not be subsequently reclassified to profit or loss	D.9	743	(41)
Total items that will not be subsequently reclassified to profit or loss		**(1,415)**	**77**
Total other comprehensive income (loss)		**(7,118)**	**8,699**
Comprehensive income		**2,131**	**13,337**
Attributable to:			
Owners of the Company		2,131	13,337
Non-controlling interests		—	—
Comprehensive income		**2,131**	**13,337**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements at 30 June 2016

Consolidated statement of changes in equity

	Share capital	Consolidated reserves	Translation reserves	Other comprehensive income (loss) for the period	Total	Non-controlling interests	Total equity
			(in € thousands)				
Equity at 30 June 2014	**233,972**	**(67,233)**	**191**	***(2,377)***	**164,553**	**—**	**164,553**
Profit for the period		**4,638**	**—**	**—**	**4,638**	**—**	
Exchange differences on translating foreign operations			**(626)**				
Effective portion of cash flow hedges				***9,248***			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**(626)**	***9,248***	**8,622**		
Actuarial gains and losses on retirement obligations				**77**			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	***77***	**77**		
Comprehensive income (loss)	**—**	***4,638***	***(626)***	***9,325***	***13,337***	**—**	***13,337***
Dividends					**—**	**—**	**—**
Change in share capital and share premium	**(60,000)**				**(60,000)**	**—**	**(60,000)**
Share-based payment					**—**	**—**	**—**
Other movements(*)		**1,353**			**1,353**	**—**	**1,353**
Equity at 30 June 2015	**173,972**	**(61,242)**	**(435)**	***6,948***	**119,243**	**—**	**119,243**
Profit for the period		**9,249**	**—**	**—**	**9,249**		
Exchange differences on translating foreign operations			**80**				
Effective portion of cash flow hedges				***(5,783)***			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**80**	**(5,783)**	**(5,703)**		
Actuarial gains and losses on retirement obligations				***(1,415)***			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**(1,415)**	**(1,415)**		
Comprehensive income (loss)	**—**	***9,249***	***80***	***(7,198)***	***2,131***	**—**	***2,131***
Dividends					**—**	**—**	**—**
Change in share capital and share premium					**—**	**—**	**—**
Share-based payment					**—**	**—**	**—**
Other movements		**1**	**2**	***(2)***	**1**	**—**	**1**
Equity at 30 June 2016	**173,972**	**(51,992)**	**(353)**	***(252)***	**121,375**	**—**	**121,375**

(*) Reflecting the impact of applying IFRIC 21—Levies as of 1 July 2014.

Décomeubles Partners SAS

Annual IFRS consolidated financial statements at 30 June 2016

Consolidated statement of cash flows

	Note	30 June 2016 (12 months)	30 June 2015 (12 months)
		(in € thousands)	
Profit for the period before income tax		20,250	7,868
Adjustments for:			
Depreciation, amortisation and impairment of non-current assets		30,678	31,649
Additions to provisions		9,631	3,315
Net (gain) loss on disposals		(6,793)	(1,407)
Net financial expense		20,364	16,281
Share of profit (loss) of equity-accounted companies		(83)	67
Other non-cash items		3,438	(2,195)
		77,485	**55,578**
(Increase) decrease in inventories		(11,077)	(11,757)
(Increase) decrease in trade and other receivables		(21,537)	5,015
Increase (decrease) in trade and other payables		112,177	26,570
Income tax paid		(4,606)	(6,715)
Net cash flows from operating activities (A)		**152,442**	**68,691**
Dividends received		—	—
Proceeds from sales of property, plant and equipment and intangible assets		17,241	7,554
Proceeds from sales of other non-current assets			
Proceeds from sales of subsidiaries		—	—
Acquisitions of property, plant and equipment and intangible assets		(31,890)	(34,143)
Acquisitions of subsidiaries		—	—
Acquisitions of non-consolidated companies		—	—
(Increase) decrease in other financial assets		(322)	(1,233)
Net cash flows used in investing activities (B)		**(14,971)**	**(27,822)**
Net cash flows before financing activities		**137,471**	**40,869**
Dividends paid		—	—
Proceeds from issues of borrowings		66,890	—
Repayment of borrowings		(4,325)	(2,526)
Increase (decrease) in capital		—	(60,000)
Net interest paid		(17,450)	(11,022)
Other movements		(1,892)	(19,133)
Net cash flows from (used in) financing activities (C)		**43,223**	**(92,681)**
Impact of changes in exchange rates (D)		44	80
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	**C.18**	**180,738**	**(51,732)**
Cash and cash equivalents at beginning of period		56,416	108,148
Cash and cash equivalents at end of period		237,154	56,416

Décomeubles Partners SAS ("the Company") was incorporated on 17 December 2007 and is domiciled in France. The address of the Company's registered office is 1, avenue Spinoza, 77184 Emerainville, France. The Company has been owned by Fair Finance SARL-SCA since 27 June 2014 and is ultimately controlled and managed by a consortium of investment funds, comprising Colony Capital, Goldman Sachs and OP Capita (formerly Merchant Equity Partners).

The Company purchased the But Group from Kesa Electricals on 31 March 2008.

In June 2016, a consortium made up of the financial investor Clayton, Dubilier & Rice (CD&R) (50%) and WM Holding (50%) made a bid to acquire Décomeubles. CD&R has in-depth knowledge of the retail industry and the French market. WM Holding is an investment vehicle owned by Andreas Seifert, a renowned entrepreneur with extensive experience in our industry and the co-founder of XXXL Lutz group, the European number 3 in the retail industry.

The Company's reporting period closes on 30 June.

The IFRS consolidated financial statements for the 12-month period ended 30 June are the Company's annual financial statements. The IFRS consolidated financial statements comprise the Company and its subsidiaries and investments in associates (hereafter referred to collectively as "the Group" and individually as a "subsidiary").

At 30 June 2016, the Group directly operated 186 stores in France (30 June 2015: 185 stores). It is one of France's largest self-service retailers for furniture (beds, kitchens, living rooms, interior decoration) and electrical goods, categorised as white (domestic appliances such as refrigerators, washing machines, microwaves, coffee machines and irons) and brown (all audiovisual products such as flat-screen televisions, DVD players, MP3 players and camcorders). The Group also offers financing services to its customers within the scope of a partnership with Cetelem.

At 30 June 2016, 110 stores were operated by independent franchisees to which the Group provides advertising, marketing, logistics and IT services (30 June 2015: 108 stores operated by franchisees).

The Group also owns five distribution centres in France.

A Significant events over the past two reporting periods

A.1 Scope of consolidation

The table set out in Note F provides a list of Décomeubles Partners' subsidiaries and shows the Company's ownership interest in each entity at 30 June 2016.

Changes in the year ended 30 June 2015

No new subsidiaries were consolidated by the Group during the period. However, the Group acquired the operations of six stores following Mobilier Européen group's receivership proceedings.

Changes in the year ended 30 June 2016

During the period, the Group fully consolidated its subsidiary Filiabut1 for the first time and disposed of its non-controlling interest in Cofiser.

- **Purchase commitments relating to the companies owning the stores operated by the Yvrai group**

On 21 November 2011, But International and the Yvrai group signed an agreement under which the Décomeubles Group could acquire the companies owning the stores operated by YDEF or the Yvrai group by 20 June 2020 at the latest. The Yvrai group also had a put option granted by But International which could be exercised in the event of a change of control of Décomeubles.

In April 2016, the Group exercised its call option on the shares it held in the But stores operated by Yvrai Distribution Equipement du Foyer (YDEF). The Group will acquire the 18 stores operated by the YDEF group on 1 September 2016 for €48 million.

A Significant events over the past two reporting periods (Continued)

A.2 Other significant events over the past two reporting periods

- **Consolidated debt refinancing**

The Group carried out a new €66 million bond issue in August 2015, supplementing the initial June 2014 issue worth €180 million.

- **Capital reduction**

At the beginning of the reporting period ended 30 June 2015, the Company reduced its capital by reimbursing its sole shareholder a total amount of €60 million.

- **Property transactions**

In the year ended 30 June 2016, the Group finalised the sale of four sites classified within assets held for sale at 30 June 2015.

In the year ended 30 June 2016, the Group sold the buildings of two sites.

- **Logistics operations reorganised**

In June, the Group opened a new warehouse in the Paris region.

- **Tax audits**

On 16 December 2015, the parent company Décomeubles Partners and its subsidiary But SAS received two tax adjustment proposals from the French tax authorities following a tax audit covering the period from 1 July 2011 to 30 June 2014. The parent company challenged these adjustment proposals within the allotted time frame. An agreement on a counter proposal is currently being finalised for Décomeubles. The Group has recognised a specific provision in this respect.

B Accounting policies

B.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) at the date of preparation of the financial statements.

The standards and interpretations applied in order to prepare the consolidated financial statements also comply with IFRS as published by the International Accounting Standards Board (IASB).

The financial statements were approved and authorised for issue on 27 July 2016 by the Chairman.

B.2 Basis of preparation

The consolidated financial statements were prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as discussed in the accounting policies below.

Assets acquired in business combinations, particularly property, were measured at fair value at the acquisition date.

The principal accounting policies used in dealing with items considered material in relation to the financial statements are set out below. These policies have been consistently applied.

Financial data is presented in thousands of euros.

B Accounting policies (Continued)

B.3 Consolidation

All consolidated companies have a 30 June year-end, except for B'Sourcing, Cofiser and Compagnie du SAV, whose year-end is 31 December. As the profit generated by these companies is calculated over the Group's reporting period for consolidation purposes, the impact on the consolidated financial statements is not material.

B.3.1 Subsidiaries

The Group fully consolidates the entities that it controls pursuant to IFRS 10—Consolidated Financial Statements. The Group controls an entity and consolidates it as a subsidiary if the following three criteria are met:

- the investor has power to direct the key activities of the entity;
- the investor has the right to variable returns from its involvement with the entity;
- the investor has the ability to use its power over the entity to affect the amount of the entity's returns.

Subsidiaries are deconsolidated from the date that control ceases.

Intercompany transactions and balances and gains on transactions between Group companies are eliminated on consolidation. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.3.2 Joint ventures

The Group recognises investments in associates (entities over which it has significant influence) and joint ventures by the equity method. In accordance with IFRS 11—Joint Arrangements, a joint venture is a joint arrangement whereby the parties that have joint control of the entity have rights to the net assets of that entity.

B.3.3 Associates

Associates are all entities over which the Group has the ability to exercise significant influence but not control over the entity's financial and operating policies. Significant influence is presumed to exist when the Group directly or indirectly (through its subsidiaries) owns between 20% and 50% of the voting rights of another entity. Investments in associates are accounted for by the equity method.

The Group's share of its associates' post-acquisition profit or loss is recognised in the income statement. Post-acquisition changes in the value of the Group's interest in associates are adjusted against the carrying amount of the investment, while the Group's share of post-acquisition changes in reserves are recognised within reserves in equity.

Intercompany gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.3.4 Business combinations

Business combinations in which the Group acquires control of one or more businesses are recognised using the acquisition method.

Business combinations occurring after 1 July 2009 are recognised and measured in accordance with the revised IFRS 3. The consideration transferred (acquisition cost) is measured at the fair value of the assets acquired, equity instruments issued and liabilities assumed at the date of exchange.

B Accounting policies (Continued)

The acquiree's identifiable assets and liabilities are measured at their acquisition-date fair value. Costs directly attributable to the business combination are expensed as of the acquisition date within operating income. Any excess of consideration transferred over the Group's share in the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill.

For each business combination, the Group may choose whether to measure non-controlling interests at fair value. In this case, the Group recognises goodwill on all identifiable assets and liabilities (full goodwill method).

Goodwill is determined at the date the acquirer obtains control of the acquiree and is not adjusted after the end of the measurement period. No additional goodwill is recognised on subsequent acquisitions of non-controlling interests. Acquisitions and sales of non-controlling interests are recognised directly in consolidated equity.

If the consideration transferred is less than the Group's share in the acquiree's net assets measured at fair value, the difference is recognised directly in profit or loss for the period.

The accounting for a business combination must be completed with 12 months of the acquisition date (measurement period). This applies to all identifiable assets and liabilities, consideration transferred and non-controlling interests.

In accordance with the revised IFRS 3, companies acquired by the Group are only consolidated as of the date on which the Group obtains control of the companies. Accordingly, commitments given to or received from store owners to purchase or sell securities only result in the consolidation of the companies concerned when the shares of that company are purchased.

B.4 Foreign currency translation

B.4.1 Functional currency

The functional currency of the Group and the parent company is the euro.

B.4.2 Recognition of foreign currency transactions in companies' financial statements

Foreign currency transactions are translated into euros at a monthly exchange rate set by the Treasury department that takes into account any forward purchases. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

B.4.3 Translation of the financial statements of foreign entities

The financial statements of foreign entities consolidated by the Group are translated in accordance with IAS 21, i.e.:

- Assets and liabilities along with the related depreciation and amortisation are translated at the closing exchange rate.
- Income and expenses are translated at the average rate for the period.

The Group's share of any resulting gains or losses is recognised under "Translation reserves" within equity.

B.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

B Accounting policies (Continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method in order to allocate the cost of the assets less their estimated residual value over their estimated useful lives. The useful lives of the main categories of property, plant and equipment are as follows (assets purchased as new only):

Buildings	20 years
Fixtures and fittings	5-20 years
Computers and electronic equipment	3-10 years
Cars and commercial vehicles	4-5 years

The assets' residual values and useful lives are reviewed and adjusted, where appropriate, at the end of each reporting period.

In accordance with IAS 36, when events or changes in circumstances or internal data indicate that an asset may be impaired, it is tested for impairment. An impairment is recognised when the recoverable amount falls below the carrying amount.

Gains and losses on disposals of assets are recognised in profit or loss and calculated by comparing proceeds from the disposal with the carrying amount of the asset sold.

B.6 Intangible assets

B.6.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share in the acquisition-date fair value of the acquiree's net identifiable assets. Goodwill resulting from acquisitions of equity-accounted companies is included in "Investments in equity-accounted companies".

B.6.2 Software

Costs that are directly associated with the production of identifiable and unique software controlled by the Group and expected to generate future economic benefits in excess of costs for one year or more, are recognised as intangible assets. Other costs are expensed as incurred. Direct costs include software development, employee costs and an appropriate portion of overheads.

Amortisation is calculated using the straight-line method in order to allocate the cost of the assets over their estimated useful lives, ranging from one to seven years.

B.6.3 But brand and listing agreements

The following two intangible assets were recognised as part of the purchase price allocation procedure in 2008:

- But brand: the value of the brand is equal to the present value of royalty revenue net of tax over the asset's useful life. Indefinite-lived assets are not amortised but an impairment loss is recognised where appropriate taking into account a terminal value in the calculation.
- Listing agreements: these are amortised using the declining balance method over 10 years, and measured based on the excess earnings method.

B.7 Impairment

Property, plant and equipment along with other intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable, or that the use of the assets may not generate economic benefits in excess of their carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

B Accounting policies (Continued)

Goodwill is allocated to cash-generating units and tested annually for impairment based on value in use. Goodwill is tested more frequently if there are indications that it may be impaired. Each cash-generating unit represents a separate autonomous unit within the Group, where the management of the unit has independent control and responsibility for managing the cash flows of that unit. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The discount rate applied is based on the Group's weighted average cost of capital with appropriate adjustments to reflect the risks associated with the business concerned.

Goodwill is carried at cost less any impairment losses and is tested for impairment each year on 31 March. Impairment charged against goodwill cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

B.8 Assets held for sale

In accordance with IFRS 5, an asset is classified as "held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For a sale to be considered highly probable:

- the appropriate level of management must be committed to a plan to sell the asset;
- an active programme to locate a buyer and complete the plan must have been initiated;
- the sale should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

Following their classification as "held for sale", these assets are measured at the lower of their net carrying amount and fair value less costs to sell.

Profit or loss relating to a group of assets held for sale ("disposal group") must be shown on a separate line of the income statement for current and comparative prior periods, when the group of assets:

- represents either a separate major line of business or geographical area of operations;
- is part of a single, co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Events or circumstances beyond the Group's control may extend the period required to complete the sale or exchange beyond one year. This does not preclude the asset or assets from being classified as held for sale if the Group can demonstrate that it remains committed to the plan to sell or exchange the assets.

B.9 Financial instruments

B.9.1 Non-derivative financial assets

Non-derivative financial assets comprise investments in debt and equity instruments, trade receivables, cash and cash equivalents and loans.

Classification depends on the purpose for which the assets were acquired. Management determines the classification of non-derivative financial assets on initial recognition and reviews this classification at each reporting date.

Financial assets are initially recognised at fair value plus transaction costs for all financial instruments not carried at fair value through profit or loss.

B Accounting policies (Continued)

B.9.1.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the near term, or if designated by management as an asset to be sold in the near term. Assets in this category are presented as current assets on the statement of financial position. Cash and cash equivalents are classified within this category.

Financial assets held for trading are carried at fair value. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

B.9.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group supplies cash, goods or services directly to a debtor with no intention of trading the receivable. Trade receivables are classified in this category and therefore recognised initially at fair value. They are subsequently measured at amortised cost less impairment. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are presented in current assets under trade and other receivables, except those maturing more than 12 months after the end of the reporting period, which are classified as non-current assets.

B.9.1.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method.

B.9.1.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the reporting date. Investments in non-consolidated companies belong to this category. Available-for-sale financial assets are recognised in the financial statements at the transaction date.

Available-for-sale financial assets are recognised at fair value, with gains and losses resulting from changes in fair value taken to equity. When assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are taken to profit or loss as gains and losses on the assets concerned.

In the case of equity securities classified as available-for-sale assets, a significant and prolonged decline in the fair value of the security below its cost is considered an indication of impairment. If any such indication exists for available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the present fair value, less any impairment loss on that financial asset previously recognised in profit or loss—is removed from equity and recognised in the income statement. Impairment losses recognised in profit or loss on equity instruments are not reversed through the income statement.

B.9.2 Non-derivative financial liabilities

Non-derivative financial liabilities comprise borrowings and trade and other payables.

They are recognised initially at fair value, net of transaction costs incurred. Non-derivative financial liabilities are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in profit or loss over the term of the borrowings using the effective interest method.

B Accounting policies (Continued)

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

B.9.3 Derivatives

The Group uses derivative instruments to hedge its currency and interest rate risk exposure.

All derivatives are initially recognised at fair value at the date the derivative agreement is entered into, and are subsequently remeasured to fair value. Any changes in fair value are accounted for as described below.

B.9.3.1 Cash flow hedges

The cash flow hedge accounting model is used for derivatives hedging interest rate and currency risks.

Changes in the fair value of cash flow hedges are recognised directly in other comprehensive income to the extent that the hedge is deemed effective. Changes in fair value attributable to the ineffective portion of the hedge are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset. In all other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the period in which the hedged item itself affects profit or loss.

B.9.3.2 Economic hedges

Hedge accounting is not applicable to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of these derivatives are recognised in profit or loss as part of exchange gains and losses.

B.9.4 Calculation of fair value

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. If the market for a financial instrument is not active, the Group establishes fair value by using valuation techniques such as the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the investment.

The nominal value less estimated credit adjustments of trade receivables and payables is considered to approximate fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

B.9.5 Fair value hierarchy

Financial instruments measured at fair value after initial recognition, i.e., financial instruments at fair value through profit or loss, available-for-sale financial assets and derivative instruments, can be classified based on the following three levels of the fair value hierarchy:

- Level 1: observable (unadjusted) inputs that reflect quoted prices for identical assets or liabilities in active markets.

B Accounting policies (Continued)

- Level 2: inputs other than quoted prices for identical assets or liabilities in active markets that are either directly observable (prices) or indirectly observable (price-based data).
- Level 3: data not based on observable market inputs.

	Notes	IFRS 7 measurement principles	Fair value hierarchy
Financial assets			
Derivatives shown in assets	C.6	Fair value	2
Trade and other receivables	C.9	Amortised cost	N/A
Cash and cash equivalents	B.11; C.10	Fair value	1
Assets held for sale	B.8 & C.11	Fair value	2
Financial liabilities			
Loans and borrowings	C.16	Amortised cost	N/A
Derivatives shown in liabilities	C.18	Fair value	2
Bank overdrafts	B.11; C.10	Fair value	1

B.10 Inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Impairment losses are charged against inventories as described in Note B.23.3.

B.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

B.12 Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current income tax is the expected income tax payable on taxable profit for the year, using tax rates enacted at the end of the reporting period, and adjustments to income tax payable in respect of previous reporting periods.

Deferred taxes are recognised, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are not recognised for temporary differences related to the initial recognition of goodwill. Deferred tax income is not recognised on the initial recognition of assets and liabilities, excluding business combinations that affect neither accounting nor taxable profit. Deferred taxes on temporary differences relating to investments in subsidiaries and equity-accounted companies are only recognised to the extent that they are expected to reverse in the foreseeable future and the Group controls the timing of the reversal. Deferred income tax is determined using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

B Accounting policies (Continued)

Deferred income tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Additional income taxes on dividend payouts are recognised at the same time as the liability to pay the related dividend.

Since 1 May 2008, most of the Group's entities have been members of a tax consolidation group.

In accordance with IAS 12, the Group classifies the CVAE (*Contribution sur la Valeur Ajoutée des Entreprises*) tax as an income tax. As a result, it recognised deferred taxes at 31 December 2009 to reflect the temporary differences existing at that date. This deferred income tax expense was shown on the "Income tax" line. Since 1 January 2010, the total amount of current and deferred CVAE tax expense has been shown on this line.

The basis used to calculate deferred taxes at 31 December 2009 consisted mainly of depreciable and amortisable non-current assets. Since 2010, the exemption set out in IAS 12 regarding the initial recognition of an asset or liability has applied to acquisitions of non-current assets outside the scope of business combinations.

B.13 Employee benefits

a) Short-term employee benefits include wages and salaries, social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses, if payable within 12 months of the end of the reporting period. Short-term employee benefits are measured on an undiscounted basis and are included in operating profit whenever the employees provide the related service. A liability is recognised for the amount corresponding to cash-settled profit-sharing and bonuses, whenever the Group has a legal or constructive obligation to make such payments in exchange for services provided by employees and when a reliable estimate of the obligation can be made.

b) Long-term employee benefits include various retirement plans operated by Group companies. Some of these plans are managed by insurance companies or funds, in accordance with applicable local regulations.

Retirement and other employee benefits include two types of obligation:

- post-employment benefits, including pensions, other retirement benefits and certain post-employment medical care;
- other long-term employee benefits (payable during the employee's active service), mainly including long-service awards.

These obligations are classified as either:

- defined contribution plans, under which the Group has no future commitment since the employer's legal or constructive obligation is limited to the regular payment of contributions which are expensed when due;
- defined benefit plans, whereby the employer guarantees a specified level of future benefits.

The Group's net obligation under post-employment defined benefit plans (including retirement plans) is calculated separately for each plan, by estimating the amount of future benefits to which the Group's employees are entitled in exchange for services rendered in the current and prior periods. This amount is discounted to obtain the present value of the obligation. The fair value of plan assets is then deducted from this amount. The discount rate is the rate of return at the end of the reporting period on high-quality corporate bonds with terms to maturity approximating those of the underlying benefit liability. The Group's obligation is calculated periodically by an independent actuary using the projected unit credit method.

B Accounting policies (Continued)

The liability recognised in the statement of financial position in respect of defined benefit plans represents the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets.

When the value of plan assets exceeds the amount of the Group's obligation, the asset recognised may not exceed the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

When the employees' benefit entitlement increases (or is reduced), the portion of the increase (or decrease) related to past services provided by the employees is recognised immediately in expenses (income) in the income statement. Current service costs, along with administrative fund management costs, are shown within selling and administrative expenses in the income statement. Income and expenses relating to discounting the defined benefit obligation net of plan assets are presented in financial income and expenses.

Remeasurements of the defined benefit obligation, including (i) actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions, (ii) the return on plan assets, excluding amounts recognised in profit or loss, and (iii) changes in the impact of the asset ceiling, are reflected in other comprehensive income.

c) Other long-term employee benefits

Other long-term employee benefits relate essentially to long-service awards and sabbatical leave. The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is equal to the value of the future benefits vested by employees in exchange for services provided during the current and prior periods. The amount of the obligation is determined using the projected unit credit method. It is discounted at a rate based on the return on high-quality corporate bonds with terms to maturity approximating those of the Group's obligations at the end of the reporting period.

Actuarial gains and losses are recognised immediately in selling and administrative expenses in the income statement.

d) Termination benefits

Termination benefits are due on termination of employment before the normal retirement date or when employees accept voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of:

- the date on which the Group can no longer withdraw its offer of indemnities; and
- the date on which the Group recognises the costs of its restructuring plan by planning for the payment of such indemnities.

B.14 Provisions

Provisions are recognised when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be reliably estimated. Provisions are discounted when the time value of money is considered material.

B.15 Revenue recognition

Revenue comprises the fair value of goods and services sold, net of value added tax, rebates and discounts. Revenue is recognised as described below.

B.15.1 Sales of goods

Retail

Sales of goods are recognised at the point of sale of a product to the customer or upon delivery to the customer, whichever is later. Payment for retail sales is usually received in cash or by card.

B Accounting policies (Continued)

The fair value of award credits granted to customers under But's customer loyalty programme is treated as a separate component of the initial sale and recognised as prepaid income. The related revenue is recognised when the award credits are redeemed or expire.

Franchisees

Sales of goods to franchisees are recognised when substantially all of the risks and rewards of ownership of the goods have been transferred, which usually corresponds to the delivery date.

B.15.2 Sales of services

Sales of services are recognised in revenue in the accounting period in which the services are rendered.

The Group generally sells extended warranty agreements on the sale of products. The revenue related to the warranty is recognised in the period in which the transaction takes place. A provision to cover any such warranties granted is recognised at the end of the reporting period.

B.15.3 Royalty and franchise revenue

Royalty and franchise revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement, and is included within other revenue.

B.16 Other operating income and expense

Other operating income and expense includes unusual and material items, notably capital gains and losses on disposals of non-current assets, restructuring costs, acquisition costs arising from business combinations and expenses relating to measures taken to simplify the Group's legal structure.

B.17 Financial income and expense

Financial income and expense is recognised on a time-proportion basis using the effective interest method.

B.18 Leases

Leases in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of minimum lease payments. Assets capitalised as property, plant and equipment are depreciated in accordance with the Group's depreciation policy for similar assets owned outright. Payments made under such leases are charged against the recognised liability and the related interest expense is charged to profit or loss over the entire lease term on a systematic basis.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any financial incentives received from the lessor) are charged to the income statement on a straight-line basis over the entire lease term.

Expenses incurred in respect of operating leases of property are adjusted to reflect the impact of market rent reviews throughout the lease term.

B Accounting policies (Continued)

B.19 Dividends

Dividend income is recognised when the right to receive payment is established.

Dividends paid to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised in the period in which they are paid.

B.20 Contingent assets and liabilities

Contingent assets and liabilities arise from conditions or situations, the outcome of which depends on future events. They are disclosed in the notes to the financial statements.

B.21 Events after the reporting date

The carrying amounts of assets and liabilities at the end of the reporting period are adjusted if there is evidence that subsequent adjusting events require changes to these carrying amounts. These adjustments are made up to the date the financial statements are approved for issue by the Chairman. Other non-adjusting events are disclosed in the notes to the financial statements.

B.22 Impact of new standards, amendments and interpretations

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AT 1 JULY 2015

Since 1 July 2015 the Group has applied the following standards, amendments and interpretations as adopted by the European Union:

- The amendment to IAS 19—Defined Benefit Plans, which clarifies employee contributions.
- As part of the Annual Improvements to IFRSs 2010-2012 Cycle:
  - IFRS 2—Share-Based Payment, which amends vesting, market, performance and service conditions.
  - IFRS 3—Business Combinations (amended in 2008), which clarifies the recognition of contingent consideration.
  - IFRS 8—Operating Segments, which concerns the aggregation of operating segments and the reconciliation of segment assets with total assets.
  - IFRS 13—Fair Value Measurement, which clarifies the measurement of short-term receivables and payables.
  - IAS 16—Property, Plant and Equipment and IAS 38—Intangible Assets, which clarify the proportionate restatement of accumulated depreciation and amortisation in the event of revaluation.
  - IAS 24—Related Party Disclosures, which defines the concept of key management personnel services.

These standards, amendments and interpretations did not have a material impact on the consolidated financial statements or their presentation.

B Accounting policies (Continued)

NEW STANDARDS AND INTERPRETATIONS APPLICABLE IN SUBSEQUENT PERIODS THAT HAVE BEEN ADOPTED BY THE EUROPEAN UNION

The following issued standards and interpretations have been approved by the European Union but their application is not yet mandatory:

a) At the end of May 2014, the IASB published IFRS 15—Revenue from Contracts with Customers. IFRS 15 addresses the recognition and measurement of income arising from contracts with customers, i.e., revenue. The standard will replace IAS 18—Revenue and IAS 11—Construction Contracts, but has not yet been adopted by the European Union and is expected to be applicable for reporting periods beginning on or after 1 January 2018. It adopts a single five-step model framework for recognising all revenue (sales of goods or services, grant of licenses, etc.), as follows:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

The Group is currently assessing the impacts of IFRS 15.

b) In July 2014, the IASB published IFRS 9—Financial Instruments. IFRS 9 will replace IAS 32 and IAS 39, the standards which currently govern the presentation, recognition and measurement of financial instruments. IFRS 9 has three constituent phases: classification and measurement; impairment methodology; and hedge accounting. The main changes introduced by IFRS 9 relate to:

- the rules for classifying and measuring financial assets, which are now based on the business model in which they are managed and their contractual cash flow characteristics;
- the rules for recognising impairment losses on trade receivables, which are now based on “expected” rather than “realised” losses;
- hedge accounting.

IFRS 9 has not yet been adopted by the European Union and is expected to be applicable for reporting periods beginning on or after 1 January 2018. The Group is currently assessing the impacts of IFRS 9.

c) In January 2016, the IASB published IFRS 16—Leases. It will require companies leasing material assets in the course of their operations to recognise a right-of-use asset and a financial liability upon entering into a lease agreement.

IFRS 16 has not yet been adopted by the European Union and is expected to be applicable for reporting periods beginning on or after 1 January 2019. The Group is currently assessing the impacts of IFRS 16.

B.23 Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to use certain estimates and assumptions that can affect the reported amounts of assets and liabilities in the financial statements, contingent assets and liabilities presented in the accompanying notes, and revenues and expenses for the reporting period. Although these

B Accounting policies (Continued)

estimates are based on past experience and other assumptions deemed reasonable in the circumstances, actual results may differ from these estimates.

B.23.1 Retirement benefit obligations

The Group operates defined benefit retirement plans. Plan liabilities are based on actuarial estimates of the present value of future retirement or other benefits that will be payable to members. The most sensitive assumptions involved in calculating the expected liabilities are mortality rates, employee turnover, salary increase rates and discount rates.

B.23.2 Measurement of inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Average cost includes transportation costs to the point of sale and is net of any supplier discounts for volume and early payment, and rebates. Impairment losses on inventories are calculated by product group based on the age of the inventories concerned, in view of the fact that inventory age gives rise to the risk of products in stores becoming obsolete. The amount of impairment recognised takes into account the life cycles of the products in each group.

B.23.3 Estimates of customer warranty and extended warranty provisions

The Group provides a two-year warranty on most of its products. Accordingly, it recognises a provision in the statement of financial position for sales made over the last 24 months and for the average costs of repair for each product group.

The Group recognises the full amount of revenue from sales of extended warranties and sets aside a provision for extended warranties that is written back over the warranty period. Based on a study, the provisioning rate represents between 19% and 25% of revenue recognised, depending on the business concerned.

B.23.4 Estimates of capitalised tax loss carryforwards

The Group may recognise deferred tax assets on tax losses carried forward within the tax consolidation group to the extent of profits forecast in the business plan over the next two years.

B.23.5 Estimates of insurance settlements

The Group recognises insurance settlements receivable based on estimates made by loss adjusters and supplied by its insurer that take into account the costs incurred for the retirement of property, plant and equipment (buildings and equipment) and inventories, as well as for miscellaneous expenses and estimated business interruption losses.

B.23.6 Earn-out clauses (contingent consideration)

The Group regularly acquires franchisees and an earn-out clause is often included in the acquisition agreement. The contingent consideration payable takes into account the consistency of accounting methods, working capital requirements and net debt. Pending the preparation of the definitive financial statements as of the acquisition date, the amount of this contingent consideration is recognised based on management's best estimates.

C Presentation of financial statements—Statement of financial position

C.1 Business combinations

C.1.1 Year ended 30 June 2016

The Group fully consolidated its subsidiary Filiabut1 for the first time on 1 July 2015. This consolidation did not have a material impact on the financial statements.

C.1.2 Year ended 30 June 2015

On 1 December 2014, But International acquired the operations of the Vitry, Herblay, Orgeval, Ezanville, Claye Souilly and Créteil stores for an amount of €2 million, following Mobilier Européen group's receivership proceedings.

Provisional negative goodwill arising on these transactions was calculated as follows:

	Consolidation date: 1 December 2014
	(in € thousands)
Property, plant and equipment	1,377
Inventories	—
Trade and other receivables	—
Cash and cash equivalents	—
Other assets	1,800
Trade and other payables	(260)
Loans and borrowings	—
Bank overdrafts	—
Other liabilities	(726)
Total fair value of net assets acquired	2,191
Non-controlling interests	—
Share of net assets acquired	2,191

	1 December 2014
	(in € thousands)
Acquisition cost paid	(2,000)
Share of net assets acquired	2,191
Negative goodwill	(191)

	1 December 2014
	(in € thousands)
Acquisition cost paid in the period	(2,000)
Cash and cash equivalents acquired	—
Disbursements on acquisitions of subsidiaries	(2,000)

The allocation of the purchase price of these acquisitions had not yet been finalised at 30 June 2015.

The negative goodwill was taken to the income statement during the period under "Other operating income and expense".

The acquisition costs expensed in the period relate mainly to consultancy fees and amount to €295,000.

C Presentation of financial statements—Statement of financial position (Continued)

C.2 Goodwill

Movements in the year ended 30 June 2015

	30 June 2014	Increase	Decrease	Other movements	30 June 2015
			(in € thousands)		
Goodwill	127,209	—	—	—	127,209
Impairment loss	—	—	—	—	—
Carrying amount	**127,209**	**—**	**—**	**—**	**127,209**

Movements in the year ended 30 June 2016

	30 June 2015	Increase	Decrease	Other movements	30 June 2016
			(in € thousands)		
Goodwill	127,209	—	—	—	127,209
Impairment loss	—	—	—	—	—
Carrying amount	**127,209**	**—**	**—**	**—**	**127,209**

All goodwill is allocated to a single CGU (Cash-Generating Unit) called "operating companies", which combines operating activities and financial services.

The decision to use a single combined CGU is justified by the fact that the Group's operational, banking and insurance activities are interdependent. This is because:

Financial activities form a natural fit with and are a connected and ancillary component of the Group's operational activities.

Operational staff in stores sell and manage credit and insurance solutions.

The cash flows generated by operating activities include inflows and outflows relating to financial activities (notably retrocession of commissions and fees for marketing banking products).

But's operating performance is monitored at the level of the Group as a whole.

The amount of goodwill recognised at 31 March 2016 was tested for impairment as described below.

The recoverable amount of consolidated goodwill was calculated using a sum-of-the-parts approach, based on a breakdown of future cash flows between the Group's operating and financial companies. This method enables the specific characteristics of certain Group companies to be taken into account (particularly financial companies, whose book-value equity must meet regulatory requirements).

- The "**operating companies**" were valued using the discounted cash flows method, based on the 2017-2020 business plan.

The main assumptions used to determine future cash flows were:

EBITDA margin:	5.70%
Income tax rate:	34.43%
Change in working capital:	0.0% of revenue
Capital expenditure:	€26 million based on 2020 maintenance outlay
Impairment:	equal to capital expenditure
Discount rate:	10.50%
Growth rate used to extrapolate cash flow forecasts:	1.50%

C Presentation of financial statements—Statement of financial position (Continued)

In the year ended 30 June 2015, the main assumptions used to determine future cash flows were:

EBITDA margin:	3.80%
Income tax rate:	34.43%
Change in working capital:	3.0% of revenue
Capital expenditure:	€12 million based on 2019 maintenance outlay
Impairment:	equal to capital expenditure
Discount rate:	10.90%
Growth rate used to extrapolate cash flow forecasts:	1.50%

- The "**financial companies"** were valued based on the average amount arrived at using the PER (price earnings ratio) method and the DDM (dividend discount model), after deducting the share of profit to be incorporated into equity for regulatory reasons.

Sensitivity based on valuation methods used

- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.2-point increase or decrease in their EBITDA margin to perpetuity would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.5-point increase or decrease in their long-term growth rate would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's financial companies would not result in any impairment of goodwill.

Based on the valuations performed at 31 March 2016, the recoverable amount of the assets tested, net of estimated costs of disposal, is higher than their carrying amounts.

In addition, no evidence of impairment was identified between 31 March 2016 and 30 June 2016. In that period, no major event occurred likely to affect the carrying amount of the items tested for impairment.

C.3 Other intangible assets

Movements in the year ended 30 June 2015

	30 June 2014	Reclassifications and translation reserves	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2015
			(in € thousands)			
Software	29,714	3,424	—	613	(16)	33,735
But brand	46,207	—	—	—	—	46,207
Listing agreements	12,562	—	—	—	—	12,562
Other intangible assets	11,318	(3,590)	(960)	9,327	(90)	16,005
Cost	**99,801**	**(166)**	**(960)**	**9,940**	**(106)**	**108,509**
Amortisation of software	(25,647)	2,045	—	(4,811)	—	(28,413)
Amortisation of listing agreements	(10,690)	—	—	(679)	—	(11,369)
Amortisation of other intangible assets	(510)	(1)	614	(622)	54	(465)
Total amortisation	**(36,847)**	**2,044**	**614**	**(6,112)**	**54**	**(40,247)**
Carrying amount	**62,954**	**1,878**	**(346)**	**3,828**	**(52)**	**68,262**

C Presentation of financial statements—Statement of financial position (Continued)

Movements in the year ended 30 June 2016

	30 June 2015	Reclassifications and translation reserves	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2016
			(in € thousands)			
Software	33,735	6,933	—	566	(2,593)	38,641
But brand	46,207	—	—	—	—	46,207
Listing agreements	12,562	—	—	—	—	12,562
Other intangible assets	16,005	(6,905)	—	8,284	(258)	17,126
Cost	**108,509**	**28**	**—**	**8,850**	**(2,851)**	**114,536**
Amortisation of software	(28,413)	(5)	—	(4,674)	2,592	(30,500)
Amortisation of listing agreements	(11,369)	—	—	(540)	—	(11,909)
Amortisation of other intangible assets	(465)	(24)	—	(633)	1	(1,121)
Total amortisation	**(40,247)**	**(29)**	**—**	**(5,847)**	**2,593**	**(43,530)**
Carrying amount	**68,262**	**(1)**	**—**	**3,003**	**(258)**	**71,006**

Software costs mainly relate to the internally developed sales management system.

Décomeubles recognised two intangible assets—the But brand and listing agreements—as part of the But SAS purchase price allocation procedure.

C Presentation of financial statements—Statement of financial position (Continued)

C.4 Property, plant and equipment

Movements in the year ended 30 June 2015

	30 June 2014	Reclassifications and translation reserves	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2015
			(in € thousands)			
Land	11,573	—	(2,010)	—	(4,157)	5,406
Buildings	37,518	1,066	(4,340)	294	(5,219)	29,319
Fixtures and fittings	17,488	525	(1,301)	48	(1,557)	15,203
Plant and equipment	22,250	777	(44)	566	(159)	23,390
Other property, plant and equipment	146,666	(139)	(1,494)	33,719	(4,949)	173,803
Cost	**235,495**	**2,229**	**(9,189)**	**34,627**	**(16,041)**	**247,121**
Depreciation of buildings	(12,140)	(757)	2,899	(2,775)	2,183	(10,590)
Depreciation of fixtures and fittings	(12,499)	—	1,187	(969)	1,477	(10,804)
Depreciation of plant and equipment	(18,973)	(192)	17	(1,351)	144	(20,355)
Depreciation of other property, plant and equipment	(88,598)	(1,956)	509	(20,423)	4,847	(105,621)
Impairment loss on land	—	—	(844)	—	844	—
Impairment loss on buildings	—	—	(221)	—	221	—
Impairment loss on plant and equipment	—	—	978	(978)	—	—
Impairment loss on other property, plant and equipment	—	—	—	—	—	—
Total depreciation and impairment	**(132,210)**	**(2,905)**	**4,525**	**(26,496)**	**9,716**	**(147,370)**
Carrying amount	**103,285**	**(676)**	**(4,664)**	**8,131**	**(6,325)**	**99,751**

C Presentation of financial statements—Statement of financial position (Continued)

Movements in the year ended 30 June 2016

	30 June 2015	Reclassifications and translation reserves	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2016
			(in € thousands)			
Land	5,406	—	(778)	—	(66)	4,562
Buildings	29,319	1,045	—	5	(1,116)	29,253
Fixtures and fittings	15,203	638	—	—	(1,029)	14,812
Plant and equipment	23,390	962	—	1,099	(1,646)	23,805
Other property, plant and equipment	173,803	(954)	—	26,705	(12,421)	187,133
Cost	**247,121**	**1,691**	**(778)**	**27,809**	**(16,278)**	**259,565**
Depreciation of buildings	(10,590)	—	—	(2,108)	935	(11,763)
Depreciation of fixtures and fittings	(10,804)	(348)	—	(580)	880	(10,852)
Depreciation of plant and equipment	(20,355)	(271)	—	(1,284)	1,620	(20,290)
Depreciation of other property, plant and equipment	(105,621)	(1,079)	—	(22,151)	12,186	(116,665)
Impairment loss on land	—	—	508	(508)	—	—
Impairment loss on buildings	—	—	—	—	—	—
Impairment loss on plant and equipment	—	—	—	(14)	14	—
Impairment loss on other property, plant and equipment	—	—	—	—	—	—
Total depreciation and impairment	**(147,370)**	**(1,698)**	**508**	**(26,645)**	**15,635**	**(159,570)**
Carrying amount	**99,751**	**(7)**	**(270)**	**1,164**	**(643)**	**99,995**

Land and buildings mainly comprise retail outlets, warehouses and offices.

Property, plant and equipment in progress are recognised within "Other property, plant and equipment" and amounted to €6,520,000 at 30 June 2016 (€19,650,000 at 30 June 2015).

Property, plant and equipment includes €23,490,000 in assets held under finance leases (30 June 2015: €20,689,000). The related accumulated depreciation at the end of the reporting period was €6,757,000 (30 June 2015: €4,245,000).

C.5 Investments in associates and joint ventures

On 15 June 2016, the Group sold its equity-accounted investments Cofiser and Compagnie du SAV, which provide after-sales services to the Group's customers (see Note F for a list of consolidated companies).

C Presentation of financial statements—Statement of financial position (Continued)

C.6 Derivative instruments with a positive fair value

	Non-current	Current
	(in € thousands)	
Value of derivatives at 30 June 2014	**—**	**114**
New derivatives subscribed	2,483	
Change in fair value: effective portion (other comprehensive income impact)	1,086	13,925
Change in fair value: ineffective portion (profit or loss impact)	65	2,128
Value of derivatives at 30 June 2015	**3,634**	**16,167**
New derivatives subscribed	290	
Change in fair value: effective portion (other comprehensive income impact)	(2,886)	(6,844)
Reclassification	(2,183)	2,183
Change in fair value: ineffective portion (profit or loss impact)	1,145	(4,603)
Value of derivatives at 30 June 2016	**—**	**6,903**

Derivative instruments contracted by the Group correspond solely to call options and forward purchases of US dollars. The value of the derivatives recognised at 30 June 2016 no longer takes into account counterparty default risk, which amounted to €3,000 at year-end (€13,000 was recognised at 30 June 2015).

C.7 Other assets

	30 June 2016	30 June 2015
	(in € thousands)	
Deposits for commercial premises	12,409	11,897
Other deposits and guarantees	—	—
Investments in non-consolidated companies	23	31
Loans and bond debentures	22,466	21,097
Total other non-current assets	**34,898**	**33,025**
Loans and bond debentures	1,085	184
Marketable securities excluding cash equivalents	3	4
Total other current assets	**1,088**	**188**

In March 2015, But International granted a loan to one of its main suppliers for an amount of €20 million. The supplier in question was placed in receivership in February 2016. At 30 June 2016, third parties had taken over the business. Because the supplier's ongoing business with the Décomeubles Group is important to its recovery, the buyers renegotiated the terms of the loan. The loan is now repayable on 31 December 2023, less any exceptional impairment before that date. In view of the above, no impairment was charged against the loan granted to the supplier in the financial statements.

C.8 Inventories

	30 June 2016	30 June 2015
	(in € thousands)	
Goods for resale, gross	290,893	279,981
Impairment	(2,797)	(3,286)
Carrying amount	**288,096**	**276,695**

C Presentation of financial statements—Statement of financial position (Continued)

C.9 Trade and other receivables

	30 June 2016	30 June 2015
	(in € thousands)	
Trade receivables	51,461	38,245
Impairment of trade receivables	(1,946)	(1,654)
Carrying amount	**49,515**	**36,591**
Deposits and advance payments to suppliers	2,572	4,743
Tax and social security receivables	19,359	14,233
Amounts receivable on sales of fixed assets	88	986
Other receivables	15,526	12,939
Impairment of other receivables	(380)	(2,180)
Prepaid expenses	5,504	6,813
Other receivables	**42,669**	**37,534**
Total trade and other receivables	**92,184**	**74,125**

At 30 June 2016, trade receivables primarily comprised (i) accrued rebates granted by suppliers for listing them within But stores (€24.1 million), (ii) customer deferred debit payments due after the end of the reporting period (€9.3 million), and (iii) amounts due from franchisees.

C.10 Cash and cash equivalents

	30 June 2016	30 June 2015
	(in € thousands)	
Cash at bank and in hand	32,069	29,675
Short-term deposits and monetary funds (SICAV)	205,199	26,823
Total	**237,268**	**56,498**
Current bank overdrafts and accrued interest not yet due	(113)	(82)
Cash and cash equivalents in the statement of cash flows	**237,155**	**56,416**

C.11 Assets held for sale and discontinued operations

	30 June 2016	30 June 2015
	(in € thousands)	
Intangible assets	—	346
Land	270	5,242
Buildings	—	3,082
Fixtures and fittings	—	117
Plant and equipment	—	26
Other property, plant and equipment	—	6
Goods for resale	—	324
Assets and disposal groups held for sale	**270**	**9,143**
Deferred tax liabilities	—	1,801
Liabilities related to assets held for sale	**—**	**1,801**

C Presentation of financial statements—Statement of financial position (Continued)

But City was sold during the period.

	30 June 2016	30 June 2015
	(in € thousands)	
Discontinued operations		
Retail revenue	1,001	2,021
Other revenue	47	108
Revenue	**1,048**	**2,129**
Cost of sales	(706)	(1,505)
Gross profit	**342**	**624**
Personnel expenses	(204)	(468)
Taxes other than on income	(22)	(10)
External expenses	(440)	(752)
Other income from operations		
Other expense from operations	6	(1)
Recurring operating profit (loss) before depreciation and amortisation, and other operating income and expense	**(318)**	**(607)**
Other operating income and expense	—	379
Depreciation, amortisation and impairment of non-current assets		
Operating profit (loss)	**(318)**	**(228)**
Other financial income and expense		
Profit (loss) before income tax	**(318)**	**(228)**
Income tax	—	—
Profit (loss) from discontinued operations	**(318)**	**(228)**

C.12 Share capital

The Group's share capital amounted to €173,971,720 at 30 June 2016, comprising 233,971,720 shares with a par value of around €0.74.

C.13 Retirement benefit obligations

C.13.1 Defined contribution plans

In France, the main retirement benefits are provided through collective bargaining agreements. The Group also provides a supplementary defined contribution plan (Supplementary Pension Plan) for its managerial-grade employees (*cadres*). In the year ended 30 June 2016, the Group paid €717,000 in respect of this plan (€674,000 in the year ended 30 June 2015).

C.13.2 Defined benefit plans

The Group is required to pay lump sums (retirement indemnities) to employees when they retire from service.

A qualified, independent actuary updated the actuarial valuations of the Group's defined benefit plans at 30 June 2016. The principal assumptions made by the actuary were:

	30 June 2016	30 June 2015	30 June 2014
Discount rate	1.40%	2.10%	2.50%
Expected rate of return on plan assets	1.40%	2.10%	2.50%
Salary increase rate	0.5%-1%	0.5%-1%	0.5%-1%
Long-term inflation	1.75%	1.75%	2.00%

C Presentation of financial statements—Statement of financial position (Continued)

The expected rate of return on plan assets is the same as the discount rate used to measure the defined benefit obligation, as required in IAS 19.

The amounts recognised in the statement of financial position were calculated as follows:

	30 June 2016	30 June 2015	30 June 2014
		(in € thousands)	
Present value of unfunded obligations	21,604	17,977	16,432
Present value of funded obligations			
Total present value of obligations	**21,604**	**17,977**	**16,432**
Fair value of plan assets	269	262	255
Funding shortfall/surplus	**21,335**	**17,715**	**16,177**
Unrecognised past service cost	—	—	—
Share-based payment	—	—	—
Provision recognised in respect of defined benefit obligations	**21,335**	**17,715**	**16,177**

The amounts recognised in the income statement were calculated as follows:

	30 June 2016	30 June 2015	30 June 2014
		(in € thousands)	
Current service cost	1,309	1,165	1,006
Interest expense	401	438	474
Expected return on plan assets	(5)	(6)	(7)
Amortisation of past service cost	—	—	—
Total	**1,705**	**1,597**	**1,473**

Interest expense is recognised in financial income and expense.

Changes in the provision for defined benefit obligations during the period are analysed below:

	30 June 2016	30 June 2015	30 June 2014
		(in € thousands)	
Change in scope of consolidation	—	489	164
Provision for defined benefit obligations at beginning of period	**17,715**	**16,177**	**13,743**
Benefits paid	(243)	(430)	(209)
Current service cost	1,309	1,165	1,006
Interest expense	401	438	474
Expected return on plan assets	(5)	(6)	(7)
Amortisation of past service cost			
Actuarial gains and losses recognised in other comprehensive income	2,158	(118)	1,006
Provision for defined benefit obligations at end of period	**21,335**	**17,715**	**16,177**

Cumulative actuarial gains and losses are recognised in other comprehensive income.

	30 June 2016	30 June 2015	30 June 2014
		(in € thousands)	
Cumulative amount at beginning of period	3,772	3,890	2,884
Amount recognised during the period	2,158	(118)	1,006
Cumulative amount at end of period	**5,930**	**3,772**	**3,890**

C Presentation of financial statements—Statement of financial position (Continued)

The impact of experience adjustments on the benefit obligations was as follows:

	30 June 2016	30 June 2015	30 June 2014
		(in € thousands)	
Asset experience			
(Gain)/loss during the period	(2)	—	(40)
(Gain)/loss expressed as a percentage of plan assets	-0.7%	0.0%	-15.7%
Liability experience			
(Gain)/loss during the period	(57)	(496)	(687)
(Gain)/loss expressed as a percentage of defined benefit obligations	-0.3%	-2.8%	-4.2%
Liability assumptions			
(Gain)/loss during the period	2,294	378	1,678
(Gain)/loss expressed as a percentage of defined benefit obligations	10.6%	2.1%	10.2%
Net			
Defined benefit obligations	(21,604)	(17,977)	(16,432)
Fair value of plan assets	269	262	255
Funded status	**(21,335)**	**(17,715)**	**(16,177)**

The following table shows plan assets broken down by type of investment:

Allocation of plan assets	30 June 2016	30 June 2015	30 June 2014
		(in percentage)	
Government bonds	81.5%	84.4%	82.8%
Property	6.4%	5.7%	6.1%
Equities	12.1%	9.9%	11.1%
Total	**100.0%**	**100.0%**	**100.0%**

Contributions are not paid in respect of any of these investments and the investments are not quoted in an active market.

A 0.15-point increase or decrease in the discount rate applied would have the following impacts on retirement benefit obligations:

- Increasing the rate to 1.55 % would decrease the obligations to €21,083,000.
- Decreasing the rate to 1.25 % would increase the obligations to €22,142,000.

This type of plan is not exposed to a significant longevity risk, and an increase of one year in life expectancy would have an impact of less than 0.5%.

The plan's exposure to inflation risk is significant as salary increases take inflation into account.

Exposure to the return risk on high-quality corporate bonds is significant as this variable is taken into account when determining the discount rate.

The services provided are expected to give rise to the following cash flows:

	Less than 1 year	From 1 to 2 years	From 3 to 5 years	More than 5 years
		(in € thousands)		
Maturities	86	168	1,473	19,877

C Presentation of financial statements—Statement of financial position (Continued)

C.14 Provisions

Movements in the year ended 30 June 2015

	30 June 2014	Increase	Decrease		Change in scope of consolidation and reclassifications	30 June 2015
			Used	Unused		
			(in € thousands)			
Provision for after-sales warranties	11,374	576	(468)	—	—	11,482
Provision for extended warranties and insurance	23,247	8,603	(6,117)	—	—	25,733
Other	6,501	1,990	(1,127)	(1,050)	—	6,314
Total	**41,122**	**11,169**	**(7,712)**	**(1,050)**	**—**	**43,529**
o/w Non-current liabilities	19,290	8,724	(561)	(580)	(6,565)	20,308
o/w Current liabilities	21,832	2,445	(7,151)	(470)	6,565	23,221

Movements in the year ended 30 June 2016

	30 June 2015	Increase	Decrease		Change in scope of consolidation and reclassifications	30 June 2016
			Used	Unused		
			(in € thousands)			
Provision for after-sales warranties	11,482	1,577	(123)	—	—	12,936
Provision for extended warranties and insurance	25,733	11,291	(6,812)	—	—	30,212
Other	6,314	3,448	(518)	(1,796)	—	7,448
Total	**43,529**	**16,316**	**(7,453)**	**(1,796)**	**—**	**50,596**
o/w Non-current liabilities	20,308	11,975	(404)	(73)	(7,320)	24,486
o/w Current liabilities	23,221	4,341	(7,049)	(1,723)	7,320	26,110

Other provisions correspond to provisions for claims, disputes and other risks. The decrease in other provisions is mainly due to the reversal of provisions in respect of Cofiser's deficit net worth.

C.15 Deferred tax

C.15.1 Deferred tax movements

Movements in deferred tax assets and liabilities (before offsetting taxes levied by the same taxation authority as permitted by IAS 12) are shown in the table below:

	30 June 2016	30 June 2015
	(in € thousands)	
Deferred tax assets		
Balance at beginning of period	—	8
Income (loss) for the period	(65)	2,533
Income tax recognised in equity	87	33
Change in scope of consolidation and reclassifications	(22)	(2,574)
Balance at end of period	**—**	**—**

C Presentation of financial statements—Statement of financial position (Continued)

	30 June 2016	30 June 2015
	(in € thousands)	
Deferred tax liabilities		
Balance at beginning of period	(34,546)	(32,469)
Income (loss) for the period	(2,212)	370
Income tax recognised in equity	4,647	(6,548)
Reclassifications within liabilities relating to assets held for sale	—	—
Change in scope of consolidation and reclassifications	(1,779)	4,101
Balance at end of period	**(33,890)**	**(34,546)**

C.15.2 Deferred tax sources

	SOFP	SOFP	Movements in the period		Movements in the period	
	30 June 2016	30 June 2015	30 June 2016	(12 months)	30 June 2015	(12 months)
			in equity and reclassifications	in the income statement	in equity and reclassifications	in the income statement
			(in € thousands)			
Deferred tax assets						
Intangible assets			—	—	—	—
Property, plant and equipment	55	65	(1)	(9)	—	(9)
Inventories	70	151	(255)	174	(1,009)	1,020
Other assets	3,613	1,975	994	644	(994)	488
Retirement benefit obligations	7,346	6,099	744	503	128	401
Provisions	2,609	2,395	167	47	466	(410)
Other liabilities	6,132	6,520	70	(458)	(584)	(166)
Tax losses carried forward	6,028	5,851	44	133	—	1,757
Total	**25,853**	**23,056**	**1,763**	**1,034**	**(1,993)**	**3,081**
Deferred tax liabilities						
Intangible assets	(16,134)	(16,320)	—	186	—	233
Property, plant and equipment	(2,147)	(2,798)	(1,801)	2,452	1,359	1,671
Inventories			—	—	—	—
Other assets	(1,633)	(4,969)	2,357	979	(4,175)	(686)
Provisions	(18,901)	(18,327)	740	(1,314)	601	(2,386)
Other liabilities	(20,928)	(15,188)	(126)	(5,614)	(780)	990
Total	**(59,743)**	**(57,602)**	**1,170**	**(3,311)**	**(2,995)**	**(178)**
Deferred tax assets (liabilities)	**(33,890)**	**(34,546)**				
Deferred tax assets in the SOFP	—	—				
Deferred tax liabilities in the SOFP	(33,890)	(34,546)				
Net	**(33,890)**	**(34,546)**				
Deferred tax (income)/expense			**2,933**	**(2,277)**	**(4,988)**	**2,903**

Other deferred tax liabilities relate mainly to extended warranties.

C Presentation of financial statements—Statement of financial position (Continued)

C.15.3 Tax losses

Tax losses are shown below:

	30 June 2016			30 June 2015		
	Deferred tax base	Recognised deferred tax	Unrecognised deferred tax	Deferred tax base	Recognised deferred tax	Unrecognised deferred tax
	(in € thousands)					
Tax losses carried forward in respect of:						
—Entities not included in the tax consolidation group	2,113	349	(0)	2,689	—	444
—Entities included in the tax consolidation group						
—Tax losses generated before entering the tax consolidation group	33,215	2,283	9,153	37,271	—	12,832
—Tax losses and thin capitalisation interest generated after entering the tax consolidation group	20,780	3,397	3,758	36,755	5,851	6,804
Total	**56,108**	**6,029**	**12,910**	**76,715**	**5,851**	**20,080**

C.16 Loans and borrowings

C.16.1 Other loans and borrowings

	30 June 2016	30 June 2015
	(in € thousands)	
Bond issue	246,000	180,000
Other bank loans and borrowings—more than 12 months	1,853	—
Current accounts with other third parties—more than 12 months	—	—
Finance leases—more than 12 months	13,698	13,547
Loan issuance costs—more than 12 months	(4,337)	(5,368)
Other loans and borrowings—non current	**257,214**	**188,179**
Other bank loans and borrowings—less than 12 months	80	10
Current accounts with other third parties—less than 12 months	—	18
Finance leases—less than 12 months	3,363	3,219
Accrued interest	5,329	3,908
Loan issuance costs—less than 12 months	(1,902)	(1,630)
Other loans and borrowings—current	**6,870**	**5,525**
Total other loans and borrowings	**264,084**	**193,704**

C Presentation of financial statements—Statement of financial position (Continued)

C.16.2 Terms and repayment schedule

All loans and borrowings are denominated in euros.

	Amount in consolidated SOFP			Contractual cash flows			
At 30 June 2015	**Floating rate**	**Fixed rate**	**Total**	**Total**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**
				(in € thousands)			
Bond issue		180,000	180,000	235,920	9,403	226,517	—
Other bank loans and borrowings	—	10	10	11	11	—	—
Current accounts with other third parties	—	18	18	18	18	—	—
Finance leases	12,243	4,523	16,766	19,714	3,808	5,829	10,077
Accrued interest	—	3,908	3,908	3,908	3,908	—	—
Loan issuance costs			(6,998)				
Total	**12,243**	**188,459**	**193,704**	**259,571**	**17,148**	**232,346**	**10,077**

	Amount in consolidated SOFP			Contractual cash flows			
At 30 June 2016	**Floating rate**	**Fixed rate**	**Total**	**Total**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**
				(in € thousands)			
Bond issue		246,000	246,000	304,224	12,814	291,410	—
Other bank loans and borrowings	—	1,965	1,965	2,456	172	673	1,611
Current accounts with other third parties	—	—	—	—	—	—	—
Finance leases	11,639	5,422	17,061	19,623	3,878	6,655	9,090
Accrued interest	—	5,329	5,329	5,329	5,329	—	—
Loan issuance costs			(6,239)				
Total	**11,639**	**258,716**	**264,116**	**331,632**	**22,193**	**298,738**	**10,701**

Contractual cash flows correspond to future repayments of principal and interest due.

a) Bond issue

On 27 June 2014, the Group issued a €180,000,000 bond on the Luxembourg market, which was supplemented in August 2015 by an additional €66,000,000 bond issue.

The main terms and conditions of the bond are as follows:

- Maturity: 15 September 2019
- Interest: based on a fixed rate of 7⅜%, payable on 15 March and 15 September each year.

b) Senior revolving facility

In the year ended 30 June 2014, the Group took out a revolving line of credit for a maximum amount of €30 million. No amounts were drawn down from this credit line in the period.

C.16.3 Finance leases

	30 June 2015			
	Less than 1 year	**From 2 to 5 years**	**More than 5 years**	**Total**
		(in € thousands)		
Future minimum lease payments	3,808	5,829	10,077	19,714
Interest expense	(579)	(1,196)	(1,164)	(2,939)
Value of future minimum lease payments	**3,229**	**4,633**	**8,913**	**16,775**

C Presentation of financial statements—Statement of financial position (Continued)

	30 June 2016			
	Less than 1 year	From 2 to 5 years	More than 5 years	Total
	(in € thousands)			
Future minimum lease payments	3,878	6,655	9,090	19,623
Interest expense	(507)	(1,107)	(948)	(2,562)
Value of future minimum lease payments	**3,371**	**5,548**	**8,142**	**17,061**

C.17 Trade and other payables

	30 June 2016	30 June 2015
	(in € thousands)	
Trade payables	263,082	186,186
Deposits and advance payments received on orders	68,827	47,949
Tax and social security liabilities	76,616	64,829
Payables to fixed asset suppliers	13,927	14,315
Other payables	28,826	28,426
Prepaid income	11,290	11,489
Total	**462,568**	**353,194**

Trade payables settled by means of reverse factoring amounted to €9.2 million at 30 June 2016 (€9 million at 30 June 2015).

The Group is eligible for the CICE tax credit (introduced in France to encourage competitiveness and boost employment) and obtained CICE pre-financing from BPI totalling €4.4 million at 30 June 2016, shown in "Tax and social security liabilities".

Other payables mainly include purchasing rebates to be repaid to franchisees.

C.18 Cash flows

At 30 June 2016, cash and cash equivalents amounted to €237,154,000 (see Note C.10), a year-on-year increase of €180,738,000. Amounts impacting cash and cash equivalents are shown in the consolidated statement of cash flows.

Operating activities

In the year ended 30 June 2016, net cash flows from operating activities amounted to €152,442,000, breaking down as follows:

- cash flows from operations before net finance costs and income tax totalling €77,485,000;
- income tax paid totalling €4,606,000, primarily relating to the CVAE tax;
- changes in working capital, excluding tax, resulting in a positive €79,563,000 impact on cash, due chiefly to the increase in trade and other payables.

Investing activities

The main components of net cash flows relating to investing activities were:

- cash outflows relating to acquisitions of property, plant and equipment, intangible assets and other financial assets, net of disposals, in an amount of €14,971,000. The Group finalised the sale of four sites classified within assets held for sale at 30 June 2015.

C Presentation of financial statements—Statement of financial position (Continued)

Financing activities

Net cash flows relating to financing activities represented a total inflow of €43,223,000, and essentially comprised:

- the supplementary €66,890,000 bond issue;
- debt servicing for €21,775,000;
- the loan granted to a supplier for €2,374,000.

D Presentation of financial statements—Income statement

D.1 Revenue

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Store sales	1,200,076	1,056,839
Franchisee sales	164,524	143,920
Retail revenue	**1,364,600**	**1,200,759**
Services provided to franchisees	16,824	15,777
Product listings	8,139	7,190
Sales of extended warranties and insurance	50,206	38,336
Insurance services	10,569	10,715
Other	28,294	25,389
Other revenue	**114,032**	**97,407**
Total	**1,478,632**	**1,298,166**

D.2 Cost of sales

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Purchases	(829,850)	(733,011)
Increase in inventories	10,823	12,232
Impairment of inventories	(8,940)	(8,305)
Cost of sales excluding logistics costs	**(827,967)**	**(729,084)**
Logistics costs	(40,741)	(44,269)
Total	**(868,708)**	**(773,353)**

D.3 Personnel expenses

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Wages and salaries	(159,746)	(145,657)
Payroll taxes	(70,208)	(64,355)
Employee profit-sharing	(5,895)	(3,684)
Post-employment expenses	(1,066)	(735)
Total	**(236,915)**	**(214,431)**

D Presentation of financial statements—Income statement (Continued)

In the year ended 30 June 2016, the Group recorded accrued income of €7,516,000 related to the CICE tax credit (year ended 30 June 2015: €6,954,000). CICE tax credit funds have helped protect jobs in France.

D.4 External expenses

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Outsourcing	(50,277)	(44,050)
Property leases	(73,050)	(65,949)
Other leases and related expenses	(22,686)	(20,004)
Repairs and maintenance	(7,446)	(6,494)
Insurance	(4,602)	(5,224)
Compensation in respect of temporary and external employees	(13,882)	(12,896)
Local advertising	(10,205)	(6,128)
National advertising	(45,018)	(39,411)
Other external expenses	(43,956)	(37,574)
Total	**(271,122)**	**(237,730)**

D.5 Other income and expense from operations

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Income on credit operations (share in Cogesem)	14,076	13,589
Decrease in provisions and current asset impairment allowances	8,097	8,601
Other	2,785	3,069
Other income from operations	**24,958**	**25,259**
Increase in provisions and current asset impairment allowances	(15,349)	(11,373)
Other	(3,231)	(3,172)
Other expense from operations	**(18,580)**	**(14,545)**
Other income from operations, net	**6,378**	**10,714**

D.6 Other operating income and expense

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Gains on disposals of non-current assets	9,031	2,843
Other	—	191
Other operating income	**9,031**	**3,034**
Restructuring costs	(6,185)	(81)
Acquisition and disposal costs	(5,851)	(6,502)
Capital losses on disposals of non-current assets	(2,239)	(1,445)
Other	(6,891)	(1,404)
Other operating expense	**(21,166)**	**(9,432)**
Other operating expense, net	**(12,135)**	**(6,398)**

D Presentation of financial statements—Income statement (Continued)

D.7 Cost of debt

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Interest expense on financing transactions	(20,054)	(15,495)
Interest expense on finance leases	(690)	(786)
Total	**(20,744)**	**(16,281)**

D.8 Other financial income and expense

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Foreign exchange gains	1,296	532
Other	577	713
Other financial income	**1,873**	**1,245**
Foreign exchange losses	(6,203)	(2,937)
Interest cost on retirement benefit obligations	(396)	(432)
Other	(345)	(727)
Other financial expense	**(6,944)**	**(4,096)**
Other financial expense, net	**(5,071)**	**(2,851)**

D.9 Income tax

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Income tax paid	(8,724)	(6,133)
Deferred tax	(2,277)	2,903
Total income tax expense	**(11,001)**	**(3,230)**

D Presentation of financial statements—Income statement (Continued)

Reconciliation between income tax expense and profit before income tax

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Profit for the period	9,249	4,638
Less share of profit (loss) of equity-accounted companies	(83)	67
Tax expense (income)	11,001	3,230
Profit of consolidated companies before tax	**20,167**	**7,935**
Theoretical tax rate	34.43%	34.43%
Theoretical tax income (expense)	**(6,944)**	**(2,732)**
Difference in Luxembourg, Malta and Hong Kong tax rates and temporary 10.7% surtax	1,256	957
Utilisation of tax losses/(Tax losses not utilised)		(39)
Use of tax loss carryforwards	2,311	
Non-recurring tax expense	(6,286)	
CVAE tax	(5,964)	(5,267)
(Capital losses)/Capital gains taxed at 0%	407	—
CICE tax charged	2,588	2,394
Other	1,631	1,457
Effective income tax expense	**(11,001)**	**(3,230)**

Tax effects relating to other comprehensive income (loss)

	30 June 2016	30 June 2015
	(in € thousands)	
Tax on exchange differences resulting from the translation of foreign operations	—	—
Tax on fair value relating to effective portion of cash flow hedges	3,946	(5,763)
Tax relating to items that may be subsequently reclassified to profit or loss	**3,946**	**(5,763)**
Tax on defined benefit plan actuarial gains (losses)	743	(41)
Tax relating to items that will not be subsequently reclassified to profit or loss	**743**	**(41)**
Total tax on other comprehensive income (loss)	**4,689**	**(5,804)**

E Presentation of the financial statements—off-balance sheet items

E.1 Financial instruments

Financial instruments are recognised and measured as follows:

- financial instruments at fair value through profit or loss, representing components of cash and cash equivalents, are measured based on quoted prices in an active market;
- available-for-sale financial assets, representing non-consolidated investments, are recognised at fair value in the consolidated statement of financial position;
- loans and receivables chiefly include trade receivables and other miscellaneous current and non-current receivables. Loans and receivables are recognised at amortised cost using the effective interest method;
- liabilities recognised at amortised cost using the effective interest method mainly include loans and borrowings, trade payables and other miscellaneous current and non-current payables;

E Presentation of the financial statements—off-balance sheet items (Continued)

- derivative instruments are recognised at fair value, either directly through profit or loss or within income and expenses recognised directly in other comprehensive income in accordance with cash flow hedge accounting.

The fair value of financial assets and liabilities is determined as follows:

- the fair value of trade receivables and payables and other miscellaneous current receivables and payables is considered to be their carrying amount in the consolidated statement of financial position due to their very short-term maturities;
- the fair value of bonds is estimated at the end of each reporting period based on average market interest rates and the value of the Group's credit risk for bonds with maturities approximating the remaining term to maturity of the Group's bond issues;
- the fair value of finance lease liabilities is taken as the carrying amount in the consolidated statement of financial position due to the wide variety of lease types and terms.

At 30 June 2015	Fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Liabilities at amortised cost	Currency derivatives	Interest rate derivatives	Non-financial instruments	Carrying amount in SOFP	Fair value
				(in € thousands)					
Assets									
Non-current derivatives with a positive fair value	—	—	—	—	3,634	—	—	3,634	3,634
Other non-current assets	—	67	32,958	—	—	—	—	33,025	33,025
Trade and other receivables	—	—	47,773	—	—	—	26,352	74,125	74,125
Current derivatives with a positive fair value	—	—	—	—	16,167	—	—	16,167	16,167
Other current assets	—	4	184	—	—	—	—	188	188
Cash and cash equivalents	26,818	—	29,680	—	—	—	—	56,498	56,498
Total	**26,818**	**71**	**110,595**	**—**	**19,801**	**—**	**26,352**	**183,637**	**183,637**
Liabilities									
Current account with main shareholder	—	—	—	—	—	—	—	—	—
Other loans and borrowings	—	—	—	193,704	—	—	—	193,704	193,704
Non-current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Other non-current liabilities	—	—	—	—	—	—	—	—	—
Other long-term payables	—	—	—	—	—	—	—	—	—
Trade and other payables	—	—	—	228,926	—	—	124,268	353,194	353,194
Current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Bank overdrafts	—	—	—	82		—	—	82	82
Total	**—**	**—**	**—**	**422,712**	**—**	**—**	**124,268**	**546,980**	**546,980**

E Presentation of the financial statements—off-balance sheet items (Continued)

At 30 June 2016	Fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Liabilities at amortised cost	Currency derivatives	Interest rate derivatives	Non-financial instruments	Carrying amount in SOFP	Fair value
				(in € thousands)					
Assets									
Non-current derivatives with a positive fair value	—	—	—	—	—	—	—	—	—
Other non-current assets	—	60	34,838	—	—	—	—	34,898	34,898
Trade and other receivables	—	—	63,738	—	—	—	28,446	92,184	92,184
Current derivatives with a positive fair value	—	—	—	—	6,903	—	—	6,903	6,903
Other current assets	—	3	61	—	—	—	—	64	64
Cash and cash equivalents	205,168	—	32,098	—	—	—	—	237,266	237,266
Total	**205,168**	**63**	**130,735**	**—**	**6,903**	**—**	**28,446**	**371,315**	**371,315**
Liabilities									
Current account with main shareholder	—	—	—	—	—	—	—	—	—
Other loans and borrowings	—	—	—	264,084	—	—	—	264,084	264,084
Non-current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Other non-current liabilities	—	—	—	—	—	—	—	—	—
Other long-term payables	—	—	—	—	—	—	—	—	—
Trade and other payables	—	—	—	305,835	—	—	156,733	462,568	462,568
Current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Bank overdrafts	—	—	—	113		—	—	113	113
Total	**—**	**—**	**—**	**570,032**	**—**	**—**	**156,733**	**726,765**	**726,765**

Contractual future cash flows related to other loans and borrowings are set out in Note C.16.2. Trade payables and other current payables (€305,835,000 at 30 June 2016) all mature within one year.

The carrying amount of the Group's financial assets and liabilities approximates their fair value.

E.2 Risk management

E.2.1 Financial risk management

In the course of its business, the Group is exposed to currency risk, interest rate risk, credit risk, and liquidity risk. In accordance with the policies approved by the Chairman, the Group only enters into derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. The Group does not enter into any trading derivative transactions without underlying assets or liabilities.

Financial risks are formally managed by the Group's Treasury department.

E Presentation of the financial statements—off-balance sheet items (Continued)

E.2.2 Financial risk

Financial risks essentially arise on exposure to US dollars and interest rates.

- Currency risk

Most furniture is purchased directly by the Group from Asian suppliers in US dollars. The Group's policy is to hedge most US dollar transactions from the date of the purchase order to the settlement date using forward contracts or options negotiated with an investment-grade bank.

All foreign currency transactions must be demonstrably linked to an underlying exposure. The hedge of the exposure is monitored throughout the life of the transaction to ensure that it remains effective and appropriate.

The fair value of foreign currency financial instruments was €6,903,000 at 30 June 2016, excluding counterparty default risk in an amount of €3,000 (30 June 2015: €13,000).

- Interest rate risk

The Group has only minimal exposure to interest rate risk on its floating-rate borrowings. Its main floating-rate borrowings had been repaid in full at 30 June 2014.

E.2.3 Credit risk

Financial assets mainly comprise cash and cash equivalents as well as trade and other receivables. Credit risk arises if a counterparty fails to meet its obligations.

The Group invests its liquid assets with leading banks and regularly monitors counterparty risk.

Given its retail activity, none of the Group's customers represents more than 10% of its revenue. In the consumer credit business, the lending policy is based on scorecards and statistical studies of default. The Group also draws on the experience and expertise of its partner BNP Personal Finance.

E.2.4 Liquidity risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose the Group to liquidity risk in the event of early repayment.

In order to manage its liquidity risk, the Group contracts bank facilities for an appropriate amount and maturity to ensure that it has adequate available funds to meet its commitments.

E.3 Contingent liabilities

The Group does not have any material contingent liabilities.

E.4 Commitments

E.4.1 Operating lease and purchase commitments

The Group leases various stores, head offices, equipment and warehouses under non-cancellable operating lease agreements. These leases have different terms, escalation clauses and renewal options.

E Presentation of the financial statements—off-balance sheet items (Continued)

Commitments at 30 June 2015

At 30 June 2015	Payments to be made by period			
	Total	Less than 1 year	From 2 to 5 years	More than 5 years
		(in € thousands)		
Operating leases	344,791	79,431	197,057	68,303
Purchase commitments regarding goods for resale	84,448	84,448	—	—
Total	**429,239**	**163,879**	**197,057**	**68,303**

Commitments at 30 June 2016

At 30 June 2016	Payments to be made by period			
	Total	Less than 1 year	From 2 to 5 years	More than 5 years
		(in € thousands)		
Operating leases	343,870	79,791	202,542	61,537
Purchase commitments regarding goods for resale	101,057	101,057	—	—
Total	**444,927**	**180,848**	**202,542**	**61,537**

E.4.2 Capital and other financial commitments

	30 June 2016	30 June 2015
	(in € thousands)	
Unused confirmed credit lines	—	—
Standby letters of credit and documentary credit	10,695	10,599
Other guarantees received	4,790	4,853
Total guarantees received	**15,485**	**15,452**
Guarantees given on reinsurance activities	—	—
Clawback clause	—	—
Other guarantees given(*)	20,276	16,384
Total guarantees given	**20,276**	**16,384**

(*) In addition to the commitments shown above, the following items were pledged by Décomeubles Partners SAS, But SAS, But International and Cogesem to guarantee the repayment of the bond and the senior revolving facility:

- the shares in But SAS held by Décomeubles Partners SAS;
- the shares in But International and Immobut held by But SAS;
- the shares in Cogesem held by But International;
- the bank accounts of Décomeubles Partners SAS, But SAS, But International and Cogesem;
- the rights of Décomeubles Partners SAS, But SAS, But International and Cogesem on intragroup receivables.

– The inventories of But International stored in its four distribution centres are the subject of a non-possessory pledge.

E Presentation of the financial statements—off-balance sheet items (Continued)

E.5 Related-party transactions

The Group's main related parties are companies that it controls or over which it exercises significant influence. Related parties also include joint ventures, members of management bodies and the Group's shareholder.

E.5.1 Transactions with companies controlled by the Group

The list of companies controlled by the Group is provided in Note F. Since these companies are fully consolidated as described in Note B.3, any transactions between them, and between the parent company and its subsidiaries, were eliminated for the purpose of preparing the consolidated financial statements.

E.5.2 Transactions with members of management bodies and shareholders

No transactions were entered into with any members of management bodies.

The table below summarises the transactions carried out with the parent company as well as transactions carried out with related companies (Fair Partners, Fair Finance, Fair Sponsors, Colony Capital, OP Capita, Finco and Goldman Sachs) in the ordinary course of business:

Transaction value at end of period:

	30 June 2016 (12 months)	30 June 2015 (12 months)
	(in € thousands)	
Management fees (OP Capita & FS)	(1,500)	(1,500)
Acquisition fees (CC & GS)	—	—
Interest (FP, GS and Finco)	—	—
Other financial income and expense		

Statement of financial position at end of period:

	30 June 2016	30 June 2015
	(in € thousands)	
Management fees (OP Capita & FS)	250	—
Acquisition fees (FS, CC & GS)	—	—
Fair Partners current account	—	—
Other borrowings (GS and Finco)	—	—
Accrued interest (Finco)	—	—

E.5.3 Executive compensation

Executive compensation

	30 June 2016	30 June 2015
	(in € thousands)	
Short-term benefits	3,035	2,787
Post-employment benefits—defined contribution plans	91	86
Post-employment benefits—defined benefit plans	137	101
Share-based payment	—	—
Total	**3,263**	**2,974**

Key management personnel include the members of the Management Committee.

F List of consolidated companies

Company	Parent company	Consolidation method(*)	30 June 2016		30 June 2015	
			% control	% interest	% control	% interest
Décomeubles	X	FC	100.00%	100.00%	100.00%	100.00%
But Sourcing Limited		FC	100.00%	100.00%	100.00%	100.00%
B'Sourcing		FC	100.00%	100.00%	100.00%	100.00%
But (SAS)		FC	100.00%	100.00%	100.00%	100.00%
But International (SAS)		FC	100.00%	100.00%	100.00%	100.00%
Cafina (SA)		FC	100.00%	100.00%	100.00%	100.00%
Cogesem (SAS)		FC	100.00%	100.00%	100.00%	100.00%
Immobilière But		FC	100.00%	100.00%	100.00%	100.00%
Immobut (SAS)		FC	100.00%	100.00%	100.00%	100.00%
Cafina Assurances Ltd		FC	100.00%	100.00%	100.00%	100.00%
Cafina Holding		FC	100.00%	100.00%	100.00%	100.00%
Sourceco France		FC	100.00%	100.00%	100.00%	100.00%
Filiabut1		FC	100.00%	100.00%		
Cofiser		EM			20.00%	20.00%
Compagnie du SAV		EM			20.00%	20.00%

(*) FC: Fully consolidated.

EM: Accounted for by the equity method.

G Events after the end of the reporting period

No significant events have occurred since 30 June 2016.

DÉCOMEUBLES PARTNERS

Statutory Auditors' report on the consolidated financial statements

For the year ended 30 June 2015

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Ernst & Young et Autres
1/2, place des Saisons
92400 Courbevoie—Paris-La Défense 1

Simplified joint-stock company with variable share capital

Statutory Auditors' report on the consolidated financial statements

For the year ended 30 June 2015

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Décomeubles Partners

1, avenue Spinoza
77184 Emerainville

To the sole Shareholder,

In compliance with the assignment entrusted to us by the sole shareholder, we hereby report to you, for the year ended 30 June 2015, on:

- the audit of the accompanying consolidated financial statements of Décomeubles Partners;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Chairman. Our role is to express an opinion on these consolidated financial statements based on our audit.

I—Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as 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.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 30 June 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II—Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

– Goodwill in the consolidated statement of financial position amounted to €127,209,000 at 30 June 2015. Note B3 to the consolidated financial statements describes accounting policies concerning, in particular, business combinations, and Notes B6, C1 and C2 to the consolidated financial statements provide details on identified assets and liabilities and their value as well as residual goodwill resulting from acquisitions completed over the past two years. As part of our assessment, we reviewed the procedures implemented in order to identify and assess the assets and liabilities acquired, calculate goodwill, and verify that they were properly recorded in the consolidated financial statements. The Group tests goodwill and indefinite-lived assets for impairment on an annual basis and assesses evidence of impairment in long-term assets. We examined the methods used to implement these impairment tests and verified that the notes to the consolidated financial statements provide appropriate disclosures.

We verified the appropriateness of the accounting methods applied and the disclosures provided in the notes to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III—Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, 2 September 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Edouard Sattler	Bruno Bizet

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

at 30 June 2015

This report has 49 pages.

Décomeubles Partners SAS
Annual IFRS consolidated financial statements

Contents

Consolidated statement of financial position F-60
Consolidated income statement F-61
Consolidated statement of comprehensive income F-62
Consolidated statement of changes in equity F-63
Consolidated statement of cash flows F-64
Notes to the consolidated financial statements F-65
A *Significant events over the past two reporting periods* F-65
A.1 Legal and operational restructuring launched over the past two reporting periods F-65
A.2 Scope of consolidation F-65
A.3 Other significant events over the past two reporting periods F-66
B *Accounting policies* F-67
B.1 Statement of compliance F-67
B.2 Basis of preparation F-67
B.3 Consolidation F-67
B.4 Foreign currency translation F-69
B.5 Property, plant and equipment F-69
B.6 Intangible assets F-70
B.7 Impairment F-70
B.8 Assets held for sale F-71
B.9 Financial instruments F-71
B.10 Inventories F-74
B.11 Cash and cash equivalents F-74
B.12 Income tax F-74
B.13 Employee benefits F-75
B.14 Provisions F-77
B.15 Revenue recognition F-77
B.16 Other operating income and expense F-77
B.17 Financial income and expense F-77
B.18 Leases F-78
B.19 Dividends F-78
B.20 Contingent assets and liabilities F-78
B.21 Events after the reporting date F-78
B.22 Impact of new standards, amendments and interpretations F-78
B.23 Use of estimates F-80
C *Presentation of financial statements—Statement of financial position* F-81
C.1 Business combinations F-81
C.2 Goodwill F-83
C.3 Other intangible assets F-86
C.4 Property, plant and equipment F-87
C.5 Investments in associates and joint ventures F-88
C.6 Derivative instruments with a positive fair value F-89
C.7 Other assets F-90
C.8 Inventories F-90
C.9 Trade and other receivables F-90
C.10 Cash and cash equivalents F-91
C.11 Assets held for sale and discontinued operations F-91
C.12 Share capital F-92
C.13 Retirement benefit obligations F-92
C.14 Provisions F-95
C.15 Deferred tax F-96
C.16 Loans and borrowings F-98
C.17 Trade and other payables F-100
C.18 Derivative instruments with a negative fair value F-101
C.19 Cash flows F-101

D		***Presentation of financial statements—Income statement***	***F-102***
	D.1	**Revenue**	***F-102***
	D.2	**Cost of sales**	***F-102***
	D.3	**Personnel expenses**	***F-102***
	D.4	**External expenses**	***F-103***
	D.5	**Other income and expense from operations**	***F-103***
	D.6	**Other operating income and expense**	***F-103***
	D.7	**Cost of debt**	***F-104***
	D.8	**Other financial income and expense**	***F-104***
	D.9	**Income tax**	***F-104***
E		***Presentation of financial statements—off-balance sheet items***	***F-105***
	E.1	**Financial instruments**	***F-105***
	E.2	**Risk management**	***F-107***
	E.3	**Contingent liabilities**	***F-108***
	E.4	**Commitments**	***F-108***
	E.5	**Related party transactions**	***F-109***
F		***List of consolidated companies***	***F-111***
G		***Events after the end of the reporting period***	***F-111***

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated statement of financial position

	Note	30 June 2015	30 June 2014
		(in € thousands)	
Assets			
Goodwill	C.2	127,209	127,209
Other intangible assets	C.3	68,262	62,954
Property, plant and equipment	C.4	99,751	103,285
Investments in equity-accounted companies	C.5	—	—
Non-current derivatives with a positive fair value	C.6	3,634	—
Other non-current assets	C.7	33,025	12,036
Deferred tax assets	C.15	—	8
Non-current assets		**331,881**	**305,492**
Inventories	C.8	276,695	265,263
Trade and other receivables	C.9	74,125	90,375
Income tax receivables		48	69
Current derivatives with a positive fair value	C.6	16,167	114
Other current assets	C.7	188	908
Cash and cash equivalents	C.10	56,498	108,183
Current assets		**423,721**	**464,912**
Assets held for sale	C.11	9,143	3,810
Total assets		**764,745**	**774,214**
Equity and liabilities			
Share capital	C.12	173,972	233,972
Share premium		—	—
Reserves		(59,367)	(61,857)
Profit (loss) for the period		4,638	(7,562)
Equity attributable to owners of the Company		**119,243**	**164,553**
Non-controlling interests		—	—
Total equity		**119,243**	**164,553**
Loans and borrowings	C.16	188,179	185,864
Non-current derivatives with a negative fair value	C.18	—	—
Other non-current liabilities		—	—
Provision for retirement benefit obligations	C.13	17,715	16,177
Non-current provisions	C.14	20,308	19,290
Deferred tax liabilities	C.15	34,546	32,469
Non-current liabilities		**260,748**	**253,800**
Loans and borrowings	C.16	5,525	1,219
Trade and other payables	C.17	353,194	331,104
Current provisions	C.14	23,221	21,832
Current derivatives with a negative fair value	C.18	—	104
Income tax payables		931	1,530
Bank overdrafts	C.10	82	35
Current liabilities		**382,953**	**355,824**
Liabilities related to assets held for sale		1,801	37
Total equity and liabilities		**764,745**	**774,214**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated income statement

	Note	30 June 2015 (12 months)	30 June 2014 (12 months)
		(in € thousands)	
Continuing operations			
Retail revenue		1,200,759	1,168,021
Other revenue		97,407	88,902
Revenue	D.1	**1,298,166**	**1,256,923**
Cost of sales	D.2	(773,353)	(766,231)
Gross profit		**524,813**	**490,692**
Personnel expenses	D.3	(214,431)	(207,695)
Taxes other than on income		(18,307)	(17,519)
External expenses	D.4	(237,730)	(232,903)
Other income from operations	D.5	25,259	28,676
Other expense from operations	D.5	(14,545)	(15,996)
Recurring operating profit before depreciation, amortisation and impairment, and other operating income and expense		**65,059**	**45,255**
Other operating income and expense	D.6	(6,398)	150
Depreciation, amortisation and impairment of non-current assets	C.3 & C.4	(31,542)	(34,760)
Operating profit		**27,119**	**10,645**
Cost of debt	D.7	(16,281)	(20,139)
Interest income		175	70
Other financial income and expense	D.8	(2,851)	566
Share of profit (loss) of equity-accounted companies	C.5	(67)	(1,221)
Profit (loss) before income tax		**8,095**	**(10,079)**
Income tax	D.9	(3,230)	2,517
Profit (loss) from continuing operations		**4,865**	**(7,562)**
Discontinued operations			
Profit (loss) from discontinued operations	C.11	(227)	—
Profit (loss) for the period		**4,638**	**(7,562)**
Attributable to:			
Owners of the Company		4,638	(7,562)
Non-controlling interests		—	—
Profit (loss) for the period		**4,638**	**(7,562)**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated statement of comprehensive income

	Note	30 June 2015 (12 months)	30 June 2014 (12 months)
		(in € thousands)	
Profit (loss) for the period		**4,638**	**(7,562)**
Exchange differences on translating foreign operations		(626)	173
Effective portion of cash flow hedges	C.6 & C.18	15,011	(834)
Income tax relating to items that may be subsequently reclassified to profit or loss	D.9	(5,763)	287
Total items that may be subsequently reclassified to profit or loss		**8,622**	**(374)**
Actuarial gains and losses on retirement benefit obligations	C.13	118	(1,123)
Income tax on items that will not be subsequently reclassified to profit or loss	D.9	(41)	387
Total items that will not be subsequently reclassified to profit or loss		**77**	**(736)**
Total other comprehensive income (loss)		**8,699**	**(1,110)**
Comprehensive income (loss)		**13,337**	**(8,672)**
Attributable to:			
Owners of the Company		13,337	(8,672)
Non-controlling interests		—	—
Comprehensive income (loss)		**13,337**	**(8,672)**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated statement of changes in equity

	Equity attributable to owners of the Company							
	Share capital	Share premium	Translation reserves	Consolidated reserves	Other comprehensive income (loss) for the period	Total	Non-controlling interests	Total equity
	(in € thousands)							
Equity at 30 June 2013	**233,972**	**—**	**18**	**(59,177)**	**(1,588)**	**173,225**	**—**	**173,225**
Profit (loss) for the period			—	(7,562)	—	(7,562)	—	(7,562)
Exchange differences on translating foreign operations			173					
Effective portion of cash flow hedges					(547)			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**173**	**—**	**(547)**	**(374)**		
Actuarial gains and losses on retirement benefit obligations					***(736)***			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**—**	**(736)**	**(736)**		
Comprehensive income (loss)	—	—	***173***	***(7,562)***	***(1,283)***	***(8,672)***		
Dividends						—	—	—
Change in share capital and share premium	—					—	—	—
Share-based payment						—	—	—
Other movements				—		—	—	—
Equity at 30 June 2014	**233,972**	**—**	**191**	**(66,739)**	**(2,871)**	**164,553**	**—**	**164,553**
Profit (loss) for the period			—	4,638	—	4,638	—	4,638
Exchange differences on translating foreign operations			(626)					
Effective portion of cash flow hedges					9,248			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**(626)**	**—**	**9,248**	**8,622**		
Actuarial gains and losses on retirement benefit obligations					77			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**—**	**77**	**77**		
Comprehensive income (loss)	—	—	***(626)***	***4,638***	***9,325***	***13,337***		
Dividends						—	—	—
Change in share capital and share premium	(60,000)					(60,000)	—	(60,000)
Share-based payment						—	—	—
Other movements (*)				1,353		1,353	—	1,353
Equity at 30 June 2015	**173,972**	**—**	**(435)**	**(60,748)**	**6,454**	**119,243**	**—**	**119,243**

(*) Reflecting the impact of applying IFRIC 21—Levies as of 1 July 2014.

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated statement of cash flows

	Note	30 June 2015 (12 months)	30 June 2014 (12 months)
		(in € thousands)	
Profit (loss) for the period before income tax		7,868	(10,079)
Adjustments for:			
Depreciation, amortisation and impairment of non-current assets		31,649	35,177
Additions to provisions		3,315	3,785
Net (gain) loss on disposals		(1,407)	(1,597)
Financial expense		16,281	20,139
Share of profit (loss) of equity-accounted companies		67	1,221
Other non-cash items		(2,195)	(3,305)
		55,578	**45,341**
(Increase) decrease in inventories		(11,757)	(12,675)
(Increase) decrease in trade and other receivables		5,015	3,221
Increase (decrease) in trade and other payables		26,570	45,686
Income tax paid		(6,715)	(4,729)
Net cash flows from operating activities (A)		**68,691**	**76,844**
Dividends received		—	—
Proceeds from sales of property, plant and equipment and intangible assets		7,554	7,303
Proceeds from sales of other non-current assets			
Proceeds from sales of subsidiaries		—	185
Acquisitions of property, plant and equipment and intangible assets		(34,143)	(19,505)
Acquisitions of subsidiaries		—	(2,322)
Acquisitions of non-consolidated companies		—	—
(Increase) decrease in other financial assets		(1,233)	(13)
Net cash flow used in investing activities (B)		**(27,822)**	**(14,352)**
Net cash flows before financing activities		**40,869**	**62,492**
Dividends paid		—	—
Proceeds from issues of borrowings		—	170,289
Repayment of borrowings		(2,526)	(139,347)
Increase (decrease) in capital		(60,000)	—
Interest paid		(11,022)	(6,487)
Other movements		(19,133)	(56,569)
Net cash flows used in financing activities (C)		**(92,681)**	**(32,114)**
Impact of changes in exchange rates (D)		80	(37)
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	C.19	**(51,732)**	**30,341**
Cash and cash equivalents at beginning of period		108,148	77,807
Cash and cash equivalents at end of period		56,416	108,148

Décomeubles Partners SAS ("the Company") was incorporated on 17 December 2007 and is domiciled in France. The address of the Company's registered office is 1, avenue Spinoza, 77184 Emerainville, France. The Company has been owned by Fair Finance SARL-SCA since 27 June 2014 and is ultimately controlled and managed by a consortium of investment funds, comprising Colony Capital, Goldman Sachs and OP Capita (formerly Merchant Equity Partners).

The Company purchased the But Group from Kesa Electricals on 31 March 2008.

The Company's reporting period closes on 30 June.

The IFRS consolidated financial statements for the 12-month period ended 30 June are the Company's annual financial statements. The IFRS consolidated financial statements comprise the Company and its subsidiaries and investments in associates (hereafter referred to collectively as "the Group" and individually as a "subsidiary").

At 30 June 2015, the Group directly operated 185 stores in France (30 June 2014: 178 stores). It is one of France's largest self-service retailers for furniture (beds, kitchens, living rooms, interior decoration) and electrical goods, categorised as white (domestic appliances such as refrigerators, washing machines, microwaves, coffee machines and irons) and brown (all audiovisual products such as flat-screen televisions, DVD players, MP3 players and camcorders). The Group also offers financing services to its customers within the scope of a partnership with Cetelem.

At 30 June 2015, 108 stores were operated by independent franchisees to which the Group provides advertising, marketing, logistics and IT services (30 June 2014: 98 stores operated by franchisees).

The Group also owns four distribution centres in France.

A Significant events over the past two reporting periods

A.1 Legal and operational restructuring launched over the past two reporting periods

Legal and operational restructuring

The project to simplify But's legal structure launched six years ago was completed during the year to 30 June 2014. This project has had no impact on the financial position, business activities or outlook of any of the operating entities involved.

The main stages in the legal restructuring process over the past two reporting periods are described below.

A.1.1 Legal restructuring in the year to 30 June 2014

On 31 December 2013, the following five companies were merged into But International SAS:

MYN, VI2P and Socopem, along with Socad and Socadis, which had previously been merged into Socopem.

On 30 April 2014, LRAM was merged into But International SAS with effect from 1 July 2013.

A.1.2 Legal restructuring in the year to 30 June 2015

There were no mergers during the period.

A.2 Scope of consolidation

The table set out in Note F provides a list of Décomeubles Partners' subsidiaries and shows the Company's ownership interest in each entity at 30 June 2015.

A Significant events over the past two reporting periods (Continued)

Changes in the year to 30 June 2014

In the year to 30 June 2014, the Group fully consolidated two new subsidiaries, changed the consolidation method for four subsidiaries (from equity accounting to full consolidation), and accounted for Cofiser and its subsidiary Compagnie du SAV using the equity method for the first time. These changes are described in further detail in Note C.1.

Changes in the year to 30 June 2015

No new subsidiaries were consolidated by the Group during the period. However, the Group acquired the operations of six stores following Mobilier Européen Group's receivership proceedings.

A.3 Other significant events over the past two reporting periods

- Consolidated debt refinancing

In June 2014, the Group repaid all of its external borrowings, including a shareholder loan for €53 million and mezzanine debt totalling €69 million.

At the same time, But SAS issued a €180 million bond paying a coupon of 7⅜% and maturing on 15 September 2019.

- New ownership structure

In the year to 30 June 2014, the owner-shareholder of Décomeubles Partners SAS, Fair Partners SARL-SCA (a Luxembourg public limited partnership), transferred all of its shares to Fair Finance SARL SCA (also a Luxembourg public limited partnership).

- Capital increases and decreases subscribed by Fair Partners SARL-SCA

On 19 June 2013, Décomeubles Partners recognised a debt for €60 million – considered to be of a fixed amount and due. The Company subsequently carried out a capital increase by offsetting this debt, resulting in the issue of 60,000,000 new shares. These shares were subscribed by Fair Partners SARL-SCA for a nominal amount of €1 each. At the beginning of the reporting period ended 30 June 2015, the Company reduced its capital by reimbursing its sole shareholder an amount of €60 million.

- Purchase commitments relating to the companies owning the stores operated by the Yvrai group

On 21 November 2011, But International and the Yvrai group signed an agreement under which the Décomeubles Group may acquire the companies owning the stores operated by YDEF or the Yvrai group by 20 June 2020 at the latest. The Yvrai group also has a put option granted by But International which may be exercised in the event of a change of control of Décomeubles.

- Franchise network extended to the Sésame banner

An agreement was signed on 15 January 2013 setting out the terms and conditions applicable for integrating the stores of the Sésame banner into But's franchise network. In the year to 30 June 2014, 41 Sésame stores joined But's network, while a further three Sésame stores joined the network in the year to 30 June 2015.

- Property transactions

In the year to 30 June 2015, the Group sold three sites.

A Significant events over the past two reporting periods (Continued)

In the year to 30 June 2014, the Group sold the buildings of three stores.

- Logistics operations reorganised

In the year to 30 June 2014, the Group closed its Shenzhen warehouse and opened a new warehouse in mainland France. At 30 June 2015, this new warehouse was in the process of being transferred and extended to meet the growth in business.

B Accounting policies

B.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) at the date of preparation of the financial statements.

The standards and interpretations applied in order to prepare the consolidated financial statements also comply with IFRS as published by the International Accounting Standards Board (IASB).

The financial statements were approved and authorised for issue on 2 September 2015 by the Chairman.

B.2 Basis of preparation

The consolidated financial statements were prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as discussed in the accounting policies below.

Assets acquired in business combinations, particularly property, were measured at fair value at the acquisition date.

The principal accounting policies used in dealing with items considered material in relation to the financial statements are set out below. These policies have been consistently applied.

Financial data is presented in thousands of euros.

B.3 Consolidation

All consolidated companies have a 30 June year-end, except for B'Sourcing, Cofiser and Compagnie du SAV, whose year-end is 31 December. As the profit generated by these companies is calculated over the Group's reporting period for consolidation purposes, the impact on the consolidated financial statements is not material.

B.3.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and are deconsolidated from the date that control ceases.

Intercompany transactions and balances and gains on transactions between Group companies are eliminated on consolidation. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

B Accounting policies (Continued)

B.3.2 Joint ventures

Joint ventures jointly controlled by the Group are accounted for by the equity method in accordance with the option available in IAS 31 – Interests in Joint Ventures.

B.3.3 Associates

Associates are all entities over which the Group has the ability to exercise significant influence but not control over the entity's financial and operating policies. Significant influence is presumed to exist when the Group directly or indirectly (through its subsidiaries) owns between 20% and 50% of the voting rights of another entity. Investments in associates are accounted for by the equity method.

The Group's share of its associates' post-acquisition profit or loss is recognised in the income statement. Post-acquisition changes in the value of the Group's interest in associates are adjusted against the carrying amount of the investment, while the Group's share of post-acquisition changes in reserves are recognised within reserves in equity.

Intercompany gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.3.4 Business combinations

Business combinations in which the Group acquires control of one or more businesses are recognised using the acquisition method.

Business combinations occurring after 1 July 2009 are recognised and measured in accordance with the revised IFRS 3. The consideration transferred (acquisition cost) is measured at the fair value of the assets acquired, equity instruments issued and liabilities assumed at the date of exchange.

The acquiree's identifiable assets and liabilities are measured at their acquisition-date fair value. Costs directly attributable to the business combination are expensed as of the acquisition date within operating income. Any excess of consideration transferred over the Group's share in the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill.

For each business combination, the Group may choose whether to measure non-controlling interests at fair value. In this case, the Group recognises goodwill on all identifiable assets and liabilities (full goodwill method).

Goodwill is determined at the date the acquirer obtains control of the acquiree and is not adjusted after the end of the measurement period. No additional goodwill is recognised on subsequent acquisitions of non-controlling interests. Acquisitions and sales of non-controlling interests are recognised directly in consolidated equity.

If the consideration transferred is less than the Group's share in the acquiree's net assets measured at fair value, the difference is recognised directly in profit or loss for the period.

The accounting for a business combination must be completed with 12 months of the acquisition date (measurement period). This applies to all identifiable assets and liabilities, consideration transferred and non-controlling interests.

B Accounting policies (Continued)

In accordance with the revised IFRS 3, companies acquired by the Group are only consolidated as of the date on which the Group obtains control of the companies. Accordingly, commitments given to or received from store owners to purchase or sell securities only result in the consolidation of the companies concerned when the shares of that company are purchased.

B.4 Foreign currency translation

B.4.1 Functional currency

The functional currency of the Group and the parent company is the euro.

B.4.2 Recognition of foreign currency transactions in companies' financial statements

Foreign currency transactions are translated into euros at a monthly exchange rate set by the Treasury department that takes into account any forward purchases. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

B.4.3 Translation of the financial statements of foreign entities

The financial statements of foreign entities consolidated by the Group are translated in accordance with IAS 21, i.e.:

- Assets and liabilities along with the related depreciation and amortisation are translated at the closing exchange rate.

- Income and expenses are translated at the average rate for the period.

The Group's share of any resulting gains or losses is recognised under "Translation reserves" within equity.

B.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method in order to allocate the cost of the assets less their estimated residual value over their estimated useful lives. The useful lives of the main categories of property, plant and equipment are as follows (assets purchased as new only):

Buildings	20 years
Fixtures and fittings	5-20 years
Computers and electronic equipment	3-10 years
Cars and commercial vehicles	4-5 years

The assets' residual values and useful lives are reviewed and adjusted, where appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount exceeds the estimated recoverable amount. Estimated recoverable amounts for major items of property, plant and equipment are reviewed at least annually.

B Accounting policies (Continued)

Gains and losses on disposals of assets are recognised in profit or loss and calculated by comparing proceeds from the disposal with the carrying amount of the asset sold.

B.6 Intangible assets

B.6.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share in the acquisition-date fair value of the acquiree's net identifiable assets. Goodwill resulting from acquisitions of equity-accounted companies is included in "Investments in equity-accounted companies".

B.6.2 Software

Costs that are directly associated with the production of identifiable and unique software controlled by the Group and expected to generate future economic benefits in excess of costs for one year or more, are recognised as intangible assets. Other costs are expensed as incurred. Direct costs include software development, employee costs and an appropriate portion of overheads.

Amortisation is calculated using the straight-line method in order to allocate the cost of the assets over their estimated useful lives, ranging from one to seven years.

B.6.3 But brand and listing agreements

- But brand: the value of the brand is equal to the present value of royalty revenue net of tax over the asset's useful life. Indefinite-lived assets are not amortised but an impairment loss is recognised where appropriate taking into account a terminal value in the calculation.

- Listing agreements: these are amortised using the declining balance method over 10 years, and measured based on the excess earnings method.

B.7 Impairment

Property, plant and equipment along with other intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable, or that the use of the assets may not generate economic benefits in excess of their carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Goodwill is allocated to cash-generating units and tested annually for impairment based on value in use. Goodwill is tested more frequently if there are indications that it may be impaired. Each cash-generating unit represents a separate autonomous unit within the Group, where the management of the unit has independent control and responsibility for managing the cash flows of that unit. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The discount rate applied is based on the Group's weighted average cost of capital with appropriate adjustments to reflect the risks associated with the business concerned.

Goodwill is carried at cost less any impairment losses and is tested for impairment each year on 31 March. Impairment charged against goodwill cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

B Accounting policies (Continued)

B.8 Assets held for sale

In accordance with IFRS 5, an asset is classified as "held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For a sale to be considered highly probable:

- the appropriate level of management must be committed to a plan to sell the asset;
- an active programme to locate a buyer and complete the plan must have been initiated;
- the sale should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

Following their classification as "held for sale", these assets are measured at the lower of their net carrying amount and fair value less costs to sell.

Profit or loss relating to a group of assets held for sale ("disposal group") must be shown on a separate line of the income statement for current and comparative prior periods, when the group of assets:

- represents either a separate major line of business or geographical area of operations;
- is part of a single, co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Events or circumstances beyond the Group's control may extend the period required to complete the sale or exchange beyond one year. This does not preclude the asset or assets from being classified as held for sale if the Group can demonstrate that it remains committed to the plan to sell or exchange the assets.

B.9 Financial instruments

B.9.1 Non-derivative financial assets

Non-derivative financial assets comprise investments in debt and equity instruments, trade receivables, cash and cash equivalents and loans.

Classification depends on the purpose for which the assets were acquired. Management determines the classification of non-derivative financial assets on initial recognition and reviews this classification at each reporting date.

Financial assets are initially recognised at fair value plus transaction costs for all financial instruments not carried at fair value through profit or loss.

B.9.1.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the near term, or if designated by management as an asset to be sold in the near term. Assets in this category are presented as current assets on the statement of financial position. Cash and cash equivalents are classified within this category.

Financial assets held for trading are carried at fair value. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

B Accounting policies (Continued)

B.9.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group supplies cash, goods or services directly to a debtor with no intention of trading the receivable. Trade receivables are classified in this category and therefore recognised initially at fair value. They are subsequently measured at amortised cost less impairment. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are presented in current assets under trade and other receivables, except those maturing more than 12 months after the end of the reporting period, which are classified as non-current assets.

B.9.1.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method.

B.9.1.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the reporting date. Investments in non-consolidated companies belong to this category. Available-for-sale financial assets are recognised in the financial statements at the transaction date.

Available-for-sale financial assets are recognised at fair value, with gains and losses resulting from changes in fair value taken to equity. When assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are taken to profit or loss as gains and losses on the assets concerned.

In the case of equity securities classified as available-for-sale assets, a significant and prolonged decline in the fair value of the security below its cost is considered an indication of impairment. If any such indication exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the present fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in profit or loss on equity instruments are not reversed through the income statement.

B.9.2 Non-derivative financial liabilities

Non-derivative financial liabilities comprise borrowings and trade and other payables.

They are recognised initially at fair value, net of transaction costs incurred. Non-derivative financial liabilities are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in profit or loss over the term of the borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

B Accounting policies (Continued)

B.9.3 Derivatives

The Group holds derivative instruments to hedge its currency and interest rate risk exposure.

All derivatives are initially recognised at fair value at the date the derivative agreement is entered into, and are subsequently remeasured to fair value. Any changes in fair value are accounted for as described below.

B.9.3.1 Cash flow hedges

The cash flow hedge accounting model is used for derivatives hedging interest rate and currency risks.

Changes in the fair value of cash flow hedges are recognised directly in other comprehensive income to the extent that the hedge is deemed effective. Changes in fair value attributable to the ineffective portion of the hedge are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset. In all other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the period in which the hedged item itself affects profit or loss.

B.9.3.2 Economic hedges

Hedge accounting is not applicable to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of these derivatives are recognised in profit or loss as part of exchange gains and losses.

B.9.4 Calculation of fair value

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. If the market for a financial instrument is not active, the Group establishes fair value by using valuation techniques such as the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the investment.

The nominal value less estimated credit adjustments of trade receivables and payables is considered to approximate fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

B.9.5 Fair value hierarchy

Financial instruments measured at fair value after initial recognition, i.e., financial instruments at fair value through profit or loss, available-for-sale financial assets and derivative instruments, can be classified based on the following three levels of the fair value hierarchy:

• Level 1: observable (unadjusted) inputs that reflect quoted prices for identical assets or liabilities in active markets.

B Accounting policies (Continued)

• Level 2: inputs other than quoted prices for identical assets or liabilities in active markets that are either directly observable (prices) or indirectly observable (price-based data).

• Level 3: data not based on observable market inputs.

	Notes	IFRS 7 measurement principles	Fair value hierarchy
Financial assets			
Derivatives shown in assets	C.6	Fair value	2
Trade and other receivables	C.9	Amortised cost	N/A
Cash and cash equivalents	B.11 & C.10	Fair value	1
Assets held for sale	B.8 & C.11	Fair value	2
Financial liabilities			
Loans and borrowings	C.16	Amortised cost	N/A
Derivatives shown in liabilities	C.18	Fair value	2
Bank overdrafts	B.11 & C.10	Fair value	1

B.10 Inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Impairment losses are charged against inventories as described in Note B.23.3.

B.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

B.12 Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current income tax is the expected income tax payable on taxable profit for the year, using tax rates enacted at the end of the reporting period, and adjustments to income tax payable in respect of previous reporting periods.

Deferred taxes are recognised, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are not recognised for temporary differences related to the initial recognition of goodwill. Deferred tax income is not recognised on the initial recognition of assets and liabilities, excluding business combinations, that affect neither accounting nor taxable profit. Deferred taxes on temporary differences relating to investments in subsidiaries and equity-accounted companies are only recognised to the extent that they are expected to reverse in the foreseeable future and the Group controls the timing of the reversal. Deferred income tax is determined using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

B Accounting policies (Continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Additional income taxes on dividend payouts are recognised at the same time as the liability to pay the related dividend.

Since 1 May 2008, most of the Group's entities have been members of a tax consolidation group.

In accordance with IAS 12, the Group classifies the CVAE (*Contribution sur la Valeur Ajoutée des Entreprises*) tax as an income tax. As a result, it recognised deferred taxes at 31 December 2009 to reflect the temporary differences existing at that date. This deferred income tax expense was shown on the "Income tax" line. Since 1 January 2010, the total amount of current and deferred CVAE tax expense has been shown on this line.

The basis used to calculate deferred taxes at 31 December 2009 consisted mainly of depreciable and amortisable non-current assets. Since 2010, the exemption set out in IAS 12 regarding the initial recognition of an asset or liability has applied to acquisitions of non-current assets outside the scope of business combinations.

B.13 Employee benefits

a) Short-term employee benefits include wages and salaries, social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses, if payable within 12 months of the end of the reporting period. Short-term employee benefits are measured on an undiscounted basis and are included in operating profit whenever the employees provide the related service. A liability is recognised for the amount corresponding to cash-settled profit-sharing and bonuses, whenever the Group has a legal or constructive obligation to make such payments in exchange for services provided by employees and when a reliable estimate of the obligation can be made.

b) Long-term employee benefits include various retirement plans operated by Group companies. Some of these plans are managed by insurance companies or funds, in accordance with applicable local regulations.

Retirement and other employee benefits include two types of obligation:

- post-employment benefits, including pensions, other retirement benefits, and certain post-employment medical care;
- other long-term employee benefits (payable during the employee's active service), mainly including long-service awards.

These obligations are classified as either:

- defined contribution plans, under which the Group has no future commitment since the employer's legal or constructive obligation is limited to the regular payment of contributions which are expensed when due;
- defined benefit plans, whereby the employer guarantees a specified level of future benefits.

B Accounting policies (Continued)

The Group's net obligation under post-employment defined benefit plans (including retirement plans) is calculated separately for each plan, by estimating the amount of future benefits to which the Group's employees are entitled in exchange for services rendered in the current and prior periods. This amount is discounted to obtain the present value of the obligation. The fair value of plan assets is then deducted from this amount. The discount rate is the rate of return at the end of the reporting period on high-quality corporate bonds with terms to maturity approximating those of the underlying benefit liability. The Group's obligation is calculated periodically by an independent actuary using the projected unit credit method.

The liability recognised in the statement of financial position in respect of defined benefit plans represents the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets.

When the value of plan assets exceeds the amount of the Group's obligation, the asset recognised may not exceed the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

When the employees' benefit entitlement increases (or is reduced), the portion of the increase (or decrease) related to past services provided by the employees is recognised immediately in expenses (income) in the income statement. Current service costs, along with administrative fund management costs, are shown within selling and administrative expenses in the income statement. Income and expenses relating to discounting the defined benefit obligation net of plan assets are presented in financial income and expenses.

Remeasurements of the defined benefit obligation, including (i) actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions, (ii) the return on plan assets, excluding amounts recognised in profit or loss, and (iii) changes in the impact of the asset ceiling, are reflected in other comprehensive income.

c) Other long-term employee benefits

Other long-term employee benefits relate essentially to long-service awards and sabbatical leave. The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is equal to the value of the future benefits vested by employees in exchange for services provided during the current and prior periods. The amount of the obligation is determined using the projected unit credit method. It is discounted at a rate based on the return on high-quality corporate bonds with terms to maturity approximating those of the Group's obligations at the end of the reporting period.

Actuarial gains and losses are recognised immediately in selling and administrative expenses in the income statement.

d) Termination benefits

Termination benefits are due on termination of employment before the normal retirement date or when employees accept voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of:

- the date on which the Group can no longer withdraw its offer of indemnities; and
- the date on which the Group recognises the costs of its restructuring plan by planning for the payment of such indemnities.

B Accounting policies (Continued)

B.14 Provisions

Provisions are recognised when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be reliably estimated. Provisions are discounted when the time value of money is considered material.

B.15 Revenue recognition

Revenue comprises the fair value of goods and services sold, net of value added tax, rebates and discounts. Revenue is recognised as described below.

B.15.1 Sales of goods

Retail

Sales of goods are recognised at the point of sale of a product to the customer or upon delivery to the customer, whichever is later. Payment for retail sales is usually received in cash or by card.

The fair value of award credits granted to customers under But's customer loyalty programme is treated as a separate component of the initial sale and recognised as prepaid income. The related revenue is recognised when the award credits are redeemed or expire.

Franchisees

Sales of goods to franchisees are recognised when substantially all of the risks and rewards of ownership of the goods have been transferred, which usually corresponds to the delivery date.

B.15.2 Sales of services

Sales of services are recognised in revenue in the accounting period in which the services are rendered.

The Group generally sells extended warranty agreements on the sale of products. The revenue related to the warranty is recognised in the period in which the transaction takes place. A provision to cover any such warranties granted is recognised at the end of the reporting period.

B.15.3 Royalty and franchise revenue

Royalty and franchise revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement, and is included within other revenue.

B.16 Other operating income and expense

Other operating income and expense includes unusual and material items, notably capital gains and losses on disposals of non-current assets, restructuring costs, acquisition costs arising from business combinations and expenses relating to measures taken to simplify the Group's legal structure.

B.17 Financial income and expense

Financial income and expense is recognised on a time-proportion basis using the effective interest method.

B Accounting policies (Continued)

B.18 Leases

Leases in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of minimum lease payments. Assets capitalised as property, plant and equipment are depreciated in accordance with the Group's depreciation policy for similar assets owned outright. Payments made under such leases are charged against the recognised liability and the related interest costs are charged to profit or loss over the entire lease term on a systematic basis.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any financial incentives received from the lessor) are charged to the income statement on a straight-line basis over the entire lease term.

Expenses incurred in respect of operating leases of property are adjusted to reflect the impact of market rent reviews throughout the lease term.

B.19 Dividends

Dividend income is recognised when the right to receive payment is established.

Dividends paid to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised in the period in which they are paid.

B.20 Contingent assets and liabilities

Contingent assets and liabilities arise from conditions or situations, the outcome of which depends on future events. They are disclosed in the notes to the financial statements.

B.21 Events after the reporting date

The carrying amounts of assets and liabilities at the end of the reporting period are adjusted if there is evidence that subsequent adjusting events require changes to these carrying amounts. These adjustments are made up to the date the financial statements are approved for issue by the Chairman. Other non-adjusting events are disclosed in the notes to the financial statements.

B.22 Impact of new standards, amendments and interpretations

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AT 1 JULY 2014

Since 1 July 2014 the Group has applied the following amendments as adopted by the European Union:

– IFRS 10 – Consolidated Financial Statements, along with the amendments to IFRS 10 relating to first-time application, which provide a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 replaces the provisions relating to consolidation in IAS 27 – Consolidated and Separate Financial Statements as well as SIC 12 – Consolidation – Special Purpose Entities.

B Accounting policies (Continued)

– IFRS 11 – Joint Arrangements, along with the amendments to IFRS 11 relating to first-time application, which provide a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). IFRS 11 makes a distinction between joint operations and joint ventures. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.

– IFRS 12 – Disclosures of Interests in Other Entities, along with the amendments to IFRS 12 relating to first-time application, which combine, enhance and replace the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. This information is presented in Note C.5.

Application of IFRS 10, IFRS 11 and IFRS 12, together with the corresponding amendments, is mandatory for reporting periods beginning on or after 1 January 2014. The application of these standards did not impact the Group's financial performance. As a result of the issue of IFRS 10, IFRS 11 and IFRS 12, the following revisions were made to IAS 27 and IAS 28:

• IAS 27, renamed Separate Financial Statements, no longer addresses the accounting for consolidated financial statements and is therefore no longer applicable to the Group.

• IAS 28 – Investments in Associates and Joint Ventures, outlines the accounting for investments in associates and describes how to apply the equity method to investments in associates and joint ventures, since this method is now mandatory for these entities.

– Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities clarifies the requirements for offsetting financial assets and liabilities.

- Amendment to IAS 36 – Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets states that the recoverable amount of an asset or cash-generating unit (CGU) must be disclosed only when the entity has recognised or reversed impairment in the period. The amendment requires additional disclosures when the recoverable amount is based on fair value less the costs of disposal, in particular the level at which the asset or CGU is valued according to the IFRS 13 fair value hierarchy. For items valued according to Level 2 or Level 3 inputs, it also requires a description of the valuation techniques as well as key assumptions used, including the discount rate.

- IFRIC 21 – Levies addresses the accounting for taxes falling within the scope of IAS 37. It states that a liability to pay a levy may only be recognised once the obligating event (i.e., the activity that triggers the payment of the levy) occurs. IFRIC 21 was published in May 2013 and is applicable for reporting periods beginning on or after 17 June 2014. Its impact on income for the year to 30 June 2014 was not material; its impact on opening equity is disclosed under the consolidated statement of changes in equity.

NEW STANDARDS AND INTERPRETATIONS APPLICABLE IN SUBSEQUENT PERIODS THAT HAVE BEEN ADOPTED BY THE EUROPEAN UNION

The following issued standards have been approved by the European Union but their application is not yet mandatory:

a) At the end of May 2014, the IASB published IFRS 15 – Revenue from Contracts with Customers. IFRS 15 addresses the recognition and measurement of income arising from contracts with customers, i.e., revenue. The standard will replace IAS 18 – Revenue and IAS 11 – Construction Contracts, but has not yet been adopted by the European Union and is expected to be applicable

B Accounting policies (Continued)

for reporting periods beginning on or after 1 January 2018. It adopts a single five-step model framework for recognising all revenue (sales of goods or services, grant of licenses, etc.), as follows:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

The Group is currently assessing the impacts of IFRS 15.

b) In July 2014, the IASB published IFRS 9 – Financial Instruments. IFRS 9 will replace IAS 32 and IAS 39, the standards which currently govern the presentation, recognition and measurement of financial instruments. IFRS 9 has three constituent phases: classification and measurement; impairment methodology; and hedge accounting. The main changes introduced by IFRS 9 relate to:

- the rules for classifying and measuring financial assets, which are now based on the business model in which they are managed and their contractual cash flow characteristics;
- the rules for recognising impairment losses on trade receivables, which are now based on "expected" rather than "realised" losses;
- hedge accounting.

IFRS 9 has not yet been adopted by the European Union and is expected to be applicable for reporting periods beginning on or after 1 January 2018. The Group is currently assessing the impacts of IFRS 9.

B.23 Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to use certain estimates and assumptions that can affect the reported amounts of assets and liabilities in the financial statements, contingent assets and liabilities presented in the accompanying notes, and revenues and expenses for the reporting period. Although these estimates are based on past experience and other assumptions deemed reasonable in the circumstances, actual results may differ from these estimates.

B.23.1 Purchase price

The Group allocated the purchase price of the But group in accordance with IFRS. The fair value of But's property portfolio was determined using independent appraisals based on projected rental income.

B.23.2 Retirement benefit obligations

The Group operates defined benefit retirement plans. Plan liabilities are based on actuarial estimates of the present value of future retirement or other benefits that will be payable to members. The most sensitive assumptions involved in calculating the expected liabilities are mortality rates, employee turnover, salary increase rates and discount rates.

B Accounting policies (Continued)

B.23.3 Measurement of inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Average cost includes transportation costs to the point of sale and is net of any supplier discounts for volume and early payment, and rebates. Impairment losses on inventories are calculated by product group based on the age of the inventories concerned, in view of the fact that inventory age gives rise to the risk of products in stores becoming obsolete. The amount of impairment recognised takes into account the life cycles of the products in each group.

B.23.4 Estimates of customer warranty and extended warranty provisions

The Group provides a two-year warranty on most of its products. Accordingly, it recognises a provision in the statement of financial position for sales made over the last 24 months and for the average costs of repair for each product group.

The Group recognises the full amount of revenue from sales of extended warranties and sets aside a provision for extended warranties that is written back over the warranty period. Based on a study, the provisioning rate represents between 19% and 25% of revenue recognised, depending on the business concerned.

B.23.5 Estimates of capitalised tax loss carryforwards

The Group may recognise deferred tax assets on tax losses carried forward within the tax consolidation group to the extent of profits forecast in the business plan over the next two years.

In May 2014, the IFRS Interpretations Committee (IFRIC) provided guidance on the rules for recognising and measuring deferred tax assets on tax losses carried forward by loss-making entities. It confirmed that deferred tax assets must be recognised on tax loss carryforwards of loss-making entities to the extent of existing deferred tax liabilities, within the limits of the tax laws applicable to the entity. The related deferred tax recognised is described in Note C.15.3.

B.23.6 Estimates of insurance settlements

The Group recognises insurance settlements receivable based on estimates made by loss adjusters and supplied by its insurer that take into account the costs incurred for the retirement of property, plant and equipment (buildings and equipment) and inventories, as well as for miscellaneous expenses and estimated business interruption losses.

B.23.7 Earn-out clauses (contingent consideration)

The Group regularly acquires franchisees and an earn-out clause is often included in the acquisition agreement. The contingent consideration payable takes into account the consistency of accounting methods, working capital requirements and net debt. Pending the preparation of the definitive financial statements as of the acquisition date, the amount of this contingent consideration is recognised based on management's best estimates.

C Presentation of financial statements—Statement of financial position

C.1 Business combinations

C.1.1 Year to 30 June 2015

On 1 December 2014, But International acquired the operations of the Vitry, Herblay, Orgeval, Ezanville, Claye Souilly and Créteil stores for an amount of €2 million, following Mobilier Européen Group's receivership proceedings.

C Presentation of financial statements—Statement of financial position (Continued)

Provisional negative goodwill arising on these transactions was calculated as follows:

	Consolidation date: 1 December 2014
	(in € thousands)
Property, plant and equipment	1,377
Inventories	—
Trade and other receivables	—
Cash and cash equivalents	—
Other assets	1,800
Trade and other payables	(260)
Loans and borrowings	—
Bank overdrafts	—
Other liabilities	(726)
Total fair value of net assets acquired	**2,191**
Non-controlling interests	—
Share of net assets acquired	**2,191**

	1 December 2014
	(in € thousands)
Acquisition cost paid	(2,000)
Share of net assets acquired	2,191
Negative goodwill	**(191)**

	1 December 2014
	(in € thousands)
Acquisition cost paid in the period	(2,000)
Cash and cash equivalents acquired	—
Disbursements on acquisitions of subsidiaries	**(2,000)**

The allocation of the purchase price of these acquisitions had not yet been finalised at 30 June 2015.

The negative goodwill was taken to the income statement during the period under "Other operating income and expense".

The acquisition costs expensed in the period relate mainly to consultancy fees and amount to €295,000.

C.1.2 Year to 30 June 2014

The Group has held a 20% interest in Cofiser and its subsidiary Compagnie du SAV since 31 March 2012. Since the Group can now demonstrate that it exercises significant influence over these companies, Cofiser and La Compagnie de SAV have been accounted for by the equity method for the first time.

On 4 April 2013, the Group acquired MYN and VI2P, operators of the Quimperlé and Yvetot stores, respectively. These entities were merged into But International on 31 December 2013 and were included in the Group's consolidated financial statements for the first time in 2014.

On 11 July 2013, But International purchased a 50.2% stake in LRAM, the operator of the La Réole store, for €1.6 million, and now owns LRAM's entire share capital.

On 19 July 2013, But International purchased a 25% stake in Sourceco France for €1.6 million, giving it full control over its subsidiaries But Sourcing Limited and B'Sourcing.

C Presentation of financial statements—Statement of financial position (Continued)

Also on 19 July 2013, But International sold its interest in DirectLowCost.com for €0.2 million. These shares had been classified in assets held for sale for €0.2 million at 30 June 2013.

Provisional goodwill arising on these transactions was calculated as follows:

	Cumulative	LRAM	Sourceco France	VI2P	MYN
	Consolidation date:	**1 July 2013**	**1 July 2013**	**1 July 2013**	**1 July 2013**
			(in € thousands)		
Property, plant and equipment	**2,736**	1,899	692	93	52
Inventories	**9,331**	848	7,871	307	305
Trade and other receivables	**9,326**	246	8,703	221	156
Cash and cash equivalents	**1,211**	607	409	130	65
Investments in equity-accounted companies	**—**	—	—	—	—
Other assets	**832**	—	722	62	48
Trade and other payables	**(20,974)**	(525)	(19,231)	(627)	(591)
Loans and borrowings	**(1)**	—	(1)	—	—
Bank overdrafts	**(18)**	(17)	(1)	—	—
Other liabilities	**(4,494)**	(776)	(3,420)	(57)	(241)
Total fair value of net assets acquired	**(2,051)**	**2,282**	**(4,256)**	**129**	**(206)**
Non-controlling interests	**—**	—	—	—	—
Share of net assets acquired	**(2,051)**	**2,282**	**(4,256)**	**129**	**(206)**

	Cumulative	1 July 2013	1 July 2013	1 July 2013	1 July 2013
			(in € thousands)		
Acquisition cost of shares in subsidiaries(*)	**(6,432)**	(3,214)	(1,716)	(1,139)	(363)
Share of net assets acquired	**(2,051)**	2,282	(4,256)	129	(206)
Goodwill	**8,483**	**932**	**5,972**	**1,010**	**569**
(*) Of which revaluation of previously-held interest		**1,075**	**142**		

	Cumulative
	(in € thousands)
Acquisition cost paid in the period	(3,472)
Cash and cash equivalents acquired	1,193
Disbursements on acquisitions of subsidiaries	**(2,279)**

The acquisition costs expensed in the period relate mainly to consultancy fees and amount to €61,000 for LRAM and €22,000 for the Sourcing business.

C.2 Goodwill

Movements in the year to 30 June 2014

	30 June 2013	Increase	Decrease	Other movements	30 June 2014
			(in € thousands)		
Goodwill	118,726	8,483	—	—	127,209
Impairment loss	—	—	—	—	—
Carrying amount	**118,726**	**8,483**	**—**	**—**	**127,209**

C Presentation of financial statements—Statement of financial position (Continued)

Movements in the year to 30 June 2015

	30 June 2014	Increase	Decrease	Other movements	30 June 2015
			(in € thousands)		
Goodwill	127,209	—	—	—	127,209
Impairment loss	—	—	—	—	—
Carrying amount	**127,209**	**—**	**—**	**—**	**127,209**

Décomeubles Partners acquired But SAS on 31 March 2008. The residual goodwill totalling €74,817,000 was allocated to the following cash-generating units:

— Operating Activities (store operation and services to franchisees): €40,326,000 (54%)
— Financial Services: €34,491,000 (46%)

The Group sold its interest in Fidem S.A. (corresponding to the main underlying asset of the "Financial Services" CGU) on 27 March 2013. Following this sale, management decided to monitor goodwill within a single CGU called "Operating Companies", which combines the two original CGUs, "Operating Activities" and "Financial Services".

The decision to use a single combined CGU is justified by the fact that the Group's operational, banking and insurance activities are interdependent. This is because:

Financial activities form a natural fit with and are a connected and ancillary component of the Group's operational activities. This is particularly the case in light of the sale of Fidem S.A. In addition, the Group's financial activities do not have any direct clients.

Operational staff in stores sell and manage credit and insurance solutions.

The cash flows generated by the "Operating Activities" CGU included inflows and outflows relating to financial activities (notably retrocession of commissions and fees for marketing banking products).

But's operating performance is monitored at the level of the Group as a whole.

The amount of goodwill recognised at 31 March 2015 was tested for impairment as described below.

The recoverable amount of consolidated goodwill was calculated using a sum-of-the-parts approach, based on a breakdown of future cash flows between the Group's operating and financial companies. This method enables the specific characteristics of certain Group companies to be taken into account (particularly financial companies, whose book-value equity must meet regulatory requirements).

- The "**operating companies**" were valued using the discounted cash flows method, based on the 2016-2018 business plan.

The main assumptions used to determine future cash flows were:

EBITDA margin:	3.80%
Income tax rate:	34.43%
Change in working capital:	3.0% of revenue
Capital expenditure:	€12 million based on 2019 maintenance outlay
Impairment:	equal to capital expenditure
Discount rate:	10.90%
Growth rate used to extrapolate cash flow forecasts:	1.50%

C Presentation of financial statements—Statement of financial position (Continued)

In the year to 30 June 2014, the main assumptions used to determine future cash flows were:

EBITDA margin:	3.80%
Income tax rate:	34.43%
Change in working capital:	3.0% of revenue
Capital expenditure:	€12 million based on 2014 maintenance outlay
Impairment:	equal to capital expenditure
Discount rate:	10.70%
Growth rate used to extrapolate cash flow forecasts:	1.50%

- The "**financial companies"** were valued based on the average amount arrived at using the PER (price earnings ratio) method and the DDM (dividend discount model), after deducting the share of profit to be incorporated into equity for regulatory reasons.

Sensitivity based on valuation methods used

- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.2-point increase or decrease in their EBITDA margin to perpetuity would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.5-point increase or decrease in their long-term growth rate would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's financial companies would not result in any impairment of goodwill.

Based on the valuations performed at 31 March 2015, the recoverable amount of the assets tested, net of estimated costs of disposal, is higher than their carrying amounts.

In addition, no evidence of impairment was identified between 31 March 2015 and 30 June 2015. In that period, no major event occurred likely to affect the carrying amount of the items tested for impairment.

C Presentation of financial statements—Statement of financial position (Continued)

C.3 Other intangible assets

Movements in the year to 30 June 2014

	30 June 2013	Change in scope of consolidation, reclassifications and translation reserves	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2014
			(in € thousands)			
Software	25,684	2,984		1,235	(189)	29,714
But brand	46,207	—		—	—	46,207
Listing agreements	12,562	—		—	—	12,562
Other intangible assets	9,155	(1,871)		4,034	—	11,318
Cost	**93,608**	**1,113**		**5,269**	**(189)**	**99,801**
Amortisation of software	(18,932)	(713)		(6,075)	73	(25,647)
Amortisation of listing agreements	(9,849)	—		(841)	—	(10,690)
Amortisation of other intangible assets	(184)	(290)		(36)	—	(510)
Total amortisation	**(28,965)**	**(1,003)**		**(6,952)**	**73**	**(36,847)**
Carrying amount	**64,643**	**110**		**(1,683)**	**(116)**	**62,954**

Movements in the year to 30 June 2015

	30 June 2014	Change in scope of consolidation, reclassifications and translation reserves	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2015
			(in € thousands)			
Software	29,714	3,424	—	613	(16)	33,735
But brand	46,207	—	—	—	—	46,207
Listing agreements	12,562	—	—	—	—	12,562
Other intangible assets	11,318	(3,590)	(960)	9,327	(90)	16,005
Cost	**99,801**	**(166)**	**(960)**	**9,940**	**(106)**	**108,509**
Amortisation of software	(25,647)	2,045	—	(4,811)	—	(28,413)
Amortisation of listing agreements	(10,690)	—	—	(679)	—	(11,369)
Amortisation of other intangible assets	(510)	(1)	614	(622)	54	(465)
Total amortisation	**(36,847)**	**2,044**	**614**	**(6,112)**	**54**	**(40,247)**
Carrying amount	**62,954**	**1,878**	**(346)**	**3,828**	**(52)**	**68,262**

Software costs mainly relate to the internally developed sales management system.

Décomeubles identified two intangible assets—the But brand and listing agreements—as part of the But SAS purchase price allocation procedure.

C Presentation of financial statements—Statement of financial position (Continued)

C.4 Property, plant and equipment

Movements in the year to 30 June 2014

	30 June 2013	Change in scope of consolidation and reclassifications	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2014
			(in € thousands)			
Land	16,300	1,166	(3,231)	—	(2,662)	11,573
Buildings	44,826	2,064	(3,166)	101	(6,307)	37,518
Fixtures and fittings	16,244	1,942	(400)	161	(459)	17,488
Plant and equipment	17,867	5,048	—	440	(1,105)	22,250
Other property, plant and equipment	135,703	2,031	—	17,815	(8,883)	146,666
Cost	**230,940**	**12,251**	**(6,797)**	**18,517**	**(19,416)**	**235,495**
Depreciation of buildings	(12,106)	(1,638)	1,527	(3,497)	3,574	(12,140)
Depreciation of fixtures and fittings	(10,358)	(1,624)	395	(1,133)	221	(12,499)
Depreciation of plant and equipment	(14,255)	(3,748)	—	(1,576)	606	(18,973)
Depreciation of other property, plant and equipment	(73,410)	(2,517)	—	(20,626)	7,955	(88,598)
Impairment loss on land	—	—	844	(844)	—	—
Impairment loss on buildings	—	—	221	(221)	—	—
Impairment loss on plant and equipment	—	—	—	—	—	—
Impairment loss on other property, plant and equipment	—	—	—	—	—	—
Total depreciation and impairment	**(110,129)**	**(9,527)**	**2,987**	**(27,897)**	**12,356**	**(132,210)**
Carrying amount	**120,811**	**2,724**	**(3,810)**	**(9,380)**	**(7,060)**	**103,285**

C Presentation of financial statements—Statement of financial position (Continued)

Movements in the year to 30 June 2015

	30 June 2014	Change in scope of consolidation and reclassifications	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2015
			(in € thousands)			
Land	11,573	—	(2,010)	—	(4,157)	5,406
Buildings	37,518	1,066	(4,340)	294	(5,219)	29,319
Fixtures and fittings	17,488	525	(1,301)	48	(1,557)	15,203
Plant and equipment	22,250	777	(44)	566	(159)	23,390
Other property, plant and equipment	146,666	(139)	(1,494)	33,719	(4,949)	173,803
Cost	**235,495**	**2,229**	**(9,189)**	**34,627**	**(16,041)**	**247,121**
Depreciation of buildings	(12,140)	(757)	2,899	(2,775)	2,183	(10,590)
Depreciation of fixtures and fittings	(12,499)	—	1,187	(969)	1,477	(10,804)
Depreciation of plant and equipment	(18,973)	(192)	17	(1,351)	144	(20,355)
Depreciation of other property, plant and equipment	(88,598)	(1,956)	509	(20,423)	4,847	(105,621)
Impairment loss on land	—	—	(844)	—	844	—
Impairment loss on buildings	—	—	(221)	—	221	—
Impairment loss on plant and equipment	—	—	978	(978)	—	—
Impairment loss on other property, plant and equipment	—	—	—	—	—	—
Total depreciation and impairment	**(132,210)**	**(2,905)**	**4,525**	**(26,496)**	**9,716**	**(147,370)**
Carrying amount	**103,285**	**(676)**	**(4,664)**	**8,131**	**(6,325)**	**99,751**

Land and buildings mainly comprise retail outlets, warehouses and offices.

Property, plant and equipment in progress are recognised within "Other property, plant and equipment" and amounted to €19,650,000 at 30 June 2015 (€5,627,000 at 30 June 2014).

Property, plant and equipment includes €20,689,000 in assets held under finance leases (30 June 2014: €20,422,000). The related accumulated depreciation at the end of the reporting period was €4,245,000 (30 June 2014: €3,917,000).

C.5 Investments in associates and joint ventures

At 30 June 2015, the Group's investments in equity-accounted companies include Cofiser and Compagnie du SAV, which provide after-sales services to the Group's customers (see Note F, which provides a list of consolidated companies).

At 30 June 2014	Investments in equity-accounted companies	o/w Share of profit (loss)
	(in € thousands)	
Cofiser & CSAV	—	(1,221)
Total	**—**	**(1,221)**

C Presentation of financial statements—Statement of financial position (Continued)

At 30 June 2015	Investments in equity-accounted companies	o/w Share of profit (loss)
	(in € thousands)	
Cofiser & CSAV	—	(67)
Total	**—**	**(67)**

The table below provides summary financial information for associates (not adjusted to reflect the ownership interest held by the Group):

At 30 June 2014	% control	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Profit (loss)
				(in € thousands)					
				—			—		
Cofiser & CSAV	20%	2,007	2,012	4,019	6,860	2,648	9,508	16,723	(3,176)
Total		**2,007**	**2,012**	**4,019**	**6,860**	**2,648**	**9,508**	**16,723**	**(3,176)**

At 30 June 2015	% control	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Profit (loss)
				(in € thousands)					
				—			—		
Cofiser & CSAV	20%	3,892	1,554	5,446	9,214	2,027	11,241	17,831	(306)
Total		**3,892**	**1,554**	**5,446**	**9,214**	**2,027**	**11,241**	**17,831**	**(306)**

C.6 Derivative instruments with a positive fair value

	Non-current	Current
	(in € thousands)	
Value of derivatives at 30 June 2013	**—**	**977**
New derivatives subscribed		
Change in fair value: effective portion (other comprehensive income impact)	—	(835)
Change in fair value: ineffective portion (profit or loss impact)	—	(28)
Value of derivatives at 30 June 2014	**—**	**114**
New derivatives subscribed	2,483	
Change in fair value: effective portion (other comprehensive income impact)	1,086	13,925
Change in fair value: ineffective portion (profit or loss impact)	65	2,128
Value of derivatives at 30 June 2015	**3,634**	**16,167**

Derivative instruments contracted by the Group correspond solely to call options and forward purchases of US dollars. The dollar has significantly strengthened against the euro since the months preceding the end of the reporting period. The value of the derivatives recognised at 30 June 2015 takes into account counterparty default risk in an amount of €13,000.

C Presentation of financial statements—Statement of financial position (Continued)

C.7 Other assets

	30 June 2015	30 June 2014
	(in € thousands)	
Deposits for commercial premises	11,897	10,866
Other deposits and guarantees	—	—
Investments in non-consolidated companies	31	89
Loans and bond debentures	21,097	1,081
Total other non-current assets	**33,025**	**12,036**
Loans and bond debentures	184	901
Marketable securities excluding cash equivalents	4	7
Total other current assets	**188**	**908**

Loans and bond debentures essentially comprise a three-year loan granted to a supplier.

C.8 Inventories

	30 June 2015	30 June 2014
	(in € thousands)	
Goods for resale, gross	279,981	268,073
Impairment	(3,286)	(2,810)
Carrying amount	**276,695**	**265,263**

C.9 Trade and other receivables

	30 June 2015	30 June 2014
	(in € thousands)	
Trade receivables	38,245	40,771
Impairment of trade receivables	(1,654)	(1,472)
Carrying amount	**36,591**	**39,299**
Deposits and advance payments to suppliers	4,743	8,039
Tax and social security receivables	14,233	16,838
Other receivables	13,925	22,359
Impairment of other receivables	(2,180)	(1,059)
Prepaid expenses	6,813	4,899
Other receivables	**37,534**	**51,076**
Total trade and other receivables	**74,125**	**90,375**

At 30 June 2015, trade receivables primarily comprised (i) accrued rebates granted by suppliers for listing them within But stores (€17.5 million), (ii) customer deferred debit payments due after the end of the reporting period (€8.4 million), and (iii) amounts due from franchisees.

Other receivables mainly comprised rebates obtained from suppliers. For the first time in the year to 30 June 2015, the Group offset “Other receivables” with “Other payables” in an amount of €13 million.

The year-on-year decrease in trade receivables reflects the first-time consolidation of certain franchisee customers and the Group’s policy of reducing working capital requirements.

C Presentation of financial statements—Statement of financial position (Continued)

C.10 Cash and cash equivalents

	30 June 2015	30 June 2014
	(in € thousands)	
Cash at bank and in hand	29,675	35,066
Short-term deposits and monetary funds (SICAV)	26,823	73,117
Total	**56,498**	**108,183**
Current bank overdrafts and accrued interest not yet due	(82)	(35)
Cash and cash equivalents in the statement of cash flows	**56,416**	**108,148**

C.11 Assets held for sale and discontinued operations

	30 June 2015	30 June 2014
	(in € thousands)	
Intangible assets	346	—
Land	5,242	2,387
Buildings	3,082	1,418
Fixtures and fittings	117	5
Plant and equipment	26	—
Other property, plant and equipment	6	
Goods for resale	324	—
Assets and disposal groups held for sale	**9,143**	**3,810**
Deferred tax liabilities	1,801	37
Liabilities related to assets held for sale	**1,801**	**37**

C Presentation of financial statements—Statement of financial position (Continued)

As of 1 January 2015, the Group decided to sell But City. Accordingly, this business has been classified within discontinued operations since that date.

	30 June 2015 (in € thousands)
Discontinued operations	
Retail revenue	2,021
Other revenue	108
Revenue	**2,129**
Cost of sales	(1,505)
Gross profit	**624**
Personnel expenses	(468)
Taxes other than on income	(10)
External expenses	(752)
Other income from operations	
Other expense from operations	(1)
Recurring operating profit (loss) before depreciation and amortisation, and other operating income and expense	**(607)**
Other operating income and expense	379
Depreciation, amortisation and impairment of non-current assets	
Operating profit (loss)	**(228)**
Other financial income and expense	
Profit (loss) before income tax	**(228)**
Income tax	—
Profit (loss) from discontinued operations	**(228)**

C.12 Share capital

The Group's share capital amounted to €173,971,720 at 30 June 2015, comprising 233,971,720 shares with a par value of around €0.74.

On 4 July 2014, the share capital of Décomeubles Partners was reduced by €50,000,000, from €233,971,720 to €183,971,720, by reimbursing the sole shareholder for some of its shares and decreasing the par value of the existing shares accordingly.

On 23 July 2014, the share capital of Décomeubles Partners was reduced by €10,000,000, from €183,971,720 to €173,971,720, by reimbursing the sole shareholder for some of its shares and decreasing the par value of the existing shares accordingly.

C.13 Retirement benefit obligations

C.13.1 Defined contribution plans

In France, the main retirement benefits are provided through collective bargaining agreements. In addition, the Group provides a supplementary defined contribution plan (Supplementary Pension Plan) for its senior executives. On 1 July 2014, this plan was extended to all of the Group's managerial-grade employees (*cadres*). In the year to 30 June 2015, the Group paid €674,000 in respect of this plan (€432,000 in the year to 30 June 2014).

C Presentation of financial statements—Statement of financial position (Continued)

C.13.2 Defined benefit plans

The Group is required to pay lump sums (retirement indemnities) to employees when they retire from service.

A qualified, independent actuary updated the actuarial valuations of the Group's defined benefit plans at 30 June 2015. The principal assumptions made by the actuary were:

	30 June 2015	30 June 2014	30 June 2013
Discount rate	2.10%	2.50%	3.20%
Expected rate of return on plan assets	2.10%	2.50%	3.20%
Salary increase rate	0.5%-1%	0.5%-1%	0.5%-1%
Long-term inflation	1.75%	2.00%	2.00%

The expected rate of return on plan assets is the same as the discount rate used to measure the defined benefit obligation, as required in IAS 19.

The amounts recognised in the statement of financial position were calculated as follows:

	30 June 2015	30 June 2014	30 June 2013
		(in € thousands)	
Present value of unfunded obligations	17,977	16,432	13,951
Present value of funded obligations			
Total present value of obligations	**17,977**	**16,432**	**13,951**
Fair value of plan assets	262	255	208
Funding shortfall/surplus	**17,715**	**16,177**	**13,743**
Unrecognised past service cost	—	—	—
Share-based payment	—	—	—
Provision recognised in respect of defined benefit obligations	**17,715**	**16,177**	**13,743**

The amounts recognised in the income statement were calculated as follows:

	30 June 2015	30 June 2014	30 June 2013
		(in € thousands)	
Current service cost	1,165	1,006	871
Interest cost	438	474	428
Expected return on plan assets	(6)	(7)	(4)
Amortisation of past service cost	—	—	—
Total	**1,597**	**1,473**	**1,295**

Interest cost is recognised in financial income and expense.

C Presentation of financial statements—Statement of financial position (Continued)

Changes in the provision for defined benefit obligations during the period are analysed below:

	30 June 2015	30 June 2014	30 June 2013
		(in € thousands)	
Change in scope of consolidation	489	164	363
Provision for defined benefit obligations at beginning of period	**16,177**	**13,743**	**12,012**
Benefits paid	(430)	(209)	(186)
Current service cost	1,165	1,006	871
Interest cost	438	474	428
Expected return on plan assets	(6)	(7)	(4)
Amortisation of past service cost			
Actuarial gains and losses recognised in other comprehensive income	(118)	1,006	259
Provision for defined benefit obligations at end of period	**17,715**	**16,177**	**13,743**

Cumulative actuarial gains and losses are recognised in other comprehensive income.

	30 June 2015	30 June 2014	30 June 2013
		(in € thousands)	
Cumulative amount at beginning of period	3,890	2,884	2,625
Amount recognised during the period	(118)	1,006	259
Cumulative amount at end of period	**3,772**	**3,890**	**2,884**

The impact of experience adjustments on the benefit obligations was as follows:

	30 June 2015	30 June 2014	30 June 2013
		(in € thousands)	
Asset experience			
(Gain)/loss during the period	—	(40)	(92)
(Gain)/loss expressed as a percentage of plan assets	0.0%	-15.7%	-44.2%
Liability experience			
(Gain)/loss during the period	(496)	(687)	(102)
(Gain)/loss expressed as a percentage of defined benefit obligations	-2.8%	-4.2%	-0.7%
Liability assumptions			
(Gain)/loss during the period	378	1,678	308
(Gain)/loss expressed as a percentage of defined benefit obligations	2.1%	10.2%	2.2%
Net			
Defined benefit obligations	(17,977)	(16,432)	(13,951)
Fair value of plan assets	262	255	208
Funded status	**(17,715)**	**(16,177)**	**(13,743)**

C Presentation of financial statements—Statement of financial position (Continued)

The following table shows plan assets broken down by type of investment:

	30 June 2015	30 June 2014	30 June 2013
		(in percentage)	
Government bonds	84.4%	82.8%	83.9%
Property	5.7%	6.1%	7.0%
Equities	9.9%	11.1%	9.1%
Total	**100.0%**	**100.0%**	**100.0%**

Contributions are not paid in respect of any of these investments and the investments are not quoted in an active market.

A 0.15-point increase or decrease in the discount rate applied would have the following impacts on retirement benefit obligations:

- Increasing the rate to 2.25% would decrease the obligations to €17,297,000.
- Decreasing the rate to 1.95% would increase the obligations to €17,948,000.

This type of plan is not exposed to a significant longevity risk, and an increase of one year in life expectancy would have an impact of less than 0.5%.

The plan's exposure to inflation risk is significant since the assumed rate of increase in salaries is based on the Group's own inflation forecasts.

Exposure to the return risk on high-quality corporate bonds is significant as this variable is taken into account when determining the discount rate.

The services provided are expected to give rise to the following cash flows:

	Less than 1 year	From 1 to 2 years	From 3 to 5 years	More than 5 years
		(in € thousands)		
Maturities	66	109	1,605	16,197

C.14 Provisions

Movements in the year to 30 June 2014

	30 June 2013	Increase	Decrease		Change in scope of consolidation and reclassifications	Translation reserves	30 June 2014
			Used	Unused	(in € thousands)		
Provision for after-sales warranties	11,011	735	(444)	—	72	—	11,374
Provision for extended warranties	18,737	10,093	(5,716)	—	133	—	23,247
Other	11,065	1,875	(2,636)	(3,974)	174	(3)	6,501
Total	**40,813**	**12,703**	**(8,796)**	**(3,974)**	**379**	**(3)**	**41,122**
o/w Non-current liabilities	16,072	9,778	(1,086)	(17)	(5,457)	—	19,290
o/w Current liabilities	24,741	2,925	(7,710)	(3,957)	5,836	(3)	21,832

C Presentation of financial statements—Statement of financial position (Continued)

Movements in the year to 30 June 2015

	30 June 2014	Increase	Decrease		Change in scope of consolidation and reclassifications	Translation reserves	30 June 2015
			Used	Unused	(in € thousands)		
Provision for after-sales warranties	11,374	576	(468)	—	—	—	11,482
Provision for extended warranties	23,247	8,603	(6,117)	—	—	—	25,733
Other	6,501	1,990	(1,127)	(1,050)	—	—	6,314
Total	**41,122**	**11,169**	**(7,712)**	**(1,050)**	**—**	**—**	**43,529**
o/w Non-current liabilities	19,290	8,724	(561)	(580)	(6,565)	—	20,308
o/w Current liabilities	21,832	2,445	(7,151)	(470)	6,565	—	23,221

Other provisions correspond to provisions for claims, disputes and other risks. The decrease in other provisions is mainly due to reversals of provisions for disputes.

C.15 Deferred tax

C.15.1 Deferred tax movements

Movements in deferred tax assets and liabilities (before offsetting taxes levied by the same taxation authority as permitted by IAS 12) are shown in the table below:

\

	30 June 2015	30 June 2014
	(in € thousands)	
Deferred tax assets		
Balance at beginning of period	8	—
Income for the period	2,533	4,738
Income tax recognised in equity	33	(111)
Change in scope of consolidation and reclassifications	(2,574)	(4,619)
Balance at end of period	**—**	**8**

	30 June 2015	30 June 2014
	(in € thousands)	
Deferred tax liabilities		
Balance at beginning of period	(32,469)	(41,162)
Income for the period	370	3,596
Income tax recognised in equity(*)	(6,548)	785
Reclassifications within liabilities relating to assets held for sale	—	—
Change in scope of consolidation and reclassifications	4,101	4,312
Balance at end of period	**(34,546)**	**(32,469)**

(*) Including €711,000 relating to the impact of applying IFRIC 21—Levies as of 1 July 2014.

C Presentation of financial statements—Statement of financial position (Continued)

C.15.2 Deferred tax sources

	SOFP	SOFP	Movements in the period		Movements in the period	
	30 June 2015	30 June 2014	30 June 2015	(12 months)	30 June 2014	(12 months)
			in equity and reclassifications	in the income statement	in equity and reclassifications	in the income statement
			(in € thousands)			
Deferred tax assets						
Intangible assets			—	—	—	—
Property, plant and equipment	65	74	—	(9)	—	(13)
Inventories	151	140	(1,009)	1,020	9	94
Other assets	1,975	2,481	(994)	488	1,916	565
Retirement benefit obligations	6,099	5,570	128	401	403	435
Provisions	2,395	2,339	466	(410)	397	(917)
Other liabilities	6,520	7,270	(584)	(166)	23	3,161
Tax losses carried forward	5,851	4,094	—	1,757	162	3,932
Total	**23,056**	**21,968**	**(1,993)**	**3,081**	**2,910**	**7,257**
Deferred tax liabilities						
Intangible assets	(16,320)	(16,553)	—	233	—	290
Property, plant and equipment	(2,798)	(5,828)	1,359	1,671	(353)	2,738
Inventories			—	—	2	(2)
Other assets	(4,969)	(108)	(4,175)	(686)	288	16
Provisions	(18,327)	(16,542)	601	(2,386)	(1,379)	(2,709)
Other liabilities	(15,188)	(15,398)	(780)	990	(1,101)	744
Total	**(57,602)**	**(54,429)**	**(2,995)**	**(178)**	**(2,543)**	**1,077**
Deferred tax assets (liabilities)	**(34,546)**	**(32,461)**				
Deferred tax assets in the SOFP	—	8				
Deferred tax liabilities in the SOFP	(34,546)	(32,469)				
Net	**(34,546)**	**(32,461)**				
Deferred tax (income)/ expense			**(4,988)**	**2,903**	**367**	**8,334**

Other deferred tax liabilities relate mainly to extended warranties.

C Presentation of financial statements—Statement of financial position (Continued)

C.15.3 Tax losses

Tax losses are shown below:

	30 June 2015			30 June 2014		
	Deferred tax base	Recognised deferred tax	Unrecognised deferred tax	Deferred tax base	Recognised deferred tax	Unrecognised deferred tax
	(in € thousands)					
Tax losses carried forward in respect of:						
—Entities not included in the tax consolidation group	2,689	—	444	—	—	—
—Entities included in the tax consolidation group						
—Tax losses generated before entering the tax consolidation group	37,271	—	12,832	31,022	—	10,681
—Tax losses and thin capitalisation interest generated after entering the tax consolidation group	36,755	5,851	6,804	36,441	3,932	8,615
Total	**76,715**	**5,851**	**20,080**	**67,463**	**3,932**	**19,296**

C.16 Loans and borrowings

C.16.1 Other loans and borrowings

	30 June 2015	30 June 2014
	(in € thousands)	
Bond issue	180,000	180,000
Other bank loans and borrowings—more than 12 months	—	6
Current accounts with other third parties—more than 12 months	—	—
Finance leases—more than 12 months	13,547	13,920
Loan issuance costs—more than 12 months	(5,368)	(8,062)
Other loans and borrowings—non current	**188,179**	**185,864**
Other bank loans and borrowings—less than 12 months	10	7
Current accounts with other third parties—less than 12 months	18	51
Finance leases—less than 12 months	3,219	2,899
Accrued interest	3,908	145
Loan issuance costs—less than 12 months	(1,630)	(1,883)
Other loans and borrowings—current	**5,525**	**1,219**
Total other loans and borrowings	**193,704**	**187,083**

C Presentation of financial statements—Statement of financial position (Continued)

C.16.2 Terms and repayment schedule

All loans and borrowings are denominated in euros.

	Amount in consolidated SOFP			Contractual cash flows			
At 30 June 2014	**Floating rate**	**Fixed rate**	**Total**	**Total**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**
				(in € thousands)			
Bond issue		180,000	180,000	249,176	9,348	53,136	186,692
Other bank loans and borrowings	—	13	13	14	7	7	—
Current accounts with other third parties	—	51	51	51	51	—	—
Finance leases	12,818	4,001	16,819	20,075	3,428	5,596	11,051
Accrued interest	—	145	145	145	145	—	—
Loan issuance costs	—		(9,945)				
Total	**12,818**	**184,210**	**187,083**	**269,461**	**12,979**	**58,739**	**197,743**

	Amount in consolidated SOFP			Contractual cash flows			
At 30 June 2015	**Floating rate**	**Fixed rate**	**Total**	**Total**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**
				(in €) thousands			
Bond issue		180,000	180,000	235,920	9,403	226,517	—
Other bank loans and borrowings	—	10	10	11	11	—	—
Current accounts with other third parties	—	18	18	18	18	—	—
Finance leases	12,243	4,523	16,766	19,714	3,808	5,829	10,077
Accrued interest	—	3,908	3,908	3,908	3,908	—	—
Loan issuance costs			(6,998)				
Total	**12,243**	**188,459**	**193,704**	**259,571**	**17,148**	**232,346**	**10,077**

Contractual cash flows correspond to future repayments of principal and interest due.

a) Bond issue

On 27 June 2014 the Group issued a €180,000,000 bond on the Luxembourg market. The main terms and conditions of the bond are as follows:

- Maturity: 15 September 2019
- Interest: based on a fixed rate of 7⅜%, payable on 15 March and 15 September each year.

b) Senior revolving facility

In the year to 30 June 2014, the Group took out a revolving line of credit for a maximum amount of €30 million. No amounts were drawn down from this credit line in the period.

C Presentation of financial statements—Statement of financial position (Continued)

C.16.3 Finance leases

	30 June 2014			
	Less than 1 year	From 2 to 5 years	More than 5 years	Total
	(in € thousands)			
Future minimum lease payments	3,428	5,596	11,051	20,075
Interest expense	(580)	(1,259)	(1,407)	(3,246)
Value of future minimum lease payments	**2,849**	**4,337**	**9,643**	**16,829**

	30 June 2015			
	Less than 1 year	From 2 to 5 years	More than 5 years	Total
	(in € thousands)			
Future minimum lease payments	3,808	5,829	10,077	19,714
Interest expense	(579)	(1,196)	(1,164)	(2,939)
Value of future minimum lease payments	**3,229**	**4,633**	**8,913**	**16,775**

C.17 Trade and other payables

	30 June 2015	30 June 2014
	(in € thousands)	
Trade payables	186,186	175,758
Deposits and advance payments received on orders	47,949	36,695
Tax and social security liabilities	64,829	67,654
Payables to fixed asset suppliers	14,315	6,575
Other payables	28,426	33,905
Prepaid income	11,489	10,517
Total	**353,194**	**331,104**

Trade payables settled by means of reverse factoring amounted to €9 million at 30 June 2015 (€7.7 million at 30 June 2014).

The Group is eligible for the CICE tax credit (introduced in France to encourage competitiveness and boost employment) and obtained CICE pre-financing from BPI for €4.1 million, shown in "Other payables".

Other payables mainly comprise purchasing rebates to be repaid to franchisees. At 30 June 2015, this line was offset against "Other receivables" in an amount of €13 million.

C Presentation of financial statements—Statement of financial position (Continued)

C.18 Derivative instruments with a negative fair value

	Non-current	Current
	(in € thousands)	
Value of derivatives at 30 June 2013	—	—
New derivatives subscribed		
Change in fair value: effective portion (other comprehensive income impact)		
Change in fair value: ineffective portion (profit or loss impact)		104
Value of derivatives at 30 June 2014	**—**	**104**
New derivatives subscribed (sold)		(127)
Change in fair value: effective portion (other comprehensive income impact)		
Change in fair value: ineffective portion (profit or loss impact)		23
Value of derivatives at 30 June 2015	**—**	**—**

This relates to an interest rate swap put in place to hedge the risk arising on the extended mezzanine debt.

C.19 Cash flows

At 30 June 2015, cash and cash equivalents amounted to €56,416,000 (see Note C.10), a year-on-year decrease of €51,732,000. Amounts impacting cash and cash equivalents are shown in the consolidated statement of cash flows.

Operating activities

In the year to 30 June 2015, net cash flows from operating activities amounted to €68,691,000, breaking down as follows:

- cash flows from operations before net finance costs and income tax totalling €55,578,000;
- income tax paid totalling €6,715,000, primarily relating to the CVAE tax;
- changes in working capital, excluding tax, resulting in a positive €19,828,000 impact on cash, due chiefly to the increase in trade and other payables.

Investing activities

The main components of net cash flows relating to investing activities were:

- cash outflows relating to acquisitions of property, plant and equipment, intangible assets and other financial assets, net of disposals, in an amount of €27,822,000. The Group also sold three sites.

Financing activities

Net cash flows relating to financing activities represented a total outflow of €92,681,000, and essentially comprised:

- repayments of borrowings for €2,526,000;
- decreases in capital further to the partial repayment of shares in an amount of €60,000,000.
- the loan granted to a supplier for €20,000,000.

D Presentation of financial statements—Income statement

D.1 Revenue

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Store sales	1,056,839	1,041,230
Franchisee sales	143,920	126,791
Retail revenue	**1,200,759**	**1,168,021**
Services provided to franchisees	15,777	13,434
Listing fees	7,190	6,124
Sales of warranties and long-term insurance	38,336	32,371
Insurance services	10,715	11,631
Other	25,389	25,342
Other revenue	**97,407**	**88,902**
Total	**1,298,166**	**1,256,923**

"Listing fees" as presented above for the year to 30 June 2014 have been reduced by €2.5 million, while "Other revenue" has been increased by €2.5 million, in order to restate the data included in the financial statements for the year to 30 June 2014.

D.2 Cost of sales

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Purchases	(733,011)	(732,093)
Increase in inventories	12,232	11,980
Impairment of inventories	(8,305)	(8,734)
Cost of sales excluding logistics costs	**(729,084)**	**(728,847)**
Logistics costs	(44,269)	(37,384)
Total	**(773,353)**	**(766,231)**

D.3 Personnel expenses

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Wages and salaries	(145,657)	(139,110)
Payroll taxes	(64,355)	(60,586)
Employee profit-sharing	(3,684)	(6,735)
Post-employment expenses	(735)	(1,264)
Total	**(214,431)**	**(207,695)**

In the year to 30 June 2015, the Group recorded accrued income of €6,954,000 related to the CICE tax credit (year to 30 June 2014: €5,410,000). CICE tax credit funds have helped protect jobs in France.

D Presentation of financial statements—Income statement (Continued)

D.4 External expenses

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Outsourcing	(44,050)	(43,083)
Property leases	(65,949)	(61,523)
Other leases and related expenses	(20,004)	(18,153)
Repairs and maintenance	(6,494)	(6,149)
Insurance	(5,224)	(6,454)
Compensation in respect of temporary and external employees	(12,896)	(12,464)
Local advertising	(6,128)	(7,729)
National advertising	(39,411)	(37,968)
Other external expenses	(37,574)	(39,380)
Total	**(237,730)**	**(232,903)**

D.5 Other income and expense from operations

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Income on credit operations (share in Cogesem)	13,589	15,902
Decrease in provisions and current asset impairment allowances	8,601	9,082
Other	3,069	3,692
Other income from operations	**25,259**	**28,676**
Increase in provisions and current asset impairment allowances	(11,373)	(10,647)
Other	(3,172)	(5,349)
Other expense from operations	**(14,545)**	**(15,996)**
Other income from operations, net	**10,714**	**12,680**

D.6 Other operating income and expense

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Gains on disposals of non-current assets	2,843	1,444
Other	191	4,409
Other operating income	**3,034**	**5,853**
Restructuring costs	(81)	(1,230)
Acquisition and disposal costs	(6,502)	(1,418)
Capital losses on disposals of non-current assets	(1,445)	(913)
Other	(1,404)	(2,142)
Other operating expense	**(9,432)**	**(5,703)**
Other operating income (expense), net	**(6,398)**	**150**

In the year to 30 June 2014, other operating income consisted solely of gains on remeasuring LRAM and BSL shares at fair value (revaluation of previously-held equity interests at fair value, as discussed in Note C.1).

D Presentation of financial statements—Income statement (Continued)

D.7 Cost of debt

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Interest expense on financing transactions	(15,495)	(19,310)
Interest expense on finance leases	(786)	(829)
Total	**(16,281)**	**(20,139)**

D.8 Other financial income and expense

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Foreign exchange gains	532	627
Other	713	414
Other financial income	**1,245**	**1,041**
Foreign exchange losses	(2,937)	(81)
Interest cost on retirement benefit obligations	(432)	
Other	(727)	(394)
Other financial expense	**(4,096)**	**(475)**
Other financial income (expense), net	**(2,851)**	**566**

D.9 Income tax

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Income tax paid	(6,133)	(5,816)
Deferred tax	2,903	8,333
Total tax income (expense)	**(3,230)**	**2,517**

D Presentation of financial statements—Income statement (Continued)

Reconciliation between tax income (expense) and profit (loss) before tax

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Profit (loss) for the period	4,638	(7,562)
Less share of profit (loss) of equity-accounted companies	67	1,221
Tax expense (income)	3,230	(2,517)
Profit (loss) of consolidated companies before tax	**7,935**	**(8,858)**
Theoretical tax rate	34.43%	34.43%
Theoretical tax income (expense)	**(2,732)**	**3,050**
Difference in Luxembourg, Malta and Hong Kong tax rates and temporary 10.7% surtax	957	237
Utilisation of tax loss carryforwards/(Tax loss carryforwards not utilised)	(39)	(1,089)
CVAE tax	(5,267)	(5,700)
(Capital losses)/Capital gains taxed at 0%	—	1,463
CICE tax charged	2,394	1,861
Other	1,457	2,695
Effective tax income (expense)	**(3,230)**	**2,517**

Tax effects relating to other comprehensive income (loss)

	30 June 2015	30 June 2014
	(in € thousands)	
Tax on exchange differences resulting from the translation of foreign operations	—	—
Tax on fair value relating to effective portion of cash flow hedges	(5,763)	287
Tax relating to items that may subsequently be reclassified to profit or loss	**(5,763)**	**287**
Tax on defined benefit plan actuarial gains (losses)	(41)	387
Tax relating to items that may not subsequently be reclassified to profit or loss	**(41)**	**387**
Total tax on other comprehensive income (loss)	**(5,804)**	**674**

E Presentation of the financial statements—off-balance sheet items

E.1 Financial instruments

Financial instruments are recognised and measured as follows:

- financial instruments at fair value through profit or loss, representing components of cash and cash equivalents, are measured based on quoted prices in an active market;
- available-for-sale financial assets, representing investments in non-consolidated companies, are recognised at fair value in the consolidated statement of financial position;
- loans and receivables – which chiefly include trade receivables and certain other miscellaneous current and non-current receivables – are recognised at amortised cost using the effective interest method;
- liabilities recognised at amortised cost using the effective interest method mainly include loans and borrowings, trade payables and other miscellaneous current and non-current payables;

E Presentation of the financial statements—off-balance sheet items (Continued)

- derivative instruments are recognised at fair value, either directly through profit or loss or within income and expenses recognised directly in other comprehensive income in accordance with cash flow hedge accounting.

The fair value of financial assets and liabilities is determined as follows:

- the fair value of trade receivables and payables and other miscellaneous current receivables and payables is considered to be their carrying amount in the consolidated statement of financial position due to their very short-term maturities;
- the fair value of bonds is estimated at the end of each reporting period based on average market interest rates and the value of the Group's credit risk, for bonds with maturities approximating the remaining term to maturity of the Group's three bond issues;
- the fair value of finance lease liabilities is taken as the carrying amount in the consolidated statement of financial position due to the wide variety of lease types and terms.

At 30 June 2014	Fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Liabilities at amortised cost	Currency derivatives	Interest rate derivatives	Non-financial instruments	Carrying amount in SOFP	Fair value
				(in € thousands)					
Assets									
Non-current derivatives with a positive fair value	—	—	—	—	—	—	—	—	—
Other non-current assets	—	129	11,907	—	—	—	—	12,036	12,036
Trade and other receivables	—	—	59,478	—	—	—	30,897	90,375	90,375
Current derivatives with a positive fair value	—	—	—	—	114	—	—	114	114
Other current assets	—	7	901	—	—	—	—	908	908
Cash and cash equivalents	73,111	—	35,072	—	—	—	—	108,183	108,183
Total	**73,111**	**136**	**107,358**	**—**	**114**	**—**	**30,897**	**211,616**	**211,616**
Liabilities									
Current account with main shareholder	—	—	—	—	—	—	—	—	—
Other loans and borrowings	—	—	—	187,083	—	—	—	187,083	187,083
Non-current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Other non-current liabilities	—	—	—	—	—	—	—	—	—
Other long-term payables	—	—	—	—	—	—	—	—	—
Trade and other payables	—	—	—	216,222	—	—	114,880	331,102	331,102
Current derivatives with a negative fair value	—	—	—	—	—	104	—	104	104
Bank overdrafts	—	—	—	35		—	—	35	35
Total	**—**	**—**	**—**	**403,340**	**—**	**104**	**114,880**	**518,324**	**518,324**

E Presentation of the financial statements—off-balance sheet items (Continued)

At 30 June 2015	Fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Liabilities at amortised cost	Currency derivatives	Interest rate derivatives	Non-financial instruments	Carrying amount in SOFP	Fair value
				(in € thousands)					
Assets									
Non-current derivatives with a positive fair value	—	—	—	—	3,634	—	—	3,634	3,634
Other non-current assets	—	67	32,958	—	—	—	—	33,025	33,025
Trade and other receivables	—	—	47,773	—	—	—	26,352	74,125	74,125
Current derivatives with a positive fair value	—	—	—	—	16,167	—	—	16,167	16,167
Other current assets	—	4	184	—	—	—	—	188	188
Cash and cash equivalents	26,818	—	29,680	—	—	—	—	56,498	56,498
Total	**26,818**	**71**	**110,595**	**—**	**19,801**	**—**	**26,352**	**183,637**	**183,637**
Liabilities									
Current account with main shareholder	—	—	—	—	—	—	—	—	—
Other loans and borrowings	—	—	—	193,704	—	—	—	193,704	193,704
Non-current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Other non-current liabilities	—	—	—	—	—	—	—	—	—
Other long-term payables	—	—	—	—	—	—	—	—	—
Trade and other payables	—	—	—	228,926	—	—	124,268	353,194	353,194
Current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Bank overdrafts	—	—	—	82		—	—	82	82
Total	**—**	**—**	**—**	**422,712**	**—**	**—**	**124,268**	**546,980**	**546,980**

Contractual future cash flows related to other loans and borrowings are set out in Note C.16.2. Trade payables and other current payables (€228,926,000 at 30 June 2015) all mature within one year.

The carrying amount of the Group's financial assets and liabilities approximates their fair value.

E.2 Risk management

E.2.1 Financial risk management

In the course of its business, the Group is exposed to currency risk, interest rate risk, credit risk, and liquidity risk. In accordance with the policies approved by the Chairman, the Group only enters into derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. The Group does not enter into any trading derivative transactions without underlying assets or liabilities.

Financial risks are formally managed by the Group's Treasury department.

E.2.2 Financial risk

Financial risks essentially arise on exposure to US dollars and interest rates.

Currency risk

Most furniture is purchased directly by the Group from Asian suppliers in US dollars. The Group's policy is to hedge most US dollar transactions from the date of the purchase order to the settlement date using forward contracts or options negotiated with an investment-grade bank.

E Presentation of the financial statements—off-balance sheet items (Continued)

All foreign currency transactions must be demonstrably linked to an underlying exposure. The hedge of the exposure is monitored throughout the life of the transaction to ensure that it remains effective and appropriate.

The fair value of foreign currency financial instruments (including counterparty default risk) was €19,801,000 at 30 June 2015, compared to €114,000 at 30 June 2014.

Interest rate risk

The Group has only minimal exposure to interest rate risk on its floating-rate borrowings. Its main floating-rate borrowings had been repaid in full at 30 June 2014.

E.2.3 Credit risk

Financial assets mainly comprise cash and cash equivalents as well as trade and other receivables. Credit risk arises if a counterparty fails to meet its obligations.

The Group invests its liquid assets with leading banks and regularly monitors counterparty risk.

Given its retail activity, none of the Group's customers represents more than 10% of its revenue. In the consumer credit business, the lending policy is based on scorecards and statistical studies of default. The Group also draws on the experience and expertise of its partner BNP Personal Finance.

E.2.4 Liquidity risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose the Group to liquidity risk in the event of early repayment.

In order to manage its liquidity risk, the Group contracts bank facilities for an appropriate amount and maturity to ensure that it has adequate available funds to meet its commitments.

E.3 Contingent liabilities

The Group does not have any material contingent liabilities.

E.4 Commitments

E.4.1 Operating lease and purchase commitments

The Group leases various stores, head offices, equipment and warehouses under non-cancellable operating lease agreements. These leases have different terms, escalation clauses and renewal options.

	Payments to be made by period			
at 30 June 2014	**Total**	**Less than 1 year**	**From 2 to 5 years**	**More than 5 years**
		(in € thousands)		
Operating leases	305,813	68,296	166,755	70,762
Purchase commitments regarding goods for resale	76,421	76,421	—	—
Total	**382,234**	**144,717**	**166,755**	**70,762**

	Payments to be made by period			
at 30 June 2015	**Total**	**Less than 1 year**	**From 2 to 5 years**	**More than 5 years**
		(in € thousands)		
Operating leases	344,791	79,431	197,057	68,303
Purchase commitments regarding goods for resale	84,448	84,448	—	—
Total	**429,239**	**163,879**	**197,057**	**68,303**

E Presentation of the financial statements—off-balance sheet items (Continued)

E.4.2 Capital and other financial commitments

	30 June 2015	30 June 2014
	(in € thousands)	
Unused confirmed credit lines	—	—
Standby letters of credit and documentary credit	10,599	4,242
Other guarantees received	4,853	2,319
Total guarantees received	**15,452**	**6,561**
Guarantees given on reinsurance activities	—	—
Clawback clause	—	—
Other guarantees given (*)	16,384	10,000
Total guarantees given	**16,384**	**10,000**

(*) In addition to the commitments shown above, the following items were pledged by Décomeubles Partners SAS, But SAS, But International and Cogesem to guarantee the repayment of the bond and the senior revolving facility:

- the shares in But SAS held by Décomeubles Partners SAS;
- the shares in But International and Immobut held by But SAS;
- the shares in Cogesem held by But International;
- the bank accounts of Décomeubles Partners SAS, But SAS, But International and Cogesem;
- the rights of Décomeubles Partners SAS, But SAS, But International and Cogesem on intragroup receivables.

– The inventories of But International stored in its four distribution centres are the subject of a non-possessory pledge.

Commitments given in the event of a change in Décomeubles' ownership structure:

- Purchase commitments relating to companies operating stores owned by the Yvrai group

As discussed in Note A.3, the Yvrai group also has a put option granted by But International which may be exercised in the event of a change of control of Décomeubles.

E.5 Related party transactions

The Group's main related parties are companies that it controls or over which it exercises significant influence. Related parties also include joint ventures, members of management bodies and the Group's shareholder.

E.5.1 Transactions with companies controlled by the Group

The list of companies controlled by the Group is provided in Note F. Since these companies are fully consolidated as described in Note B.3, any transactions between them, and between the parent company and its subsidiaries, were eliminated for the purpose of preparing the consolidated financial statements.

E Presentation of the financial statements—off-balance sheet items (Continued)

E.5.2 Transactions with joint ventures and associates

Transactions with companies over which the Group exercises significant influence and with joint ventures are shown below:

- The following transactions were carried out in respect of the after-sales services outsourced to Cofiser:

Transaction value at end of period:

	Income	30 June 2014 (12 months) Expense	Receivables	30 June 2014 Payables
		(in € thousands)		
Cofiser & Compagnie du SAV	219	(14,603)	2,568	(788)
Total	**219**	**(14,603)**	**2,568**	**(788)**

	Income	30 June 2015 (12 months) Expense	Receivables	30 June 2015 Payables
		(in € thousands)		
Cofiser & Compagnie du SAV	164	(13,992)	2,808	(289)
Total	**164**	**(13,992)**	**2,808**	**(289)**

These transactions were carried out at arm's length conditions.

E.5.3 Transactions with members of the management bodies and with the shareholders

No transactions were entered into with any members of management bodies.

The table below summarises the transactions carried out with the parent company as well as transactions carried out with related companies (Fair Partners, Fair Finance, Fair Sponsors, Colony Capital, OP Capita, Finco and Goldman Sachs) in the ordinary course of business:

Transaction value at end of period

	30 June 2015 (12 months)	30 June 2014 (12 months)
	(in € thousands)	
Management fees (OP Capita & FS)	(1,500)	(1,500)
Acquisition fees (CC & GS)	—	—
Interest (FP, GS and Finco)	—	(8,276)
Other financial income and expense		

Statement of financial position at end of period

	30 June 2015	30 June 2014
	(in € thousands)	
Management fees (OP Capita & FS)	—	—
Acquisition fees (FS, CC & GS)	—	—
Fair Partners current account	—	—
Other borrowings (GS and Finco)	—	—
Accrued interest (Finco)	—	—

E Presentation of the financial statements—off-balance sheet items (Continued)

E.5.4 Executive compensation

	30 June 2015	30 June 2014
	(in € thousands)	
Short-term benefits	2,787	2,778
Post-employment benefits—defined contribution plans	86	72
Post-employment benefits—defined benefit plans	101	63
Share-based payment	—	—
Total	**2,974**	**2,913**

Key management personnel include the members of the Management Committee.

F List of consolidated companies

Company	Parent company	Consolidation method(*)	30 June 2015 % control	30 June 2015 % interest	30 June 2014 % control	30 June 2014 % interest
Décomeubles	X	FC	100.00%	100.00%	100.00%	100.00%
But Sourcing Limited		FC	100.00%	100.00%	100.00%	100.00%
B'Sourcing		FC	100.00%	100.00%	100.00%	100.00%
But (SAS)		FC	100.00%	100.00%	100.00%	100.00%
But International (SAS)		FC	100.00%	100.00%	100.00%	100.00%
Cafina (SA)		FC	100.00%	100.00%	100.00%	100.00%
Cogesem (SAS)		FC	100.00%	100.00%	100.00%	100.00%
Immobilière But		FC	100.00%	100.00%	100.00%	100.00%
Immobut (SAS)		FC	100.00%	100.00%	100.00%	100.00%
Cafina Assurances Ltd		FC	100.00%	100.00%	100.00%	100.00%
Cafina Holding		FC	100.00%	100.00%	100.00%	100.00%
Sourceco France		FC	100.00%	100.00%	100.00%	100.00%
Cofiser		EM	20.00%	20.00%	20.00%	20.00%
Compagnie du SAV		EM	20.00%	20.00%	20.00%	20.00%

(*) FC: Fully consolidated.

EM: Accounted for by the equity method.

G Events after the end of the reporting period

The Group issued €66 million in bonds on 10 August 2015, supplementing the initial June 2014 issue.

In July, the Group collected the proceeds from the projected sale of four sites classified within assets held for sale at 30 June 2015.

DÉCOMEUBLES PARTNERS

Statutory Auditors' report on the consolidated financial statements

For the year ended 30 June 2014

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Ernst & Young et Autres
1/2, place des Saisons
92400 Courbevoie—Paris-La Défense 1

Simplified joint-stock company with variable share capital

Statutory Auditors' report
on the consolidated financial statements

For the year ended 30 June 2014

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Décomeubles Partners

1, avenue Spinoza
77184 Emerainville

To the sole Shareholder,

In compliance with the assignment entrusted to us by the sole shareholder, we hereby report to you, for the year ended 30 June 2014, on:

- the audit of the accompanying consolidated financial statements of Décomeubles Partners;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Chairman. Our role is to express an opinion on these consolidated financial statements based on our audit.

I—Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as 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.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 30 June 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II—Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

– Goodwill in the consolidated statement of financial position amounted to €127,209,000 at 30 June 2014. Note B3 to the consolidated financial statements describes accounting policies concerning, in particular, business combinations, and Notes B6, C1 and C2 to the consolidated financial statements provide details on identified assets and liabilities and their value as well as residual goodwill resulting from acquisitions completed over the past two years. As part of our assessment, we reviewed the procedures implemented in order to identify and assess the assets and liabilities acquired, calculate goodwill, and verify that they were properly recorded in the consolidated financial statements. The Group tests goodwill and indefinite-lived assets for impairment on an annual basis and assesses evidence of impairment in long-term assets. We examined the methods used to implement these impairment tests and verified that the notes to the consolidated financial statements provide appropriate disclosures.

We verified the appropriateness of the accounting methods applied and the disclosures provided in the notes to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III—Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, 3 September 2014

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Edouard Sattler	Bruno Bizet

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

at 30 June 2014

This report has 47 pages.

Décomeubles Partners SAS
Annual IFRS consolidated financial statements

Contents

Consolidated statement of financial position ... *F-118*
Consolidated income statement ... *F-119*
Consolidated statement of comprehensive income ... *F-120*
Consolidated statement of changes in equity ... *F-121*
Consolidated statement of cash flows ... *F-122*
Notes to the consolidated financial statements ... *F-123*
A *Significant events over the past two reporting periods* ... *F-123*
A.1 Legal and operational restructuring launched over the past two reporting periods ... F-123
A.2 Scope of consolidation ... F-123
A.3 Other significant events over the past two reporting periods ... F-124
B *Accounting policies* ... *F-125*
B.1 Statement of compliance ... F-125
B.2 Basis of preparation ... F-125
B.3 Consolidation ... F-125
B.4 Foreign currency translation ... F-127
B.5 Property, plant and equipment ... F-127
B.6 Intangible assets ... F-128
B.7 Impairment ... F-128
B.8 Assets held for sale ... F-129
B.9 Financial instruments ... F-129
B.10 Inventories ... F-131
B.11 Cash and cash equivalents ... F-131
B.12 Income tax ... F-132
B.13 Employee benefits ... F-132
B.14 Provisions ... F-134
B.15 Revenue recognition ... F-134
B.16 Other operating income and expense ... F-134
B.17 Financial income and expense ... F-135
B.18 Leases ... F-135
B.19 Dividends ... F-135
B.20 Contingent assets and liabilities ... F-135
B.21 Events after the reporting date ... F-135
B.22 Impact of new standards, amendments and interpretations ... F-135
B.23 Use of estimates ... F-137
C *Presentation of financial statements* ... *F-138*
C.1 Business combinations ... F-138
C.2 Goodwill ... F-140
C.3 Other intangible assets ... F-142
C.4 Property, plant and equipment and assets held for sale ... F-144
C.5 Investments in associates and joint ventures ... F-145
C.6 Other non-current assets ... F-146
C.7 Inventories ... F-146
C.8 Trade and other receivables ... F-146
C.9 Cash and cash equivalents ... F-147
C.10 Share capital ... F-147
C.11 Retirement benefit obligations ... F-147
C.12 Provisions ... F-150
C.13 Deferred tax ... F-151
C.14 Loans and borrowings ... F-153
C.15 Trade and other payables ... F-155
C.16 Cash flows ... F-155
C.17 Revenue ... F-156
C.18 Cost of sales ... F-157
C.19 Personnel expenses ... F-157

C.20 External expenses **F-157**
C.21 Other income and expense from operations **F-158**
C.22 Other operating income and expense **F-158**
C.23 Cost of debt **F-158**
C.24 Other financial income and expense **F-159**
C.25 Income tax **F-159**
C.26 Financial instruments **F-160**
C.27 Risk management **F-161**
C.28 Contingent liabilities **F-162**
C.29 Commitments **F-162**
C.30 Related party transactions **F-164**
D List of consolidated companies ***F-165***
E Events after the end of the reporting period ***F-166***

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated statement of financial position

	Note	30 June 2014	30 June 2013
		(in € thousands)	
Assets			
Goodwill	C.2	127,209	118,726
Other intangible assets	C.3	62,954	64,642
Property, plant and equipment	C.4	103,285	120,811
Investment property	C.5	—	—
Investments in equity-accounted companies	C.5	—	959
Other non-current assets	C.6	12,036	12,992
Deferred tax assets	C.13	8	—
Non-current assets		**305,492**	**318,130**
Inventories	C.7	265,263	243,382
Trade and other receivables	C.8	91,397	92,175
Income tax receivables		69	435
Cash and cash equivalents	C.9	108,183	77,883
Current assets		**464,912**	**413,875**
Assets held for sale	C.4	3,810	186
Total assets		**774,214**	**732,191**
Equity and liabilities			
Share capital	C.10	233,972	233,972
Share premium		—	—
Reserves		(61,857)	(18,475)
Profit (loss) for the period		(7,562)	(42,272)
Equity attributable to owners of the Company		**164,553**	**173,225**
Non-controlling interests		—	—
Total equity		**164,553**	**173,225**
Current account with main shareholder	C.14	—	45,736
Other loans and borrowings	C.14	185,864	130,984
Other non-current liabilities		—	—
Provision for retirement benefit obligations	C.11	16,177	13,743
Non-current provisions	C.12	19,290	16,072
Deferred tax liabilities	C.13	32,469	41,162
Non-current liabilities		**253,800**	**247,697**
Other loans and borrowings	C.14	1,219	27,652
Trade and other payables	C.15	331,208	257,938
Current provisions	C.12	21,832	24,742
Income tax payables		1,530	861
Bank overdrafts	C.12	35	76
Current liabilities		**355,824**	**311,269**
Liabilities related to assets held for sale	C.13	37	—
Total equity and liabilities		**774,214**	**732,191**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated income statement

	Note	30 June 2014 (12 months)	30 June 2013 (12 months)
		(in € thousands)	
Retail revenue		1,168,021	1,104,853
Other revenue		88,902	85,230
Revenue	C.17	**1,256,923**	**1,190,083**
Cost of sales	C.18	(766,231)	(732,657)
Gross profit		**490,692**	**457,426**
Personnel expenses	C.19	(207,695)	(193,345)
Taxes other than on income		(17,519)	(16,283)
External expenses	C.20	(232,903)	(223,412)
Other income from operations	C.21	28,676	24,977
Other expense from operations	C.21	(15,996)	(13,205)
Recurring operating profit before depreciation, amortisation and impairment, and other operating income and expense		**45,255**	**36,158**
Other operating income and expense	C.22	150	**(18,301)**
Depreciation, amortisation and impairment of non-current assets	C.3; C.4	(34,760)	(36,968)
Operating profit (loss)		**10,645**	**(19,111)**
Cost of debt	C.23	(20,139)	(30,530)
Interest income		70	114
Other financial income and expense	C.24	566	(82)
Share of profit (loss) of equity-accounted companies	C.5	(1,221)	1,834
Profit (loss) before income tax		**(10,079)**	**(47,775)**
Income tax	C.25	2,517	5,503
Profit (loss) for the period		**(7,562)**	**(42,272)**
Attributable to:			
Owners of the Company		(7,562)	(42,272)
Non-controlling interests		—	—
Profit (loss) for the period		**(7,562)**	**(42,272)**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated statement of comprehensive income

	Note	30 June 2014 (12 months)	30 June 2013 (12 months)
		(in € thousands)	
Profit (loss) for the period		**(7,562)**	**(42,272)**
Exchange differences on translating foreign operations		173	142
Effective portion of cash flow hedges	C.8; C.15	(834)	(692)
Income tax relating to items that may be subsequently reclassified to profit or loss	C.25	287	238
Total items that may be subsequently reclassified to profit or loss		**(374)**	**(312)**
Actuarial gains and losses on retirement benefit obligations	C.11	(1,123)	(258)
Income tax on items that will not be subsequently reclassified to profit or loss	C.25	387	89
Total items that will not be subsequently reclassified to profit or loss		**(736)**	**(169)**
Total other comprehensive income (loss)		**(1,110)**	**(481)**
Comprehensive income (loss)		**(8,672)**	**(42,753)**
Attributable to:			
Owners of the Company		(8,672)	(42,753)
Non-controlling interests		—	—
Comprehensive income (loss)		**(8,672)**	**(42,753)**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated statement of changes in equity

	Equity attributable to owners of the Company							
	Share capital	Share premium	Translation reserves	Consolidated reserves	Other comprehensive income (loss) for the period	Total	Non-controlling interests	Total equity
				(in € thousands)				
Equity at 30 June 2012	**173,972**	**—**	**(124)**	**(16,904)**	***(965)***	**155,979**	**—**	**155,979**
Profit (loss) for the period			**—**	**(42,272)**	**—**	**(42,272)**	**—**	**(42,272)**
Exchange differences on translating foreign operations			**142**					
Effective portion of cash flow hedges					***(454)***			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**142**	**—**	**(454)**	**(312)**		
Actuarial gains and losses on retirement benefit obligations					***(169)***			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**—**	**(169)**	**(169)**		
Comprehensive income (loss)	**—**	**—**	***142***	***(42,272)***	***(623)***	***(42,753)***		
Dividends						**—**	**—**	**—**
Change in share capital and share premium	**60,000**					**60,000**	**—**	**60,000**
Share-based payment						**—**	**—**	**—**
Other movements				**(1)**		**(1)**	**—**	**(1)**
Equity at 30 June 2013	**233,972**	**—**	**18**	**(59,177)**	***(1,588)***	**173,225**	**—**	**173,225**
Profit (loss) for the period			**—**	**(7,562)**	**—**	**(7,562)**	**—**	**(7,562)**
Exchange differences on translating foreign operations			**173**					
Effective portion of cash flow hedges					***(547)***			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**173**	**—**	**(547)**	**(374)**		
Actuarial gains and losses on retirement benefit obligations					***(736)***			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**—**	**(736)**	**(736)**		
Comprehensive income (loss)	**—**	**—**	***173***	***(7,562)***	***(1,283)***	***(8,672)***		
Dividends						**—**	**—**	**—**
Change in share capital and share premium	**—**					**—**	**—**	**—**
Share-based payment						**—**	**—**	**—**
Other movements				**—**		**—**	**—**	**—**
Equity at 30 June 2014	**233,972**	**—**	**191**	**(66,739)**	***(2,871)***	**164,553**	**—**	**164,553**

Décomeubles Partners SAS

Annual IFRS consolidated financial statements

Consolidated statement of cash flows

	Note	30 June 2014 (12 months)	30 June 2013 (12 months)
		(in € thousands)	
Profit (loss) for the period before income tax		(10,079)	(47,775)
Adjustments for:			
Depreciation, amortisation and impairment of non-current assets		35,177	36,790
Additions to (reversals of) provisions		3,785	2,616
Net (gain) loss on disposals		(1,597)	5,514
Financial expense		20,139	30,530
Share of profit (loss) of equity-accounted companies		1,221	(1,834)
Other non-cash items		(3,305)	(91)
		45,341	**25,750**
(Increase) decrease in inventories		(12,675)	9,390
(Increase) decrease in trade and other receivables		3,221	7,233
Increase (decrease) in trade and other payables		45,686	(4,737)
Income tax paid		(4,729)	(8,318)
Net cash flows from operating activities (A)		**76,844**	**29,318**
Dividends received		—	38
Proceeds from sales of property, plant and equipment		7,301	38,831
Proceeds from sales of other non-current assets		2	10
Proceeds from sales of subsidiaries		185	32,650
Acquisitions of property, plant and equipment and intangible assets		(19,505)	(31,268)
Acquisitions of subsidiaries		(2,322)	(7,196)
Acquisitions of non-consolidated companies		—	(1,399)
Acquisitions of other non-current assets		(13)	—
Net cash flows from (used in) investing activities (B)		**(14,352)**	**31,666**
Net cash flows before financing activities		**62,492**	**60,984**
Dividends paid		—	—
Proceeds from issues of borrowings		170,289	(231)
Repayment of borrowings		(139,347)	(44,850)
Increase (decrease) in capital		—	
Interest paid		(6,487)	(8,829)
Financing of global sourcing			2,882
Other movements		(56,569)	8,911
Net cash flows used in financing activities (C)		**(32,114)**	**(42,117)**
Impact of changes in exchange rates (D)		(37)	—
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	**C.16**	**30,341**	**18,867**
Cash and cash equivalents at beginning of period		77,807	58,940
Cash and cash equivalents at end of period		108,148	77,807

Décomeubles Partners SAS ("the Company") was incorporated on 17 December 2007 and is domiciled in France. The address of the Company's registered office is 1, avenue Spinoza, 77184 Emerainville, France. Since 27 June 2014, the Company has been owned by Fair Finance SARL-SCA. The Company is ultimately controlled and managed by a consortium of investment funds, comprising Colony Capital, Goldman Sachs and OP Capita (formerly Merchant Equity Partners).

The Company purchased the But Group from Kesa Electricals on 31 March 2008.

The Company's reporting period closes on 30 June.

The IFRS consolidated financial statements for the 12-month period ended 30 June are the Company's annual financial statements. The IFRS consolidated financial statements comprise the Company and its subsidiaries and investments in associates (hereafter referred to collectively as "the Group" and individually as a "subsidiary").

At 30 June 2014, the Group directly operated 178 stores in France (30 June 2013: 174 stores). It is one of France's largest self-service retailers for furniture (beds, kitchens, living rooms, interior decoration) and electrical goods, categorised as white (domestic appliances such as refrigerators, washing machines, microwaves, coffee machines and irons) and brown (all audiovisual products such as flat-screen televisions, DVD players, MP3 players and camcorders). The Group also offers financing services to its customers within the scope of a partnership with Cetelem.

At 30 June 2014, 98 stores were operated by independent franchisees to which the Group provides advertising, marketing, logistics and IT services (30 June 2013: 54 stores operated by franchisees).

The Group also owns four distribution centres in France.

A Significant events over the past two reporting periods

A.1 Legal and operational restructuring launched over the past two reporting periods

Legal and operational restructuring

The project to simplify But's legal structure launched five years ago continued during the year to 30 June 2014. This project has had no impact on the financial position, business activities or outlook of any of the operating entities involved.

The main stages in the legal restructuring process over the past two reporting periods are described below.

A.1.1 Legal restructuring in the year to 30 June 2013

On 31 December 2012, the following 13 companies were merged into But International SAS:

Meubles Chanut; Modam; Sacney; Sodem; Sodiv; Socleram; Meubles Balp; Simeda (along with Ekima International, Laura B and Blanc Distribution which had previously been merged into Simeda); and Distriroche (along with Serviroche, which had previously been merged into Distriroche).

A.1.2 Legal restructuring in the year to 30 June 2014

On 31 December 2013, the following 5 companies were merged into But International SAS:

MYN, VI2P and Socopem, along with Socad and Socadis, which had previously been merged into Socopem.

On 30 April 2014, LRAM was merged into But International SAS with effect from 1 July 2013.

A.2 Scope of consolidation

The table set out in Note D provides a list of Décomeubles Partners' subsidiaries and shows the Company's ownership interest in each entity at 30 June 2014.

A Significant events over the past two reporting periods (Continued)

Changes in the year to 30 June 2013

The Group consolidated six new subsidiaries in the year to 30 June 2013 (see Note C.1.).

In addition, But SAS sold its non-controlling interests in Fidem SA on 27 March 2013 and in SDD (Dax store) on 1 July 2012.

Changes in the year to 30 June 2014

In the year to 30 June 2014, the Group fully consolidated two new subsidiaries, changed the consolidation method for four subsidiaries (from equity accounting to full consolidation), and accounted for Cofiser and its subsidiary Compagnie du SAV using the equity method for the first time. These changes are described in further detail in Note C.1.

A.3 Other significant events over the past two reporting periods

- **Consolidated debt refinancing**

In June 2014, the Group repaid all of its external borrowings, including a shareholder loan for €53 million and mezzanine debt totalling €69 million.

At the same time, But SAS issued a €180 million bond paying a coupon of 7 3/8% and maturing on 15 September 2019.

- **New ownership structure**

In the year to 30 June 2014, the owner-shareholder of Décomeubles Partners SAS, Fair Partners SARL-SCA (a Luxembourg public limited partnership), transferred all of its shares to Fair Finance SARL SCA (also a Luxembourg public limited partnership).

- **Creation of Eco-Mobilier**

As part of its new furniture waste treatment and recycling business, But International acquired a 5.5% stake in the share capital of Eco-Mobilier, which began to manage this new process for its members as from the fourth quarter of 2013.

- **After-sales services outsourcing agreement**

On 1 April 2012, But International outsourced the management of its after-sales services to La Compagnie du SAV. The Décomeubles Group acquired a 20% stake in La Compagnie du SAV, which was created in April 2012.

All tangible and intangible assets belonging to the Group's after-sales business were transferred to this entity, which now rebills the cost of its services based on the number of items sent for repairs. La Compagnie du SAV also handles all products sold before the outsourcing agreement was signed.

- **Capital increases subscribed by Fair Partners SARL-SCA**

On 19 June 2013, Décomeubles Partners recognised a debt for €60 million—considered to be of a fixed amount and due. The Company subsequently carried out a capital increase by offsetting this debt, resulting in the issue of 60,000,000 new shares. These shares were subscribed by Fair Partners SARL-SCA for a nominal amount of €1 each.

- **Purchase commitments relating to the companies owning the stores operated by the Yvrai group**

On 21 November 2011, But International and the Yvrai group signed an agreement under which the Décomeubles Group may acquire the companies owning the stores operated by YDEF or the Yvrai

A Significant events over the past two reporting periods (Continued)

group by 20 June 2020 at the latest. The Yvrai group also has a put option granted by But International which may be exercised in the event of a change of control of Décomeubles.

- **Franchise network extended to the Sésame banner**

An agreement was signed on 15 January 2013 setting out the terms and conditions applicable for integrating the stores of the Sésame banner into But's franchise network. In the year to 30 June 2014, 41 Sésame stores joined But's network.

- **Agreement signed for sourcing activities**

On 26 June 2013, the Group signed an agreement with CAFOM relating to the purchase of Sourceco France shares and the sale of DirectLowCost.com shares. Following these transactions—which were completed in July 2013—the Group became the sole owner of its sourcing activities.

- **Property transactions**

In the reporting period ended 30 June 2013 the Group (i) completed the sale of the Lorient site, (ii) sold the buildings of another store and a warehouse, and (iii) carried out a sale and leaseback of its administrative premises.

In the year to 30 June 2014, the Group sold the buildings of three stores.

- **Logistics operations reorganised**

In the year to 30 June 2014, the Group closed its Shenzhen warehouse and opened a new warehouse in mainland France.

B Accounting policies

B.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) at the date of preparation of the financial statements.

The standards and interpretations applied in order to prepare the consolidated financial statements also comply with IFRS as published by the International Accounting Standards Board (IASB).

The financial statements were approved and authorised for issue on 3 September 2014 by the Chairman.

B.2 Basis of preparation

The consolidated financial statements were prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as discussed in the accounting policies below.

Assets acquired in business combinations, particularly property, were measured at fair value at the acquisition date.

The principal accounting policies used in dealing with items considered material in relation to the financial statements are set out below. These policies have been consistently applied.

Financial data is presented in thousands of euros.

B.3 Consolidation

All consolidated companies have a 30 June year-end, except for B'Sourcing, Cofiser and La Compagnie du SAV, whose year-end is 31 December. As the profit generated by these companies is

B Accounting policies (Continued)

calculated over the Group's reporting period for consolidation purposes, the impact on the consolidated financial statements is not material.

B.3.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and are deconsolidated from the date that control ceases.

Intercompany transactions and balances and gains on transactions between Group companies are eliminated on consolidation. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.3.2 Joint ventures

Joint ventures jointly controlled by the Group are accounted for by the equity method in accordance with the option available in IAS 31—Interests in Joint Ventures.

B.3.3 Associates

Associates are all entities over which the Group has the ability to exercise significant influence but not control over the entity's financial and operating policies. Significant influence is presumed to exist when the Group directly or indirectly (through its subsidiaries) owns between 20% and 50% of the voting rights of another entity. Investments in associates are accounted for by the equity method.

The Group's share of its associates' post-acquisition profit or loss is recognised in the income statement. Post-acquisition changes in the value of the Group's interest in associates are adjusted against the carrying amount of the investment, while the Group's share of post-acquisition changes in reserves are recognised within reserves in equity.

Intercompany gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.3.4 Business combinations

Business combinations in which the Group acquires control of one or more businesses are recognised using the acquisition method.

Business combinations occurring after 1 July 2009 are recognised and measured in accordance with the revised IFRS 3. The consideration transferred (acquisition cost) is measured at the fair value of the assets acquired, equity instruments issued and liabilities assumed at the date of exchange.

The acquiree's identifiable assets and liabilities are measured at their acquisition-date fair value. Costs directly attributable to the business combination are expensed as of the acquisition date within operating income. Any excess of consideration transferred over the Group's share in the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill.

For each business combination, the Group may choose whether to measure non-controlling interests at fair value. In this case, the Group recognises goodwill on all identifiable assets and liabilities (full goodwill method).

B Accounting policies (Continued)

Goodwill is determined at the date the acquirer obtains control of the acquiree and is not adjusted after the end of the measurement period. No additional goodwill is recognised on subsequent acquisitions of non-controlling interests. Acquisitions and sales of non-controlling interests are recognised directly in consolidated equity.

If the consideration transferred is less than the Group's share in the acquiree's net assets measured at fair value, the difference is recognised directly in profit or loss for the period.

The accounting for a business combination must be completed with 12 months of the acquisition date (measurement period). This applies to all identifiable assets and liabilities, consideration transferred and non-controlling interests.

In accordance with IFRS 3R, companies acquired by the Group are only consolidated as of the date on which the Group obtains control of the companies. Accordingly, commitments given to or received from store owners to purchase or sell securities only result in the consolidation of the companies concerned when the shares of that company are purchased.

B.4 Foreign currency translation

B.4.1 Functional currency

The functional currency of the Group and the parent company is the euro.

B.4.2 Recognition of foreign currency transactions in companies' financial statements

Foreign currency transactions are translated into euros at a monthly exchange rate set by the Treasury department that takes into account any forward purchases. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

B.4.3 Translation of the financial statements of foreign entities

The financial statements of foreign entities consolidated by the Group are translated in accordance with IAS 21, i.e.:

- Assets and liabilities along with the related depreciation and amortisation are translated at the closing exchange rate.
- Income and expenses are translated at the average rate for the period.

The Group's share of any resulting gains or losses is recognised under "Translation reserves" within equity.

B.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method in order to allocate the cost of the assets less their estimated residual value over their estimated useful lives. The useful lives of the main categories of property, plant and equipment are as follows (assets purchased as new only):

Buildings	20 years
Fixtures and fittings	5-20 years
Computers and electronic equipment	3-10 years
Cars and commercial vehicles	4-5 years

B Accounting policies (Continued)

The assets' residual values and useful lives are reviewed and adjusted, where appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount exceeds the estimated recoverable amount. Estimated recoverable amounts for major items of property, plant and equipment are reviewed at least annually.

Gains and losses on disposals of assets are recognised in profit or loss and calculated by comparing proceeds from the disposal with the carrying amount of the asset sold.

B.6 Intangible assets

B.6.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share in the acquisition-date fair value of the acquiree's net identifiable assets. Goodwill resulting from acquisitions of equity-accounted companies is included in "Investments in equity-accounted companies".

B.6.2 Software

Costs that are directly associated with the production of identifiable and unique software controlled by the Group and expected to generate future economic benefits in excess of costs for one year or more, are recognised as intangible assets. Other costs are expensed as incurred. Direct costs include software development, employee costs and an appropriate portion of overheads.

Amortisation is calculated using the straight-line method in order to allocate the cost of the assets over their estimated useful lives, ranging from one to seven years.

B.6.3 But brand and listing agreements

- But brand: the value of the brand is equal to the present value of royalty revenue net of tax over the asset's useful life. Indefinite-lived assets are not amortised but an impairment loss is recognised where appropriate taking into account a terminal value in the calculation.
- Listing agreements: these are amortised using the declining balance method over 10 years, and measured based on the excess earnings method.

B.7 Impairment

Property, plant and equipment along with other intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable, or that the use of the assets may not generate economic benefits in excess of their carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Goodwill is allocated to cash-generating units and tested annually for impairment based on value in use. Goodwill is tested more frequently if there are indications that it may be impaired. Each cash-generating unit represents a separate autonomous unit within the Group, where the management of the unit has independent control and responsibility for managing the cash flows of that unit. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The discount rate applied is based on the Group's weighted average cost of capital with appropriate adjustments to reflect the risks associated with the business concerned.

Goodwill is carried at cost less any impairment losses and is tested for impairment each year on 30 April. Impairment charged against goodwill cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

B Accounting policies (Continued)

B.8 Assets held for sale

In accordance with IFRS 5, an asset is classified as "held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For a sale to be considered as highly probable:

- the appropriate level of management must be committed to a plan to sell the asset;
- an active programme to locate a buyer and complete the plan must have been initiated;
- the sale should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

Following their classification as "held for sale", these assets are measured at the lower of their net carrying amount and fair value less costs to sell.

B.9 Financial instruments

B.9.1 Non-derivative financial assets

Non-derivative financial assets comprise investments in debt and equity instruments, trade receivables, cash and cash equivalents and loans.

Classification depends on the purpose for which the assets were acquired. Management determines the classification of non-derivative financial assets on initial recognition and reviews this classification at each reporting date.

Financial assets are initially recognised at fair value plus transaction costs for all financial instruments not carried at fair value through profit or loss.

B.9.1.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the near term, or if designated as at profit or loss by management at inception. Assets in this category are presented as current assets on the statement of financial position. Cash and cash equivalents are classified within this category.

Financial assets held for trading are carried at fair value. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

B.9.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group supplies cash, goods or services directly to a debtor with no intention of trading the receivable. Trade receivables are classified in this category and therefore recognised initially at fair value. They are subsequently measured at amortised cost less impairment. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are presented in current assets under trade and other receivables, except those maturing more than 12 months after the end of the reporting period, which are classified as non-current assets.

B.9.1.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method.

B Accounting policies (Continued)

B.9.1.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the reporting date. Investments in non-consolidated companies belong to this category. Available-for-sale financial assets are recognised in the financial statements at the transaction date.

Available-for-sale financial assets are recognised at fair value, with gains and losses resulting from changes in fair value taken to equity. When assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are taken to profit or loss as gains and losses on the assets concerned.

In the case of equity securities classified as available-for-sale assets, a significant and prolonged decline in the fair value of the security below its cost is considered as an indication of impairment. If any such indication exists for available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the present fair value, less any impairment loss on that financial asset previously recognised in profit or loss—is removed from equity and recognised in the income statement. Impairment losses recognised in profit or loss on equity instruments are not reversed through the income statement.

B.9.2 Non-derivative financial liabilities

Non-derivative financial liabilities comprise borrowings and trade and other payables.

They are recognised initially at fair value, net of transaction costs incurred. Non-derivative financial liabilities are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in profit or loss over the term of the borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

B.9.3 Derivatives

The Group holds derivative instruments to hedge its currency and interest rate risk exposure.

All derivatives are initially recognised at fair value at the date the derivative agreement is entered into, and are subsequently remeasured to fair value. Any changes in fair value are accounted for as described below.

B.9.3.1 Cash flow hedges

The cash flow hedge accounting model is used for derivatives hedging interest rate and currency risks.

Changes in the fair value of cash flow hedges are recognised directly in other comprehensive income to the extent that the hedge is deemed effective. Changes in fair value attributable to the ineffective portion of the hedge are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset. In all other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the period in which the hedged item itself affects profit or loss.

B Accounting policies (Continued)

B.9.3.2 Economic hedges

Hedge accounting is not applicable to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of these derivatives are recognised in profit or loss as part of exchange gains and losses.

B.9.4 Calculation of fair value

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. If the market for a financial instrument is not active, the Group establishes fair value by using valuation techniques such as the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the investment.

The nominal value less estimated credit adjustments of trade receivables and payables is considered to approximate fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

B.9.5 Fair value hierarchy

Financial instruments measured at fair value after initial recognition, i.e., financial instruments at fair value through profit or loss, available-for-sale financial assets and derivative instruments, can be classified based on the following three levels of the fair value hierarchy:

- Level 1: observable (unadjusted) inputs that reflect quoted prices for identical assets or liabilities in active markets.
- Level 2: inputs other than quoted prices for identical assets or liabilities in active markets that are either directly observable (prices) or indirectly observable (price-based data).
- Level 3: data not based on observable market inputs.

	Notes	IFRS 7 measurement principles	Fair value hierarchy
Financial assets			
Derivatives shown in assets	C.6	Fair value	2
Trade and other receivables	C.8	Amortised cost	N/A
Cash and cash equivalents	B.11 & C.9	Fair value	1
Assets held for sale	B.8 & C.4	Fair value	2
Financial liabilities			
Loans and borrowings	C.14	Amortised cost	N/A
Derivatives shown in liabilities	C.15	Fair value	2
Bank overdrafts	B.11 & C.9	Fair value	1

B.10 Inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Impairment losses are charged against inventories as described in Note B.23.3.

B.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

B Accounting policies (Continued)

For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

B.12 Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current income tax is the expected income tax payable on taxable profit for the year, using tax rates enacted at the end of the reporting period, and adjustments to income tax payable in respect of previous reporting periods.

Deferred taxes are recognised, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are not recognised for temporary differences related to the initial recognition of goodwill. Deferred tax income is not recognised on the initial recognition of assets and liabilities, excluding business combinations, that affect neither accounting nor taxable profit. Deferred taxes on temporary differences relating to investments in subsidiaries and equity-accounted companies are only recognised to the extent that they are expected to reverse in the foreseeable future and the Group controls the timing of the reversal. Deferred income tax is determined using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Additional income taxes on dividend payouts are recognised at the same time as the liability to pay the related dividend.

Since 1 May 2008, most of the Group's entities have been members of a tax consolidation group.

In accordance with IAS 12, the Group classifies the CVAE (*Contribution sur la Valeur Ajoutée des Entreprises*) tax as an income tax. As a result, it recognised deferred taxes at 31 December 2009 to reflect the temporary differences existing at that date. This deferred income tax expense was shown on the "Income tax" line. Since 1 January 2010, the total amount of current and deferred CVAE tax expense has been shown on this line.

The basis used to calculate deferred taxes at 31 December 2009 consisted mainly of depreciable and amortisable non-current assets. Since 2010, the exemption set out in IAS 12 regarding the initial recognition of an asset or liability has applied to acquisitions of non-current assets outside the scope of business combinations.

B.13 Employee benefits

a) Short-term employee benefits include wages and salaries, social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses, if payable within 12 months of the end of the reporting period. Short-term employee benefits are measured on an undiscounted basis and are included in operating profit whenever the employees provide the related service. A liability is recognised for the amount corresponding to cash-settled profit-sharing and bonuses, whenever the Group has a legal or constructive obligation to make such payments in exchange for services provided by employees and when a reliable estimate of the obligation can be made.

B Accounting policies (Continued)

b) Long-term employee benefits include various retirement plans operated by Group companies. Some of these plans are managed by insurance companies or funds, in accordance with applicable local regulations.

Retirement and other employee benefits include two types of obligation:

- post-employment benefits, including pensions, other retirement benefits, and certain post-employment medical care;
- other long-term employee benefits (payable during the employee's active service), mainly including long-service awards.

These obligations are classified as either:

- defined contribution plans, under which the Group has no future commitment since the employer's legal or constructive obligation is limited to the regular payment of contributions which are expensed when due;
- defined benefit plans, whereby the employer guarantees a specified level of future benefits.

The Group's net obligation under post-employment defined benefit plans (including retirement plans) is calculated separately for each plan, by estimating the amount of future benefits to which the Group's employees are entitled in exchange for services rendered in the current and prior periods. This amount is discounted to obtain the present value of the obligation. The fair value of plan assets is then deducted from this amount. The discount rate is the rate of return at the end of the reporting period on high-quality corporate bonds with terms to maturity approximating those of the underlying benefit liability. The Group's obligation is calculated periodically by an independent actuary using the projected unit credit method.

The liability recognised in the statement of financial position in respect of defined benefit plans represents the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets.

When the value of plan assets exceeds the amount of the Group's obligation, the asset recognised may not exceed the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

When the employees' benefit entitlement increases (or is reduced), the portion of the increase (or decrease) related to past services provided by the employees is recognised immediately in expenses (income) in the income statement. Current service costs, along with administrative fund management costs, are shown within selling and administrative expenses in the income statement. Income and expenses relating to discounting the defined benefit obligation net of plan assets are presented in financial income and expenses.

Remeasurements of the defined benefit obligation, including (i) actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions, (ii) the return on plan assets, excluding amounts recognised in profit or loss, and (iii) changes in the impact of the asset ceiling, are reflected in other comprehensive income.

c) Other long-term employee benefits

Other long-term employee benefits relate essentially to long-service awards and sabbatical leave. The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is equal to the value of the future benefits vested by employees in exchange for services provided during the current and prior periods. The amount of the obligation is determined using the projected unit credit method. It is discounted at a rate based on the return on high-quality corporate bonds with terms to maturity approximating those of the Group's obligations at the end of the reporting period.

B Accounting policies (Continued)

Actuarial gains and losses are recognised immediately in selling and administrative expenses in the income statements.

d) Termination benefits

Termination benefits are due on termination of employment before the normal retirement date or when employees accept voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of:

- the date on which the Group can no longer withdraw its offer of indemnities; and
- the date on which the Group recognises the costs of its restructuring plan by planning for the payment of such indemnities.

B.14 Provisions

Provisions are recognised when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be reliably estimated. Provisions are discounted when the time value of money is considered material.

B.15 Revenue recognition

Revenue comprises the fair value of goods and services sold, net of value added tax, rebates and discounts. Revenue is recognised as described below.

B.15.1 Sales of goods

Retail

Sales of goods are recognised at the point of sale of a product to the customer or upon delivery to the customer, whichever is later. Retail sales are usually in cash or by card.

The fair value of award credits granted to customers under But's customer loyalty programme is treated as a separate component of the initial sale and recognised as prepaid income. The related revenue is recognised when the award credits are redeemed or expire.

Franchisees

Sales of goods to franchisees are recognised when substantially all of the risks and rewards of ownership of the goods have been transferred, which usually corresponds to the delivery date.

B.15.2 Sales of services

Sales of services are recognised in revenue in the accounting period in which the services are rendered.

The Group generally sells extended warranty agreements on the sale of products. The revenue related to the warranty is recognised in the period in which the transaction takes place. A provision to cover any such warranties granted is recognised at the end of the reporting period.

B.15.3 Royalty and franchise revenue

Royalty and franchise revenue is recognised on an accrual basis in accordance with the substance of the relevant agreements, and is included within other revenue.

B.16 Other operating income and expense

Other operating income and expense includes unusual and material items, notably capital gains and losses on disposals of non-current assets, restructuring costs, acquisition costs arising from business combinations and expenses relating to measures taken to simplify the Group's legal structure.

B Accounting policies (Continued)

B.17 Financial income and expense

Financial income and expense is recognised on a time-proportion basis using the effective interest method.

B.18 Leases

Leases in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of minimum lease payments. Assets capitalised as property, plant and equipment are depreciated in accordance with the Group's depreciation policy for similar assets owned outright. Payments made under such leases are charged against the recognised liability and the related interest costs are charged to profit or loss over the entire lease term on a systematic basis.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any financial incentives received from the lessor) are charged to the income statement on a straight-line basis over the entire lease term.

Charges made in respect of operating leases of property are adjusted to reflect the impact of market rent reviews throughout the lease term.

B.19 Dividends

Dividend income is recognised when the right to receive payment is established.

Dividends paid to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised in the period in which they are paid.

B.20 Contingent assets and liabilities

Contingent assets and liabilities arise from conditions or situations, the outcome of which depends on future events. They are disclosed in the notes to the financial statements.

B.21 Events after the reporting date

The carrying amounts of assets and liabilities at the end of the reporting period are adjusted if there is evidence that subsequent adjusting events require changes to these carrying amounts. These adjustments are made up to the date the financial statements are approved for issue by the Chairman. Other non-adjusting events are disclosed in the notes to the financial statements.

B.22 Impact of new standards, amendments and interpretations

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AT 1 JULY 2013

Since 1 July 2013 the Group has applied the following amendments as adopted by the European Union:

- The revised version of IAS 19 (IAS 19R) on employee benefits, which is applicable for annual periods beginning on or after 1 January 2013. The impacts of applying the amendments in IAS 19R—particularly those relating to the elimination of the corridor approach—are not material for the Group as it already recognised all actuarial gains and losses in other comprehensive income.

B Accounting policies (Continued)

- IFRS 13—Fair Value Measurement, which defines fair value, sets out a framework for measuring fair value and specifies the disclosures required about fair value measurements. The measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value. IFRS 13 does not change what can or should be measured at fair value nor does it change the presentation of changes in fair value.
- Amendment to IAS 12—Income Taxes—Deferred Tax: Recovery of Underlying Assets. This amendment dealing with investment property measured at fair value in accordance with IAS 40 does not concern the Group.
- Amendment to IAS 32—Financial Instruments: Presentation, dealing with the tax effect of distributions to equity holders and the costs of equity transactions. This amendment clarifies that these taxes must be recognised in accordance with IAS 12—Income Taxes.
- Amendment to IFRS 7—Financial Instruments: Disclosures—Offsetting Financial Assets and Financial Liabilities. This amendment requires the disclosure of certain information about the offsetting of financial assets and liabilities.

NEW STANDARDS AND INTERPRETATIONS APPLICABLE IN SUBSEQUENT PERIODS THAT HAVE BEEN ADOPTED BY THE EUROPEAN UNION

The following issued standards have been approved by the European Union but their application is not yet mandatory:

- IFRS 10—Consolidated Financial Statements, along with the amendments to IFRS 10 relating to first-time application, which provide a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 replaces the provisions relating to consolidation in IAS 27—Consolidated and Separate Financial Statements as well as SIC-12—Consolidation—Special Purpose Entities.
- IFRS 11—Joint Arrangements, along with the amendments to IFRS 11 relating to first-time application, which provide for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). IFRS 11 makes a distinction between joint operations and joint ventures. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.
- IFRS 12—Disclosures of Interests in Other Entities, along with the amendments to IFRS 12 relating to first-time application, which combine, enhance and replace the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 10, IFRS 11 and IFRS 12, together with the corresponding amendments, are mandatorily applicable for reporting periods beginning on or after 1 January 2014. The application of these standards is not expected to impact the Group's financial performance. As a result of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 27 and IAS 28 have been revised as follows:

  - IAS 27, renamed Separate Financial Statements, no longer addresses the accounting for consolidated financial statements and is therefore no longer applicable to the Group.
  - IAS 28—Investments in Associates and Joint Ventures, outlines the accounting for investments in associates and describes how to apply the equity method to investments in associates and joint ventures, since this method is now mandatory for these entities.

- Amendment to IAS 32—Offsetting Financial Assets and Financial Liabilities, which clarifies the requirements for offsetting financial assets and liabilities. Application of the amended version of IAS 32 is mandatory for annual periods beginning on or after 1 January 2014.

B Accounting policies (Continued)

– Amendment to IAS 36—Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets. This amendment states that the recoverable amount of an asset or cash-generating unit (CGU) must be disclosed only when the entity has recognised or reversed impairment in the period. The amendment requires additional disclosures when the recoverable amount is based on fair value less the costs of disposal, in particular the level at which the asset or CGU is valued according to the IFRS 13 fair value hierarchy. For items valued according to Level 2 or Level 3 inputs, it also requires a description of the valuation techniques as well as key assumptions used, including the discount rate. Application of this amendment is mandatory for annual periods beginning on or after 1 January 2014.

B.23 Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to use certain estimates and assumptions that can affect the reported amounts of assets and liabilities in the financial statements, contingent assets and liabilities presented in the accompanying notes, and revenues and expenses for the reporting period. Although these estimates are based on past experience and other assumptions deemed reasonable in the circumstances, actual results may differ from these estimates.

B.23.1 Purchase price

The Group allocated the purchase price of the But group in accordance with IFRS. The fair value of But's property portfolio was determined using independent appraisals based on projected rental income.

B.23.2 Retirement benefit obligations

The Group operates defined benefit retirement plans. Plan liabilities are based on actuarial estimates of the present value of future retirement or other benefits that will be payable to members. The most sensitive assumptions involved in calculating the expected liabilities are mortality rates, employee turnover, salary increase rates and discount rates.

B.23.3 Measurement of inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Average cost includes transportation costs to the point of sale and is net of any supplier discounts for volume and early payment, and rebates. Provisions for impairment of inventories are calculated by product group based on the age of the inventories concerned, in view of the fact that inventory age gives rise to the risk of products in stores becoming obsolete. The amount of impairment recognised takes into account the life cycles of the products in each group.

B.23.4 Estimates of customer warranty and extended warranty provisions

The Group provides a two-year warranty on most of its products. Accordingly, it recognises a provision in the statement of financial position for sales made over the last 24 months and for the average costs of repair for each product group.

The Group recognises the full amount of revenue from sales of extended warranties and sets aside a provision for extended warranties that is written back over the warranty period. Based on a study, the provisioning rate represents between 19% and 25% of revenue recognised, depending on the business concerned.

B.23.5 Estimates of capitalised tax loss carryforwards

The Group may recognise deferred tax assets on tax losses carried forward within the tax consolidation group to the extent of profits forecast in the business plan over the next two years.

B Accounting policies (Continued)

In May 2014, the IFRS Interpretations Committee (IFRIC) provided guidance on the rules for recognizing and measuring deferred tax assets on tax losses carried forward by loss-making entities. The IFRIC confirmed that deferred tax assets must be recognised on tax loss carryforwards of loss-making entities to the extent of existing deferred tax liabilities, within the limits of the tax laws applicable to the entity. Accordingly, in respect of this guidance, the Group recognised a deferred tax asset in the amount of €3,932,000 at 30 June 2014.

B.23.6 Estimates of insurance settlements

The Group recognises insurance settlements receivable based on estimates made by loss adjusters and supplied by its insurer that take into account the costs incurred for the retirement of property, plant and equipment (buildings and equipment) and inventories, as well as for miscellaneous expenses and estimated business interruption losses.

B.23.7 Earn-out clauses (contingent consideration)

The Group regularly acquires franchisees and an earn-out clause is often included in the acquisition agreement. The contingent consideration payable takes into account the consistency of accounting methods, working capital requirements and net debt. Pending the preparation of the definitive financial statements as of the acquisition date, the amount of this contingent consideration is recognised based on management's best estimates.

C Presentation of financial statements

C.1 Business combinations

C.1.1 Year to 30 June 2014

The Group has held a 20% interest in Cofiser and its subsidiary La Compagnie du SAV since 31 March 2012. Since the Group can now demonstrate that it exercises significant influence over these companies, Cofiser and La Compagnie de SAV have been accounted for by the equity method for the first time.

On 4 April 2013, the Group acquired MYN and VI2P, operators of the Quimperlé and Yvetot stores, respectively. These entities were merged into But International on 31 December 2013 and were included in the Group's consolidated financial statements for the first time in 2014.

On 11 July 2013, But International purchased a 50.2% stake in LRAM, the operator of the La Réole store, for €1.6 million, and now owns LRAM's entire share capital.

On 19 July 2013, But International purchased a 25% stake in Sourceco France for €1.6 million, giving it full control over its subsidiaries But Sourcing Limited and B'Sourcing.

Also on 19 July 2013, But International sold its interest in DirectLowCost.com for €0.2 million. These shares had been classified in assets held for sale for €0.2 million at 30 June 2013.

C Presentation of financial statements (Continued)

Provisional goodwill arising on these transactions was calculated as follows:

Consolidation date:	Cumulative	LRAM 1 July 2013	Sourceco France 1 July 2013	VI2P 1 July 2013	MYN 1 July 2013
			(in € thousands)		
Property, plant and equipment	**2,736**	1,899	692	93	52
Inventories	**9,331**	848	7,871	307	305
Trade and other receivables	**9,326**	246	8,703	221	156
Cash and cash equivalents	**1,211**	607	409	130	65
Investments in equity-accounted companies	**—**	—	—	—	—
Other assets	**832**	—	722	62	48
Trade and other payables	**(20,974)**	(525)	(19,231)	(627)	(591)
Loans and borrowings	**(1)**	—	(1)	—	—
Current bank overdrafts	**(18)**	(17)	(1)	—	—
Other liabilities	**(4,494)**	(776)	(3,420)	(57)	(241)
Total fair value of net assets acquired	**(2,051)**	**2,282**	**(4,256)**	**129**	**(206)**
Non-controlling interests	**—**	—	—	—	—
Share of net assets acquired	**(2,051)**	**2,282**	**(4,256)**	**129**	**(206)**

	Cumulative	1 July 2013	1 July 2013	1 July 2013	1 July 2013
			(in € thousands)		
Acquisition cost of shares in subsidiaries(*)	**(6,432)**	(3,214)	(1,716)	(1,139)	(363)
Share of net assets acquired	**(2,051)**	2,282	(4,256)	129	(206)
Goodwill	**8,483**	**932**	**5,972**	**1,010**	**569**
(*) Of which revaluation of previously-held interest		**1,075**	**142**		

	Cumulative
	(in € thousands)
Acquisition cost paid in the period	**(3,472)**
Cash and cash equivalents acquired	**1,193**
Disbursements on acquisitions of subsidiaries	**(2,279)**

The acquisition costs expensed in the period relate mainly to consultancy fees and amount to €61,000 for LRAM and €22,000 for the Sourcing business.

C.1.2 Year to 30 June 2013

On 2 April 2012, the Group acquired (i) Distriroche—which operates the store in La Roche sur Yon—along with its after-sales subsidiary, Serviroche; and (ii) Meuble Balp, which operates the Digne les Bains store.

These entities were consolidated for the first time in Décomeubles' consolidated financial statements for the year to 30 June 2013 and were merged into But International on 31 December 2012.

On 28 February 2013, But International purchased the entire share capital of Socopem—which operates the Nimes, Arles and Alès (Saint-Hilaire) stores—for €500,000.

C Presentation of financial statements (Continued)

Goodwill arising on these transactions was calculated as follows:

Consolidation date:	Socopem 1 March 2013	Distriroche 1 July 2012	Meubles Balp 1 July 2012
		(in € thousands)	
Property, plant and equipment	1,031	133	24
Inventories	3,511	1,086	937
Trade and other receivables	1,888	269	207
Cash and cash equivalents	159	639	936
Investments in equity-accounted companies	—	—	—
Other assets	61	2	73
Trade and other payables	(6,036)	1,771	(832)
Loans and borrowings	(590)	—	—
Current bank overdrafts	(2,595)	—	—
Other liabilities	(880)	(858)	(278)
Total fair value of net assets acquired	**(3,451)**	**3,042**	**1,067**
Non-controlling interests	—	—	—
Share of net assets acquired	**(3,451)**	**3,042**	**1,067**

	1 March 2013	1 July 2012	1 July 2012
		(in € thousands)	
Acquisition cost of subsidiaries	(500)	(4,909)	(3,000)
Share of net assets acquired	(3,451)	3,042	1,067
Goodwill	**3,951**	**1,867**	**1,933**

C.2 Goodwill

Movements in the year to 30 June 2013

	30 June 2012	Increase	Decrease	Other movements	30 June 2013
			(in € thousands)		
Goodwill	109,427	7,751	—	1,548	118,726
Impairment	—	—	—	—	—
Carrying amount	**109,427**	**7,751**	**—**	**1,548**	**118,726**

Movements in the year to 30 June 2014

	30 June 2013	Increase	Decrease	Other movements	30 June 2014
			(in € thousands)		
Goodwill	118,726	8,483	—	—	127,209
Impairment loss	—	—	—	—	—
Carrying amount	**118,726**	**8,483**	**—**	**—**	**127,209**

The net increase of €8,493,000 in goodwill results from changes in the scope of consolidation in the year to 30 June 2014 (see Note C.1.1).

Décomeubles Partners acquired But SAS on 31 March 2008. The residual goodwill totalling €74,817,000 was allocated to the following cash-generating units:

— Operating Activities (store operation and services to franchisees): €40,326,000 (54%)
— Financial Services: €34,491,000 (46%)

C Presentation of financial statements (Continued)

The Group sold its interest in Fidem S.A. (corresponding to the main underlying asset of the "Financial Services" CGU) on 27 March 2013. Following this sale, Management decided to monitor goodwill within a single CGU called "Operating Companies", which combines the two original CGUs, "Operating Activities" and "Financial Services".

The decision to use a single combined CGU is justified by the fact that:

The Group's operational, banking and insurance activities are interdependent for the following reasons:

Financial activities form a natural fit with and are a connected and ancillary component of the Group's operational activities. This is particularly the case in light of the sale of Fidem S.A. In addition, the Group's financial activities do not have any direct clients.

Operational staff in stores sell and manage credit and insurance solutions.

The cash flows generated by the "Operating Activities" CGU included inflows and outflows relating to financial activities (notably retrocession of commissions and fees for marketing banking products).

But's operating performance is monitored at the level of the Group as a whole.

The amount of goodwill recognised at 31 March 2014 was tested for impairment as described below.

The recoverable amount of consolidated goodwill was calculated using a sum-of-the-parts approach, based on a breakdown of future cash flows between the Group's operating and financial companies. This method enables the specific characteristics of certain Group companies to be taken into account (particularly financial companies, whose book-value equity must meet regulatory requirements).

- The "**operating companies**" were valued using the discounted cash flows method, based on the 2015-2018 business plan.

The main assumptions used to determine future cash flows were:

EBITDA margin:	3.80%
Income tax rate:	34.43%
Change in working capital:	3.0% of revenue
Capital expenditure:	€12 million based on 2014 maintenance outlay
Impairment:	equal to capital expenditure
Discount rate:	10.70%
Growth rate used to extrapolate cash flow forecasts:	1.50%

In the year to 30 June 2013, the main assumptions used to determine future cash flows were:

EBITDA margin:	increasing progressively from 1.6% to 3.6%
Income tax rate:	34.43%
Change in working capital:	7.7% of revenue
Capital expenditure:	€10 million based on 2016 maintenance outlay
Impairment:	equal to capital expenditure
Discount rate:	9.80%
Growth rate used to extrapolate cash flow forecasts:	1.50%

- The "**financial companies**" were valued based on the average amount arrived at using the PER (price earnings ratio) method and the DDM (dividend discount model), after deducting the share of profit to be incorporated into equity for regulatory reasons.

C Presentation of financial statements (Continued)

Sensitivity based on valuation methods used

- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.2-point increase or decrease in their EBITDA margin to perpetuity would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's operating companies and a 0.5-point increase or decrease in their long-term growth rate would not result in any impairment of goodwill.
- A 0.5-point increase or decrease in the discount rate applied for the Group's financial companies would not result in any impairment of goodwill.

The recoverable amount of the assets tested, net of estimated costs of disposal, is higher than their carrying amounts, based on the valuations performed at 31 March 2014.

In addition, no evidence of impairment was identified between 31 March 2014 and 30 June 2014. In that period, no major event occurred likely to affect the carrying amount of the items tested for impairment.

C.3 Other intangible assets

Movements in the year to 30 June 2013

	30 June 2012	Change in scope of consolidation, reclassifications and translation reserves	Increase	Decrease	30 June 2013
			(in € thousands)		
Software	20,573	2,009	3,512	(410)	25,684
But brand	46,207	—	—	—	46,207
Listing agreements	12,562	—	—	—	12,562
Other intangible assets	5,394	(2,613)	6,422	(48)	9,155
Cost	**84,736**	**(604)**	**9,934**	**(458)**	**93,608**
Amortisation of software	(12,655)	—	(6,688)	410	(18,932)
Amortisation of listing agreements	(8,793)	—	(1,056)	—	(9,849)
Amortisation of other intangible assets	(233)	—	(21)	69	(184)
Total amortisation	**(21,681)**	**—**	**(7,765)**	**479**	**(28,965)**
Carrying amount	**63,055**	**(604)**	**2,169**	**21**	**64,643**

C Presentation of financial statements (Continued)

Movements in the year to 30 June 2014

	30 June 2013	Change in scope of consolidation, reclassifications and translation reserves	Increase	Decrease	30 June 2014
			(in € thousands)		
Software	25,684	2,984	1,235	(189)	29,714
But brand	46,207	—	—	—	46,207
Listing agreements	12,562	—	—	—	12,562
Other intangible assets	9,155	(1,871)	4,034	—	11,318
Cost	**93,608**	**1,113**	**5,269**	**(189)**	**99,801**
Amortisation of software	(18,932)	(713)	(6,075)	73	(25,647)
Amortisation of listing agreements	(9,849)	—	(841)	—	(10,690)
Amortisation of other intangible assets	(184)	(290)	(36)	—	(510)
Total amortisation	**(28,965)**	**(1,003)**	**(6,952)**	**73**	**(36,847)**
Carrying amount	**64,643**	**110**	**(1,683)**	**(116)**	**62,954**

Software costs mainly relate to the internally developed sales management system.

Décomeubles identified two intangible assets—the But brand and listing agreements—as part of the But SAS purchase price allocation procedure.

C Presentation of financial statements (Continued)

C.4 Property, plant and equipment and assets held for sale

Movements in the year to 30 June 2013

	30 June 2012	Change in scope of consolidation and reclassifications	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2013
			(in € thousands)			
Land	21,634	2,259	—	2,100	(9,693)	16,300
Buildings	47,824	4,669	—	12,414	(20,081)	44,826
Fixtures and fittings	21,733	3,004	—	687	(9,180)	16,244
Plant and equipment	20,789	197	—	516	(3,635)	17,867
Other property, plant and equipment	125,010	(3,132)	—	22,504	(8,679)	135,703
Cost	**236,990**	**6,997**	**—**	**38,221**	**(51,268)**	**230,940**
Depreciation of buildings	(14,238)	(1,107)	—	(3,810)	7,049	(12,106)
Depreciation of fixtures and fittings	(13,363)	(1,007)	—	(2,303)	6,315	(10,358)
Depreciation of plant and equipment	(15,255)	(24)	—	(2,328)	3,352	(14,255)
Depreciation of other property, plant and equipment	(62,859)	2,627	—	(20,674)	7,496	(73,410)
Impairment loss on land	—	—	—	—	—	—
Impairment loss on buildings	—	—	—	—	—	—
Impairment loss on plant and equipment	—	—	—	—	—	—
Impairment loss on other property, plant and equipment	—	—	—	—	—	—
Total depreciation and impairment	**(105,715)**	**489**	**—**	**(29,115)**	**24,212**	**(110,129)**
Carrying amount	**131,275**	**7,486**	**—**	**9,106**	**(27,056)**	**120,811**

C Presentation of financial statements (Continued)

Movements in the year to 30 June 2014

	30 June 2013	Change in scope of consolidation and reclassifications	Reclassification within "Assets held for sale"	Increase	Decrease	30 June 2014
			(in € thousands)			
Land	16,300	1,166	(3,231)	—	(2,662)	11,573
Buildings	44,826	2,064	(3,166)	101	(6,307)	37,518
Fixtures and fittings	16,244	1,942	(400)	161	(459)	17,488
Plant and equipment	17,867	5,048	—	440	(1,105)	22,250
Other property, plant and equipment	135,703	2,031	—	17,815	(8,883)	146,666
Cost	**230,940**	**12,251**	**(6,797)**	**18,517**	**(19,416)**	**235,495**
Depreciation of buildings	(12,106)	(1,638)	1,527	(3,497)	3,574	(12,140)
Depreciation of fixtures and fittings	(10,358)	(1,624)	395	(1,133)	221	(12,499)
Depreciation of plant and equipment	(14,255)	(3,748)	—	(1,576)	606	(18,973)
Depreciation of other property, plant and equipment	(73,410)	(2,517)	—	(20,626)	7,955	(88,598)
Impairment loss on land	—	—	844	(844)	—	—
Impairment loss on buildings	—	—	221	(221)	—	—
Impairment loss on plant and equipment	—	—	—	—	—	—
Impairment loss on other property, plant and equipment	—	—	—	—	—	—
Total depreciation and impairment	**(110,129)**	**(9,527)**	**2,987**	**(27,897)**	**12,356**	**(132,210)**
Carrying amount	**120,811**	**2,724**	**(3,810)**	**(9,380)**	**(7,060)**	**103,285**

Land and buildings mainly comprise retail outlets, warehouses and offices.

Property, plant and equipment in progress are recognised within "Other property, plant and equipment" and amounted to €5,627,000 at 30 June 2014 (€1,609,000 at 30 June 2013).

Property, plant and equipment includes €20,422,000 in assets held under finance leases (30 June 2013: €24,873,000). The related accumulated depreciation at the end of the reporting period was €3,917,000 (30 June 2013: €5,470,000).

C.5 Investments in associates and joint ventures

At 30 June 2014, the Group's investments in equity-accounted companies include Cofiser and La Compagnie du SAV, which provide after-sales services to the Group's customers. (see Note D, which provides a list of consolidated companies).

C Presentation of financial statements (Continued)

The table below provides summary financial information for associates (not adjusted to reflect the ownership interest held by the Group):

At 30 June 2013	% control	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Profit (loss)
				(in € thousands)					
Sourcing	75%	20,112	1,507	21,619	16,277	9,451	25,728	196,789	194
Other	49%	1,757	827	2,584	1,042	424	1,466	4,671	(214)
Total		**21,869**	**2,334**	**24,203**	**17,319**	**9,875**	**27,194**	**201,460**	**(20)**

At 30 June 2014	% control	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Profit (loss)
				(in € thousands)					
Cofiser & CSAV	20%	2,007	2,012	4,019	6,860	2,648	9,508	16,723	(3,176)
Total		**2,007**	**2,012**	**4,019**	**6,860**	**2,648**	**9,508**	**16,723**	**(3,176)**

C.6 Other non-current assets

	30 June 2014	30 June 2013
	(in € thousands)	
Deposits for commercial premises	10,866	10,700
Other deposits and guarantees	—	—
Investments in non-consolidated companies	89	1,476
Loans and bond debentures	1,081	816
Derivatives	—	—
Total	**12,036**	**12,992**

C.7 Inventories

	30 June 2014	30 June 2013
	(in € thousands)	
Goods for resale, gross	268,073	246,452
Impairment	(2,810)	(3,070)
Carrying amount	**265,263**	**243,382**

C.8 Trade and other receivables

	30 June 2014	30 June 2013
	(in € thousands)	
Trade receivables	40,771	42,130
Impairment of trade receivables	(1,472)	(2,448)
Carrying amount	**39,299**	**39,682**
Deposits and advanced payments to suppliers	8,039	6,540
Tax and social security receivables	16,838	12,137
Currency derivatives	114	977
Other receivables	23,267	26,904
Impairment of other receivables	(1,059)	(566)
Prepaid expenses	4,899	6,501
Other receivables	**52,098**	**52,493**
Total trade and other receivables	**91,397**	**92,175**

C Presentation of financial statements (Continued)

At 30 June 2014, trade receivables primarily comprised (i) accrued rebates granted by suppliers for listing them within But stores (€16.5 million), (ii) customer deferred debit payments due after the end of the reporting period (€9.5 million), and (iii) amounts due from franchisees.

Other receivables mainly included rebates obtained from suppliers.

The year-on-year reduction in trade receivables reflects the first-time consolidation of certain franchisee customers and the Group's policy of reducing working capital requirements.

Changes in derivatives were as follows during the past two reporting periods:

	(in € thousands)
Value of derivatives at 30 June 2012	**1,575**
New derivatives subscribed	
Change in fair value: effective portion (other comprehensive income impact)	(691)
Change in fair value: ineffective portion (profit or loss impact)	93
Value of derivatives at 30 June 2013	**977**
New derivatives subscribed	
Change in fair value: effective portion (other comprehensive income impact)	(835)
Change in fair value: ineffective portion (profit or loss impact)	(28)
Value of derivatives at 30 June 2014	**114**

C.9 Cash and cash equivalents

	30 June 2014	30 June 2013
	(in € thousands)	
Cash at bank and in hand	35,066	48,624
Short-term deposits and monetary funds (SICAV)	73,117	29,259
Total	**108,183**	**77,883**
Current bank overdrafts and accrued interest not yet due	(35)	(76)
Cash and cash equivalents in the statement of cash flows	**108,148**	**77,807**

C.10 Share capital

The Group's share capital amounted to €233,971,720 at 30 June 2014, comprising 233,971,720 shares with a par value of €1.

C.11 Retirement benefit obligations

C.11.1 Defined contribution plans

In France, the main retirement benefits are provided through collective bargaining agreements for the retail industry. In addition, the Group provides a supplementary defined contribution plan (Supplementary Pension Plan) for its senior executives. In the year to 30 June 2014, the Group paid €432,000 in respect of this plan (€419,000 at 30 June 2013).

C.11.2 Defined benefit plans

The Group is required to pay lump sums (retirement indemnities) to employees when they retire from service.

C Presentation of financial statements (Continued)

A qualified, independent actuary updated the actuarial valuations of the Group's defined benefit plans at 30 June 2014. The principal assumptions made by the actuary were:

	30 June 2014	30 June 2013	30 June 2012
Discount rate	2.50%	3.20%	3.40%
Expected rate of return on plan assets	2.50%	3.20%	4.00%
Salary increase rate	0.5%-1%	0.5%-1%	0.5%-1%
Long-term inflation	2.00%	2.00%	2.00%

The expected rate of return on plan assets is the same as the discount rate used to measure the defined benefit obligation, as required in IAS 19.

The amounts recognised in the statement of financial position were calculated as follows:

	30 June 2014	30 June 2013	30 June 2012
		(in € thousands)	
Present value of unfunded obligations	16,432	13,951	12,124
Present value of funded obligations			
Total present value of obligations	**16,432**	**13,951**	**12,124**
Fair value of plan assets	255	208	112
Funding shortfall/surplus	**16,177**	**13,743**	**12,012**
Unrecognised past service cost	—	—	—
Share-based payment	—	—	—
Provision recognised in respect of defined benefit obligations	**16,177**	**13,743**	**12,012**

The amounts recognised in the income statement were calculated as follows:

	30 June 2014	30 June 2013	30 June 2012
		(in € thousands)	
Current service cost	1,006	871	470
Interest cost	474	428	454
Expected return on plan assets	(7)	(4)	—
Amortisation of past service cost	—	—	—
Total	**1,473**	**1,295**	**924**

Interest cost is recognised in operating profit.

Changes in the provision for defined benefit obligations during the period are analysed below:

	30 June 2014	30 June 2013	30 June 2012
		(in € thousands)	
Change in scope of consolidation	164	363	713
Provision for defined benefit obligations at beginning of period	13,743	12,012	8,146
Benefits paid	(209)	(186)	(308)
Current service cost	1,006	871	470
Interest cost	474	428	454
Expected return on plan assets	(7)	(4)	
Amortisation of past service cost			
Actuarial gains and losses recognised in other comprehensive income	1,006	259	2,537
Provision for defined benefit obligations at end of period	**16,177**	**13,743**	**12,012**

C Presentation of financial statements (Continued)

Cumulative actuarial gains and losses are recognised in other comprehensive income.

	30 June 2014	30 June 2013	30 June 2012
		(in € thousands)	
Cumulative amount at beginning of period	2,884	2,625	88
Amount recognised during the period	1,006	259	2,537
Cumulative amount at end of period	**3,890**	**2,884**	**2,625**

The impact of experience adjustments on the benefit obligations was as follows:

	30 June 2014	30 June 2013	30 June 2012
		(in € thousands)	
Asset experience			
(Gain)/loss during the period	(40)	(92)	(112)
(Gain)/loss expressed as a percentage of plan assets	-15.7%	-44.2%	-100%
Liability experience			
(Gain)/loss during the period	(687)	(102)	279
(Gain)/loss expressed as a percentage of defined benefit obligations	-4.2%	-0.7%	2.3%
Liability assumptions			
(Gain)/loss during the period	1,678	308	2,371
(Gain)/loss expressed as a percentage of defined benefit obligations	10.2%	2.2%	19.7%
Net			
Defined benefit obligations	(16,432)	(13,951)	(12,124)
Fair value of plan assets	255	208	112
Funded status	**(16,177)**	**(13,743)**	**(12,012)**

The following table shows plan assets broken down by type of investment:

	30 June 2014	30 June 2013
	(in percentage)	
Government bonds	82.8%	83.9%
Property	6.1%	7.0%
Equities	11.1%	9.1%
Total	**100.0%**	**100.0%**

Contributions are not paid in respect of any of these investments and the investments are not quoted in an active market.

A 0.15-point increase or decrease in the discount rate applied would have the following impacts on retirement benefit obligations:

- Increasing the rate to 2.65% would decrease the obligations to €16,056,000.
- Decreasing the rate to 2.35% would increase the obligations to €16,819,000.

This type of plan is not exposed to a significant longevity risk, and an increase of one year in life expectancy would have an impact of less than 0.5%.

The plan's exposure to inflation risk is significant since the assumed rate of increase in salaries is based on the Group's own inflation forecasts.

Exposure to the return risk on high-quality corporate bonds is significant as this variable is taken into account when determining the discount rate.

C Presentation of financial statements (Continued)

The services provided are expected to give rise to the following cash flows:

Year	(in € thousands)
Less than 1 year	167
From 1 to 2 years	131
From 3 to 5 years	1,593
More than 5 years	61,758

C.12 Provisions

	30 June 2012	Increase	Decrease		Change in scope of consolidation and reclassifications	Translation reserves	30 June 2013
			Utilised	Unutilised	(in € thousands)		
Provision for after-sales warranties	10,468	787	(623)	—	379		11,011
Provision for extended warranties	16,419	9,383	(7,376)	—	311		18,737
Other	11,929	2,374	(1,978)	(1,260)	—		11,065
Total	**38,816**	**12,544**	**(9,977)**	**(1,260)**	**690**		**40,813**
o/w Non-current liabilities	16,112	9,167	(3,752)	(683)	(4,772)		16,072
o/w Current liabilities	22,704	3,377	(6,225)	(577)	5,462		24,741

Movements in the year to 30 June 2014

	30 June 2013	Increase	Decrease		Change in scope of consolidation and reclassifications	Translation reserves	30 June 2014
			Utilised	Unutilised	(in € thousands)		
Provision for after-sales warranties	11,011	735	(444)	—	72	—	11,374
Provision for extended warranties and insurance	18,737	10,093	(5,716)	—	133	—	23,247
Other	11,065	1,875	(2,636)	(3,974)	174	(3)	6,501
Total	**40,813**	**12,703**	**(8,796)**	**(3,974)**	**379**	**(3)**	**41,122**
o/w Non-current liabilities	16,072	9,778	(1,086)	(17)	(5,457)	—	19,290
o/w Current liabilities	24,741	2,925	(7,710)	(3,957)	5,836	(3)	21,832

Other provisions correspond to provisions for claims, disputes and other risks.

C Presentation of financial statements (Continued)

C.13 Deferred tax

C.13.1 Deferred tax movements

Movements in deferred tax assets and liabilities (before offsetting taxes levied by the same taxation authority as permitted by IAS 12) are shown in the table below:

	30 June 2014	30 June 2013
	(in € thousands)	
Deferred tax assets		
Balance at beginning of period	—	21
Income (expense) for the period	4,738	2,472
Income tax recognised in equity	(111)	1
Change in scope of consolidation and reclassifications	(4,619)	(2,494)
Balance at end of period	**8**	**—**

	30 June 2014	30 June 2013
	(in € thousands)	
Deferred tax liabilities		
Balance at beginning of period	(41,162)	(52,038)
Income (expense) for the period	3,596	7,460
Income tax recognised in equity	785	327
Reclassifications within liabilities relating to assets held for sale	—	(1,064)
Change in scope of consolidation and reclassifications	4,312	4,154
Balance at end of period	**(32,469)**	**(41,161)**

C Presentation of financial statements (Continued)

C.13.2 Deferred tax sources

	SOFP	SOFP	Movements in the period		Movements in the period	
	30 June 2014	30 June 2013	30 June 2014	(12 months)	30 June 2013	(12 months)
			in equity and reclassifications	in the income statement	in equity and reclassifications	in the income statement
			(in € thousands)			
Deferred tax assets						
Intangible assets		—	—	—	—	
Property, plant and equipment	74	87	—	(13)	(1)	(45)
Inventories	140	37	9	94	54	(171)
Other assets	2,481	—	1,916	565	(594)	(203)
Retirement benefit obligations	5,570	4,732	403	435	215	381
Provisions	2,339	2,859	397	(917)	718	(939)
Other liabilities	7,270	4,086	23	3,161	178	1,022
Tax losses carried forward	4,094	—	162	3,932	—	
Total	**21,968**	**11,801**	**2,910**	**7,257**	**570**	**45**
Deferred tax liabilities						
Intangible assets	(16,553)	(16,843)	—	290	—	666
Property, plant and equipment	(5,828)	(8,213)	(353)	2,738	617	6,574
Inventories		—	2	(2)	304	15
Other assets	(108)	(412)	288	16	(106)	236
Provisions	(16,542)	(12,454)	(1,379)	(2,709)	2,462	(2,081)
Other liabilities	(15,398)	(15,041)	(1,101)	744	(2,924)	4,477
Total	**(54,429)**	**(52,963)**	**(2,543)**	**1,077**	**353**	**9,887**
Deferred tax assets (liabilities)	**(32,461)**	**(41,162)**				
Deferred tax assets in the SOFP	8	—				
Deferred tax liabilities in the SOFP	(32,469)	(41,162)				
Net	**(32,461)**	**(41,162)**				
Deferred tax (income)/ expense			**367**	**8,334**	**923**	**9,932**

Other deferred tax liabilities relate mainly to extended warranties (€9 million at 30 June 2014 and €11.9 million at 30 June 2013).

C Presentation of financial statements (Continued)

C.13.3 Tax losses

Tax losses are shown below:

	30 June 2014			30 June 2013		
	Deferred tax base	Recognised deferred tax	Unrecognised deferred tax	Deferred tax base	Recognised deferred tax	Unrecognised deferred tax
	(in € thousands)					
Tax losses carried forward in respect of:						
—Entities not included in the tax consolidation group	—	—	—	572	—	197
—Entities included in the tax consolidation group						
—Tax losses generated before entering the tax consolidation group	31,022	—	10,681	27,107	—	9,333
—Tax losses and thin capitalisation interest generated after entering the tax consolidation group	36,441	3,932	8,615	16,486	—	5,676
Total	**67,463**	**3,932**	**19,296**	**44,165**	**—**	**15,206**

C.14 Loans and borrowings

C.14.1 Parent company loan

On 28 March 2008, the Group took out a 10-year loan for €110,958,000 from its parent company, Fair Partners SARL-SCA. This loan bears interest at 17%, capitalised on an annual basis. The current account was repaid ahead of maturity on 27 June 2014.

	30 June 2014	30 June 2013
	(in € thousands)	
Current account with main shareholder	—	41,710
Accrued interest on current account with main shareholder	—	4,026
Balance of current account with main shareholder	**—**	**45,736**

C.14.2 Other loans and borrowings

	30 June 2014	30 June 2013
	(in € thousands)	
Senior property debt—more than 12 months	—	41,127
Mezzanine debt—more than 12 months	—	73,499
Bond issue	180,000	
Other bank loans and borrowings—more than 12 months	6	1,097
Current accounts with other third parties—more than 12 months	—	—
Finance leases—more than 12 months	13,920	15,681
Loan issuance costs—more than 12 months	(8,062)	(420)
Other loans and borrowings—non current	**185,864**	**130,984**
Other bank loans and borrowings—less than 12 months	7	272
Senior debt—less than 12 months	—	13,000
Current accounts with other third parties—less than 12 months	51	10,427
Finance leases—less than 12 months	2,899	4,137
Accrued interest	145	309
Loan issuance costs—less than 12 months	(1,883)	(493)
Other loans and borrowings—current	**1,219**	**27,652**
Total	**187,083**	**158,636**

C Presentation of financial statements (Continued)

C.14.3 Terms and repayment schedule

All loans and borrowings are denominated in euros.

	Amount in consolidated SOFP			Contractual cash flows			
at 30 June 2013	**Floating rate**	**Fixed rate**	**Total**	**Total**	**< 1 year**	**1-5 years**	**> 5 years**
				(in € thousands)			
Senior property debt	41,127	—	41,127	52,215	6,375	45,840	—
Mezzanine debt	73,499	—	73,499	90,240	3,780	86,460	—
Senior debt	13,000	—	13,000	13,739	13,739	—	—
Revolving credit facility	—	—	—	—	—	—	—
Other bank loans and borrowings	—	1,369	1,369	1,548	326	885	337
Current accounts—other third parties	—	10,427	10,427	10,427	10,427	—	—
Finance leases	13,500	6,318	19,818	23,712	4,951	6,752	12,009
Accrued interest	—	309	309	309	309	—	—
Loan issuance costs	—	—	(913)	—	—	—	—
Total	**141,126**	**18,423**	**158,636**	**192,190**	**39,907**	**139,937**	**12,346**

	Amount in consolidated SOFP			Contractual cash flows			
at 30 June 2014	**Floating rate**	**Fixed rate**	**Total**	**Total**	**< 1 year**	**1-5 years**	**> 5 years**
				(in € thousands)			
Bond issue		180,000	180,000	249,176	9,348	53,136	186,692
Other bank loans and borrowings	—	13	13	14	7	7	—
Current accounts—other third parties	—	51	51	51	51	—	—
Finance leases	12,818	4,001	16,819	20,075	3,428	5,596	11,051
Accrued interest	—	145	145	145	145	—	—
Loan issuance costs	—		(9,945)				
Total	**12,818**	**184,210**	**187,083**	**269,461**	**12,979**	**58,739**	**197,743**

Contractual cash flows correspond to future repayments of principal and interest due.

In rolling over its debt, the Group issued a bond on the Luxembourg market and subsequently repaid its senior property debt, mezzanine debt and senior debt ahead of maturity.

a) Bond issue

On 27 June 2014 the Group issued a €180,000,000 bond on the Luxembourg market.

The main terms and conditions of the bond are as follows:

- Maturity: 15 September 2019
- Interest: based on a fixed rate of 7⅜%, payable on 15 March and 15 September each year.

b) Senior revolving facility

In the year to 30 June 2014, the Group took out a revolving line of credit for a maximum amount of €30 million. No amounts were drawn down from this credit line in the period.

C Presentation of financial statements (Continued)

C.14.4 Finance leases

	30 June 2013			
	Less than 1 year	From 2 to 5 years	More than 5 years	Total
	(in € thousands)			
Future minimum lease payments	4,951	6,752	12,009	23,712
Interest expense	(809)	(1,410)	(1,669)	(3,888)
Value of future minimum lease payments	**4,142**	**5,342**	**10,340**	**19,824**

	30 June 2014			
	Less than 1 year	From 2 to 5 years	More than 5 years	Total
	(in € thousands)			
Future minimum lease payments	3,428	5,596	11,051	20,075
Interest expense	(580)	(1,259)	(1,407)	(3,246)
Value of future minimum lease payments	**2,849**	**4,337**	**9,643**	**16,829**

C.15 Trade and other payables

	30 June 2014	30 June 2013
	(in € thousands)	
Trade payables	175,758	140,225
Deposits and advanced payments received on orders	36,695	28,613
Tax and social security liabilities	67,654	51,401
Payables to fixed asset suppliers	6,575	2,974
Interest rate derivatives	104	—
Other payables	33,905	24,072
Prepaid income	10,517	10,653
Total	**331,208**	**257,938**

The Group is eligible for the CICE tax credit (introduced in France to encourage competitiveness and boost employment) and obtained CICE pre-financing from BPI for €3.9 million, shown in "Other payables".

This relates to an interest rate swap put in place to hedge the risk arising on the extended mezzanine debt.

Other payables mainly include purchasing rebates to be repaid to franchisees.

	(in € thousands)
Value of derivatives at 30 June 2013	**—**
New derivatives subscribed	
Change in fair value: effective portion (other comprehensive income impact)	
Change in fair value: ineffective portion (profit or loss impact)	104
Value of derivatives at 30 June 2014	**104**

C.16 Cash flows

At 30 June 2014, cash and cash equivalents amounted to €108,148,000 (see Note C.9), a year-on-year increase of €30,341,000. Amounts impacting cash and cash equivalents are shown in the consolidated statement of cash flows.

C Presentation of financial statements (Continued)

Operating activities

In the year to 30 June 2014, net cash flows from operating activities amounted to €76,844,000, breaking down as follows:

- cash flows from operations before net finance costs and income tax totalling €45,371,000;
- income tax paid totalling €4,729,000, primarily relating to the CVAE tax;
- changes in working capital, excluding tax, resulting in a positive €36,202,000 impact on cash, due chiefly to the increase in trade and other payables.

Investing activities

The main components of net cash flows from investing activities were:

- cash outflows relating to business combinations, amounting to €2,322,000, net of cash and cash equivalents acquired;
- cash outflows relating to acquisitions of property, plant and equipment, intangible assets and other non-current assets, net of disposals, in an amount of €12,215,000. The Group also sold the buildings of three stores.

Financing activities

Net cash flows from financing activities represented a total outflow of €32,144,000, and essentially comprised:

- repayments of borrowings for €139,347,000;
- a bond issue (net of issuance costs) for €170,289,000;
- the repayment of a shareholder loan for €53,128,000.

C.17 Revenue

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Store sales	1,041,230	991,859
Franchisee sales	126,791	112,994
Retail revenue	**1,168,021**	**1,104,853**
Services provided to franchisees	13,434	12,740
Listing fees	8,669	4,611
Sales of warranties and long-term insurance	32,371	30,662
Insurance services	11,631	12,961
Other	22,797	24,256
Other revenue	**88,902**	**85,230**
Total	**1,256,923**	**1,190,083**

C Presentation of financial statements (Continued)

C.18 Cost of sales

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Purchases	(732,093)	(677,034)
Increase (decrease) in inventories	11,980	(9,299)
Impairment of inventories	(8,734)	(9,388)
Cost of sales excluding logistics costs	**(728,847)**	**(695,721)**
Logistics costs	(37,384)	(36,936)
Total	**(766,231)**	**(732,657)**

C.19 Personnel expenses

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Wages and salaries	(139,110)	(134,476)
Payroll taxes	(60,586)	(57,817)
Employee profit-sharing	(6,735)	57
Post-employment expenses	(1,264)	(1,109)
Total	**(207,695)**	**(193,345)**

The cumulative number of training hours vested by employees under the statutory training entitlement (DIF) totalled 449,485 hours at 30 June 2014 (30 June 2013: 428,240 hours). The number of training hours vested but not used was 449,015 hours at 30 June 2014 (30 June 2013: 427,672 hours).

At 30 June 2014, the Group recorded accrued income of €5,410,000 related to the CICE tax credit (30 June 2013: €1,892,000).

C.20 External expenses

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Outsourcing	(43,083)	(43,637)
Property leases	(61,523)	(56,635)
Other leases and related expenses	(18,153)	(16,443)
Repairs and maintenance	(6,149)	(6,157)
Insurance	(6,454)	(6,598)
Compensation in respect of temporary and external employees	(12,464)	(15,106)
Local advertising	(7,729)	(8,173)
National advertising	(37,968)	(38,077)
Other external expenses	(39,380)	(32,586)
Total	**(232,903)**	**(223,412)**

C Presentation of financial statements (Continued)

C.21 Other income and expense from operations

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Income on credit operations (share in Cogesem)	15,902	13,501
Decrease in provisions and current asset impairment allowances	9,082	7,327
Other	3,692	4,149
Other income from operations	**28,676**	**24,977**
Increase in provisions and current asset impairment allowances	(10,647)	(9,362)
Other	(5,349)	(3,843)
Other expense from operations	**(15,996)**	**(13,205)**
Other income from operations, net	**12,680**	**11,772**

C.22 Other operating income and expense

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Gains on disposals of non-current assets	1,444	6,298
Other	4,409	623
Other operating income	**5,853**	**6,921**
Restructuring costs	(1,230)	(3,454)
Sales and acquisitions of investments, net	(1,418)	(9,119)
Capital losses on disposals of non-current assets	(913)	(11,838)
Other operating expense	(2,142)	(811)
Other	**(5,703)**	**(25,222)**
Other operating income (expense), net	**150**	**(18,301)**

At 30 June 2014, other operating income consisted solely of gains on remeasuring LRAM and BSL shares at fair value (revaluation of previously-held equity interests at fair value, as discussed in Note C.1).

The capital loss on disposals of non-current assets recognised at 30 June 2013 primarily concerns the sale of Fidem shares (see Note C.1).

C.23 Cost of debt

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Interest expense on financing transactions	(19,310)	(29,622)
Interest expense on finance leases	(829)	(908)
Total	**(20,139)**	**(30,530)**

C Presentation of financial statements (Continued)

C.24 Other financial income and expense

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Foreign exchange gains	627	252
Other	414	461
Other financial income	**1,041**	**713**
Foreign exchange losses	(81)	(568)
Other	(394)	(227)
Other financial expense	**(475)**	**(795)**
Other financial income (expense), net	**566**	**(82)**

C.25 Income tax

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Income tax	(5,816)	(4,428)
Deferred tax	8,333	9,931
Total tax income (expense)	**2,517**	**5,503**

Reconciliation between tax income (expense) and profit (loss) before tax

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Profit (loss) for the period	(7,562)	(42,272)
Less share of profit (loss) of associates	1,221	(1,834)
Less tax (income)/expense	(2,517)	(5,503)
Profit (loss) of consolidated companies before tax	**(8,858)**	**(49,609)**
Theoretical tax rate	34.43%	34.43%
Theoretical tax income (expense)	**3,050**	**17,082**
Difference in Luxembourg and Malta tax rates and temporary 10.7% surtax	237	1,211
Utilisation of tax loss carryforwards/(Tax loss carryforwards not utilised)	(1,089)	(5,873)
CVAE tax	(5,700)	(4,378)
(Capital losses)/Capital gains taxed at 0%	1,463	(3,316)
CICE tax charged	1,861	
Other	2,695	777
Effective tax income (expense)	**2,517**	**5,503**

C Presentation of financial statements (Continued)

Tax effects relating to other comprehensive income (loss)

	30 June 2014	30 June 2013
	(in € thousands)	
Tax on exchange differences resulting from the translation of foreign operations	—	—
Tax on fair value relating to effective portion of cash flow hedges	287	238
Tax relating to items that may subsequently be reclassified to profit or loss	**287**	**238**
Tax on defined benefit plan actuarial gains (losses)	387	89
Tax relating to items that may not subsequently be reclassified to profit or loss	**387**	**89**
Total tax on other comprehensive income (loss)	**674**	**327**

C.26 Financial instruments

Financial instruments are recognised and measured as follows:

- financial instruments at fair value through profit or loss, representing components of cash and cash equivalents, are measured based on quoted prices in an active market;
- available-for-sale financial assets, representing investments in non-consolidated companies, are recognised at fair value in the consolidated statement of financial position;
- loans and receivables—which chiefly include trade receivables and certain other miscellaneous current and non-current receivables—are recognised at amortised cost using the effective interest method;
- liabilities recognised at amortised cost using the effective interest method mainly include loans and borrowings, trade payables and other miscellaneous current and non-current payables;
- derivative instruments are recognised at fair value, either directly through profit or loss or within income and expenses recognised directly in other comprehensive income in accordance with cash flow hedge accounting.

The fair value of financial assets and liabilities is determined as follows:

- the fair value of trade receivables and payables and other miscellaneous current receivables and payables is considered to be their carrying amount in the consolidated statement of financial position due to their very short-term maturities;
- the fair value of bonds is estimated at the end of each reporting period based on average market interest rates and the value of the Group's credit risk, for bonds with maturities approximating the remaining term to maturity of the Group's three bond issues;
- the fair value of finance lease liabilities is taken as the carrying amount in the consolidated statement of financial position due to the wide variety of lease types and terms.

C Presentation of financial statements (Continued)

At 30 June 2013	Fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Liabilities at amortised cost	Currency derivatives	Interest rate derivatives	Non-financial instruments	Carrying amount in SOFP	Fair value
				(in € thousands)					
Assets									
Other non-current assets	—	1,475	11,517	—	—	—	—	12,992	12,992
Trade and other receivables	—	—	65,665	—	977	—	25,533	92,175	92,175
Cash and cash equivalents	29,255	—	48,628	—	—	—	—	77,883	77,883
Total	**29,255**	**1,475**	**125,810**	**—**	**977**	**—**	**25,533**	**183,050**	**183,050**
Liabilities									
Current account with main shareholder	—	—	—	45,736	—	—	—	45,736	45,736
Other loans and borrowings	—	—	—	158,636	—	—	—	158,636	158,636
Other long-term payables	—	—	—	—	—	—	—	—	—
Trade and other payables	—	—	—	167,272	—	—	90,666	257,938	257,938
Bank overdrafts	—	—	—	76	—	—	—	76	76
Total	**—**	**—**	**—**	**371,720**	**—**	**—**	**90,666**	**462,386**	**462,386**

At 30 June 2014	Fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Liabilities at amortised cost	Currency derivatives	Interest rate derivatives	Non-financial instruments	Carrying amount in SOFP	Fair value
				(in € thousands)					
Assets									
Other non-current assets	—	129	11,907	—	—	—	—	12,036	12,036
Trade and other receivables	—	7	60,379	—	114	—	30,897	91,397	91,397
Cash and cash equivalents	73,111	—	35,072	—	—	—	—	108,183	108,183
Total	**73,111**	**136**	**107,358**	**—**	**114**	**—**	**30,897**	**211,616**	**211,616**
Liabilities									
Current account with main shareholder	—	—	—	—	—	—	—	—	—
Other loans and borrowings	—	—	—	187,083	—	—	—	187,083	187,083
Other long-term payables	—	—	—	—	—	—	—	—	—
Trade and other payables	—	—	—	216,224	104	—	114,880	331,208	331,208
Bank overdrafts	—	—	—	35		—	—	35	35
Total	**—**	**—**	**—**	**403,342**	**104**	**—**	**114,880**	**518,326**	**518,326**

Contractual future cash flows related to other loans and borrowings are set out in Note C.14.3. Trade payables and other current payables (€216,224,000 at 30 June 2014) all mature within one year.

The carrying amount of the Group's financial assets and liabilities approximates their fair value.

C.27 Risk management

C.27.1 Financial risk management

In the course of its business, the Group is exposed to currency risk, interest rate risk, credit risk, and liquidity risk. In accordance with the policies approved by the Chairman, the Group only enters into derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. The Group does not enter into any trading derivative transactions without underlying assets or liabilities.

C Presentation of financial statements (Continued)

Financial risks are formally managed by the Group's Treasury department.

C.27.2 Financial risk

Financial risks essentially arise on exposure to US dollars and interest rates.

Currency risk

Most furniture is purchased directly by the Group from Asian suppliers in US dollars. The Group's policy is to hedge most US dollar transactions from the date of the purchase order to the settlement date using forward contracts negotiated with an investment-grade bank.

All foreign currency transactions must be demonstrably linked to an underlying exposure. The hedge of the exposure is monitored throughout the life of the transaction to ensure that it remains effective and appropriate.

The fair value of foreign currency financial instruments was €114,000 at 30 June 2014, compared to €977,000 at 30 June 2013.

Interest rate risk

The Group is exposed to interest rate risk on its floating-rate borrowings. The main floating-rate loans—i.e., the senior debt and mezzanine debt—had been repaid in full at 30 June 2014 (see Note C.14).

An increase of 100 basis points in interest rates at the reporting date would have increased the cost of debt by €1,514,000 at 30 June 2013.

C.27.3 Credit risk

Financial assets mainly comprise cash and cash equivalents as well as trade and other receivables. Credit risk arises if a counterparty fails to meet its obligations.

The Group invests its liquid assets with leading banks and regularly monitors counterparty risk.

Given its retail activity, none of the Group's customers represents more than 10% of its revenue. In the consumer credit business, the lending policy is based on scorecards and statistical studies of default. The Group also draws on the experience and expertise of its partner BNP Personal Finance.

C.27.4 Liquidity risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose the Group to liquidity risk in the event of early repayment.

In order to manage its liquidity risk, the Group contracts bank facilities for an appropriate amount and maturity to ensure that it has adequate available funds to meet its commitments.

C.28 Contingent liabilities

The Group does not have any material contingent liabilities.

C.29 Commitments

C.29.1 Operating lease and purchase commitments

The Group leases various stores, head offices, equipment and warehouses under non-cancellable operating lease agreements. These leases have different terms, escalation clauses and renewal options.

C Presentation of financial statements (Continued)

Commitments at 30 June 2013

at 30 June 2013	Payments to be made by period			
	Total	Less than 1 year	From 2 to 5 years	More than 5 years
		(in € thousands)		
Operating leases	312,054	67,378	156,280	88,396
Purchase commitments regarding goods for resale	68,019	68,019	—	—
Total	**380,073**	**135,397**	**156,280**	**88,396**

Commitments at 30 June 2014

at 30 June 2014	Payments to be made by period			
	Total	Less than 1 year	From 2 to 5 years	More than 5 years
		(in € thousands)		
Operating leases	305,813	68,296	166,755	70,762
Purchase commitments regarding goods for resale	76,421	76,421	—	—
Total	**382,234**	**144,717**	**166,755**	**70,762**

C.29.2 Capital and other financial commitments

	30 June 2014	30 June 2013
	(in € thousands)	
Unused confirmed credit lines	—	—
Standby letters of credit and documentary credit not utilised	4,242	6,820
Other guarantees received	2,319	1,910
Total guarantees received	**6,561**	**8,730**
Guarantees given on reinsurance activities	—	—
Clawback clause	—	—
Other guarantees given(*)	10,000	10,476
Total guarantees given	**10,000**	**10,476**

(*) In addition to the commitments shown above, the following items were pledged by Décomeubles Partners SAS, But SAS, But International and Cogesem to guarantee the repayment of the bond and the senior revolving facility:

- the shares in But SAS held by Décomeubles Partners SAS;
- the shares in But International and Immobut held by But SAS;
- the shares in Cogesem held by But International;
- the bank accounts of Décomeubles Partners SAS, But SAS, But International and Cogesem;
- the rights of Décomeubles Partners SAS, But SAS, But International and Cogesem on intragroup receivables.

– The inventories of But International stored in its four distribution centres are the subject of a non-possessory pledge.

Commitments given in the event of a change in Décomeubles' ownership structure:

- Purchase commitments relating to companies operating stores owned by the Yvrai group

As discussed in Note A.3., the Yvrai group also has a put option granted by But International which may be exercised in the event of a change of control of Décomeubles.

C Presentation of financial statements (Continued)

C.30 Related party transactions

The Group's main related parties are companies that it controls or over which it exercises significant influence. Related parties also include joint ventures, members of management bodies and the Group's shareholder.

C.30.1 Transactions with companies controlled by the Group

The list of companies controlled by the Group is provided in Note D. Since these companies are fully consolidated (see Note B.3), any transactions between them, and between the parent company and its subsidiaries, were eliminated for the purpose of preparing the consolidated financial statements.

C.30.2 Transactions with joint ventures and associates

Transactions with companies over which the Group exercises significant influence and with joint ventures are shown below:

- The following transactions were carried out in respect of the after-sales services outsourced to Cofiser:

Transaction value at end of period:

	30 June 2014 (12 months)			30 June 2014
	Income	Expense	Receivables	Payables
		(in € thousands)		
Cofiser & La Compagnie du SAV	219	(14,603)	2,568	(788)
Total	**219**	**(14,603)**	**2,568**	**(788)**

These transactions were carried out at arm's length conditions.

C.30.3 Transactions with members of the management bodies and with the shareholders

No transactions were entered into with any members of management bodies.

The table below summarises the transactions carried out with the parent company as well as transactions carried out with related companies (Fair Partners, Fair Sponsors, Colony Capital, OP Capita, Finco and Goldman Sachs) in the ordinary course of business:

Transaction value at end of period

	30 June 2014 (12 months)	30 June 2013 (12 months)
	(in € thousands)	
Management fees (OP Capita & FS)	(1,500)	(1,500)
Acquisition fees (CC & GS)	—	—
Interest (FP, GS and Finco)	(8,276)	(17,005)
Other financial income and expense		

C Presentation of financial statements (Continued)

At end of period:

	30 June 2014	30 June 2013
	(in € thousands)	
Management fees (OP Capita & FS)	—	250
Acquisition fees (FS, CC & GS)	—	—
Fair Partners current account	—	45,736
Other borrowings (GS and Finco)	—	41,127
Accrued interest (Finco)	—	267

C.30.4 Executive compensation

	30 June 2014	30 June 2013
	(in € thousands)	
Short-term benefits	2,778	2,803
Post-employment benefits—defined contribution plans	72	83
Post-employment benefits—defined benefit plans	63	355
Share-based payment	—	—
Total	**2,913**	**3,241**

Key management personnel include the members of the Management Committee.

D List of consolidated companies

			30 June 2014		30 June 2013	
Company	Parent company	Consolidation method(*)	% control	% interest	% control	% interest
Décomeubles	X	FC	100.00%	100.00%	100.00%	100.00%
But Sourcing Limited		EM > FC	100.00%	100.00%	75.00%	75.00%
B'Sourcing		EM > FC	100.00%	100.00%	75.00%	75.00%
But (SAS)		FC	100.00%	100.00%	100.00%	100.00%
But International (SAS)		FC	100.00%	100.00%	100.00%	100.00%
Cafina (SA)		FC	100.00%	100.00%	100.00%	100.00%
Cogesem (SAS)		FC	100.00%	100.00%	100.00%	100.00%
Direct Low Cost.com		Sold			75.00%	30.00%
Immobilière But		FC	100.00%	100.00%	100.00%	100.00%
Immobut (SAS)		FC	100.00%	100.00%	100.00%	100.00%
Cafina Assurances Ltd		FC	100.00%	100.00%	100.00%	100.00%
Cafina Holding		FC	100.00%	100.00%	100.00%	100.00%
Sourceco France		EM > FC	100.00%	100.00%	75.00%	75.00%
Cofiser		NC>EM	20.00%	20.00%	20.00%	20.00%
Compagnie du SAV		NC>EM	20.00%	20.00%	20.00%	20.00%
LRAM (SA)		Merged			49.79%	49.79%
Socopem		Merged			100.00%	100.00%
Socadis		Merged			100.00%	100.00%
Socad		Merged			100.00%	100.00%
MYN		Merged				
VI2P		Merged				

(*) FC: Fully consolidated.

EM: Accounted for by the equity method.

EM > FC: Previously accounted for by the equity method, now fully consolidated.

NC>EM: Previously not consolidated, now accounted for by the equity method.

E Events after the end of the reporting period

As part of the reorganisation of its financial operations and to improve transparency, But and But International sold their interests in Cafina S.A. (Luxembourg subsidiary) and Cafina Holding (Malta) to Cogesem. Cogesem, itself a subsidiary of But International, now heads up the Financial operations business.

On 4 July 2014, the share capital of Décomeubles Partners was reduced by €50,000,000, from €233,971,720 to €183,971,720, by reimbursing the sole shareholder for some of its shares and decreasing the par value of the existing shares accordingly.

On 23 July 2014, the share capital of Décomeubles Partners was reduced by €10,000,000, from €183,971,720 to €173,971,720, by reimbursing the sole shareholder for some of its shares and decreasing the par value of the existing shares accordingly.

Appendix A: Interim Financial Information of Yvrai Distribution Équipement du Foyer SAS

Review report of the statutory auditors A-2
Interim Consolidated Statement of Financial Position as of May 31, 2016 and May 31, 2015 . . . . A-8
Interim Consolidated Income Statement for the five month periods ended May 31, 2016 and May 31, 2015 . . . . . A-9
Interim Consolidated Statement of Comprehensive Income for the five month periods ended May 31, 2016 and May 31, 2015 . . . . . A-10
Interim Consolidated Statement of Changes in Equity for the five month periods ended May 31, 2016 and May 31, 2015 . . . . . A-11
Interim Consolidated Statement of Cash Flow for the five month periods ended May 31, 2016 and May 31, 2015 . . . . . A-13
Notes to the Interim Consolidated Financial Statements for the five month periods ended May 31, 2016 and May 31, 2015 . . . . . A-14

Cabinet COTTIN

4 avenue Doyen Louis Weil
Immeuble le Pulsar 38000
Grenoble France

Statutory auditors' Review report on the consolidated financial statements

5 months periods ended 31 May 2016 and 2015
Yvrai Distribution Equipement du Foyer S.A.S. (YDEF)
5, rue de l'Isère
38120 Saint-Egrève
This report contains 45 pages
Reference : L163-69

Cabinet COTTIN

4 avenue Doyen Louis Weil
Immeuble le Pulsar 38000
Grenoble France

Yvrai Distribution Equipement du Foyer S.A.S. (YDEF)

Registered office: 5, rue de l'Isère
38120 Saint-Egrève
Share capital: €.28.808.000

Statutory auditors' Review report on the consolidated financial statements

5 months periods ended 31 May 2016 and 2015

To the President,

In our quality of statutory auditors of Yvrai Distribution Equipement du Foyer S.A.S. ("YDEF" or "the Company") and in answer to your request within the context of the acquisition of YDEF by BUT International S.A.S., we conducted a review of the accompanying consolidated financial statements of the Company as of 31 May 2016 and 31 May 2015, and for the five month periods then ended ("the financial statements").

These financial statements are the responsibility of the Company's President and Groupe Yvrai's President. Our responsibility is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional doctrine of the French national auditing body (Compagnie nationale des commissaires aux comptes) related to this engagement. A review consists primarily of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the assets and liabilities and the financial position of the Company as at 31 May 2016 and 2015 and the results of its operations for the five month periods then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

This report is addressed to your attention in the context described above and is not to be used, circulated, quoted or otherwise referred to for any other purposes.

27 September 2016

This report is governed by French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Every part irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Lyon and Grenoble, 27 September 2016

KPMG Audit
A division of KPMG S.A.

Stéphane Devin

Sandrine Pallud

Cabinet Cottin

Stéphane Meunier

Yvrai Distribution Equipement du Foyer—Ydef SAS

Interim IFRS consolidated financial statements at 31 May 2016

BUT

YVRAI DISTRIBUTION EQUIPEMENT DU FOYER— YDEF SAS

Interim IFRS consolidated financial statements for the 5 month periods ended

31 May 2016 and 31 May 2015

This docuement includes 42 pages

Contents

Interim Consolidated statement of financial position A-8
Interim Consolidated income statement A-9
Interim Consolidated statement of comprehensive income A-10
Interim Consolidated statement of changes in equity A-11
Interim Consolidated statement of cash flows A-13
Notes to the interim consolidated financial statements A-14
A *Significant events over the past two reporting periods* A-14
A.1 Scope of consolidation A-14
B *Accounting policies* A-14
B.1 Statement of compliance A-14
B.2 Method of preparation A-15
B.3 Basis of preparation A-15
B.4 Consolidation A-15
B.5 Property, plant and equipment A-17
B.6 Intangible assets A-17
B.7 Impairment A-17
B.8 Financial instruments A-18
B.9 Inventories A-20
B.10 Cash and cash equivalents A-20
B.11 Income tax A-21
B.12 Employee benefits A-21
B.13 Provisions A-23
B.14 Revenue recognition A-23
B.15 Other operating income and expense A-23
B.16 Financial income and expense A-23
B.17 Leases A-23
B.18 Dividends A-23
B.19 Contingent assets and liabilities A-24
B.20 Events after the reporting date A-24
B.21 Impact of new standards, amendments and interpretations A-24
B.22 Use of estimates A-25
C *Presentation of financial statements—Statement of financial position* A-26
C.1 Business combinations A-26
C.2 Goodwill A-26
C.3 Other intangible assets A-27
C.4 Property, plant and equipment A-28
C.5 Other assets A-30
C.6 Inventories A-31
C.7 Trade and other receivables A-31
C.8 Cash and cash equivalents A-31
C.9 Share capital A-31
C.10 Defined benefit plans A-32
C.11 Provisions A-33
C.12 Deferred tax A-33
C.13 Loans and borrowings A-34
C.14 Other non-current liabilities A-35
C.15 Trade and other payables A-35
C.16 Derivative instruments with a negative fair value A-36
C.17 Cash flows A-36
D *Presentation of financial statements—Income statement* A-37
D.1 Revenue A-37
D.2 Cost of sales A-37
D.3 Staff costs A-37
D.4 External expenses A-38

	D.5	Other income and expense from operations	A-38
	D.6	Other operating income and expense	A-38
	D.7	Cost of debt	A-39
	D.8	Other financial income and expense	A-39
	D.9	Income tax	A-39
E		*Presentation of the financial statements—off-balance sheet items*	A-40
	E.1	Financial instruments	A-40
	E.2	Risk management	A-43
	E.3	Operating lease and purchase commitments	A-44
F		*List of consolidated companies*	A-45
H		*Data at 31 December 2015*	A-46
	H.1	Consolidated income statement	A-46
	H.2	Consolidated statement of cash flows	A-47
	H.3	Revenue	A-48
	H.4	External expenses	A-48
I		*Related parties*	A-48
	I.1	Transactions with companies controlled by the Group	A-48
	I.2	Transactions with members of management bodies and shareholders	A-48
J		*Events after the end of the reporting period*	A-49

Yvrai Distribution Equipement du Foyer—Ydef SAS

Interim IFRS consolidated financial statement at 31 May 2016

Interim Consolidated statement of financial position

	Note	31 May 2016	31 December 2015	31 May 2015
			(in € thousands)	
Assets				
Goodwill	C.2	12,554	12,554	12,554
Other intangible assets	C.3	3	4	3
Property, plant and equipment	C.4	4,702	5,187	4,887
Other non-current assets	C.5	50	54	54
Deferred tax assets	C.12	932	495	814
Non-current assets		**18,241**	**18,294**	**18,312**
Inventories	C.6	22,589	22,643	20,026
Trade and other receivables	C.7	8,214	6,452	6,651
Income tax receivables		—	640	—
Other current assets	C.5	1,500	1,500	1,513
Cash and cash equivalents	C.8	11,984	10,955	13,736
Current assets		**44,287**	**42,190**	**41,926**
Total assets		**62,528**	**60,484**	**60,238**
Equity and liabilities				
Share capital	C.9	28,808	28,808	28,808
Reserves		658	(1,881)	1,414
Other comprehensive income (loss)		(14)	(16)	(18)
Profit for the period		1,068	2,538	1,276
Equity attributable to owners of the Company		**30,520**	**29,449**	**31,480**
Non-controlling interests		—	—	—
Total equity		**30,520**	**29,449**	**31,480**
Loans and borrowings	C.13	571	690	857
Non-current derivatives with a negative fair value	C.16	21	24	28
Other non-current liabilities	C.14	6,387	6,006	5,688
Provision for retirement benefit obligations	C.10	874	839	773
Non-current provisions	C.11	161	161	161
Non-current liabilities		**8,014**	**7,720**	**7,507**
Loans and borrowings	C.13	286	286	298
Trade and other payables	C.15	22,279	21,724	18,518
Current provisions	C.11	1,304	1,304	1,187
Income tax payables		123	—	1,247
Bank overdrafts	C.8	2	1	1
Current liabilities		**23,994**	**23,315**	**21,251**
Total equity and liabilities		**62,528**	**60,484**	**60,238**

Yvrai Distribution Equipement du Foyer—Ydef SAS

Interim IFRS consolidated financial statements at 31 May 2016

Interim Consolidated income statement

	Note	31 May 2016 (5 months)	31 May 2015 (5 months)
		(in € thousands)	
Continuing operations			
Retail revenue		53,739	44,598
Other revenue		2,228	2,081
Revenue	D.1	**55,967**	**46,679**
Cost of sales	D.2	(34,149)	(27,319)
Gross profit		**21,818**	**19,360**
Personnel expenses	D.3	(6,968)	(6,066)
Taxes other than on income		(1,051)	(827)
External expenses	D.4	(10,933)	(9,379)
Other income from operations	D.5	39	115
Other expense from operations	D.5	(312)	(237)
Operating profit before depreciation, amortisation and impairment, and other operating income and expense		**2,593**	**2,966**
Other operating income and expense	D.6	2	6
Depreciation, amortisation and impairment of non-current assets	C.3; C.4	(589)	(655)
Operating profit		**2,006**	**2,317**
Cost of debt	D.7	(12)	(13)
Interest income		9	8
Other financial income and expense	D.8	(11)	(11)
Profit before income tax		**1,992**	**2,301**
Income tax	D.9	(924)	(1,025)
Profit from continuing operations		**1,068**	**1,276**
Attributable to:			
Owners of the Company		1,068	1,276
Non-controlling interests		—	—
Profit (loss) for the period		**1,068**	**1,276**

Yvrai Distribution Equipement du Foyer—Ydef SAS

Interim IFRS consolidated financial statement at 31 May 2016

Interim Consolidated statement of comprehensive income

	Note	31 May 2016 (5 months)	31 May 2015 (5 months)
		(in € thousands)	
Profit for the period		**1,068**	**1,276**
Effective portion of cash flow hedges	C.15	3	5
Income tax relating to items that may be subsequently reclassified to profit orloss	D.9	(1)	(2)
Total items that may be subsequently reclassified to profit or loss		**2**	**3**
Total items that will not be subsequently reclassified to profit or loss		**—**	**—**
Comprehensive income		**1,070**	**1,279**
Attributable to:			
Owners of the Company		1,070	1,279
Non-controlling interests		—	—
Comprehensive income		**1,070**	**1,279**

Yvrai Distribution Equipement du Foyer—Ydef SAS

Interim IFRS consolidated financial statements at 31 May 2016

Interim Consolidated statement of changes in equity

	Share capital	Consolidated reserves	Translation reserves	Other comprehensive income (loss) for the period	Total	Non-controlling interests	Total equity
				(in € thousands)			
Equity at 31 December 2014	**28,808**	**1,413**	**—**	**(21)**	**30,200**	**—**	**30,200**
Profit for the period		1,276	—		1,276	—	
Exchange differences on translating foreign operations			—				
Effective portion of cash flow hedges				3			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**—**	**3**	**3**		
Actuarial gains and losses on retirement benefit obligations				—			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**—**	**—**	—	
Comprehensive income (loss)	—	*1,276*	—	*3*	*1,279*	—	*1,279*
Dividends					—	—	—
Change in share capital and share premium	—				—	—	—
Share-based payment					—	—	—
Other movements		1			1	—	1
Equity at 31 May 2015	**28,808**	**2,690**	**—**	**(18)**	**31,480**	**—**	**31,480**
Equity at 31 December 2015	**28,808**	**657**	**—**	**(16)**	**29,449**	**—**	**29,449**
Profit for the period		1,068	—	—	1,068	—	
Exchange differences on translating foreign operations							
Effective portion of cash flow hedges			—	2			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**—**	**2**	**2**		
Actuarial gains and losses on retirement benefit obligations			—	—			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**—**	**—**		
Comprehensive income (loss)	—	*1,068*	—	*2*	*1,070*	—	*1,070*
Dividends					—	—	—
Change in share capital and share premium					—	—	—
Share-based payment					—	—	—
Other movements		1			1	—	1
Equity at 31 May 2016	**28,808**	**1,726**	**—**	**(14)**	**30,520**	**—**	**30,520**

	Share capital	Consolidated reserves	Translation reserves	Other comprehensive income (loss) for the period	Total	Non-controlling interests	Total equity
				(in € thousands)			
Equity at 31 December 2014	**28,808**	**1,413**	**—**	**(21)**	**30,200**	**—**	**30,200**
Profit for the period		1,276	—		1,276	—	
Exchange differences on translating foreign operations			—				
Effective portion of cash flow hedges				3			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**—**	**3**	**3**		
Actuarial gains and losses on retirement benefit obligations				—			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**—**	**—**	—	
Comprehensive income (loss)	—	*1,276*	—	*3*	*1,279*	—	*1,279*
Dividends					—	—	—
Change in share capital and share premium	—				—	—	—
Share-based payment					—	—	—
Other movements		1			1	—	1
Equity at 31 May 2015	**28,808**	**2,690**	**—**	**(18)**	**31,480**	**—**	**31,480**
Profit for the period		1,262	—	—	1,262		
Exchange differences on translating foreign operations			—				
Effective portion of cash flow hedges				3			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**—**	**3**	**3**		
Actuarial gains and losses on retirement benefit obligations				—			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**—**	**—**	—	
Comprehensive income (loss)	—	*1,262*	—	*3*	*1,265*	—	*1,265*
Dividends		(3,295)			(3,295)	—	(3,295)
Change in share capital and share premium					—	—	—
Share-based payment					—	—	—
Other movements				(1)	(1)	—	(1)
Equity at 31 December 2015	**28,808**	**657**	**—**	**(16)**	**29,449**	**—**	**29,449**
Profit for the period		1,068	—	—	1,068	—	
Exchange differences on translating foreign operations							
Effective portion of cash flow hedges				2			
Total items that may be subsequently reclassified to profit or loss	**—**	**—**	**—**	**2**	**2**		
Actuarial gains and losses on retirement benefit obligations				—			
Total items that will not be subsequently reclassified to profit or loss	**—**	**—**	**—**	**—**	**—**		
Comprehensive income (loss)	—	*1,068*	—	*2*	*1,070*	—	*1,070*
Dividends					—	—	—
Change in share capital and share premium					—	—	—
Share-based payment					—	—	—
Other movements		1			1	—	1
Equity at 31 May 2016	**28,808**	**1,726**	**—**	**(14)**	**30,520**	**—**	**30,520**

Yvrai Distribution Equipement du Foyer—Ydef SAS

Interim IFRS consolidated financial statements at 31 May 2016

Interim Consolidated statement of cash flows

	Note	31 May 2016 (5 months)	31 May 2015 (5 months)
		(in € thousands)	
Profit for the period before income tax		1,992	2,302
Adjustments for:			
Depreciation, amortisation and impairment of non-current assets		589	656
Additions to provisions		35	46
Net (gain) loss on disposals		(2)	(7)
Net financial expense		3	4
Share of profit (loss) of equity-accounted companies		—	—
Other non-cash items		—	—
		2,617	**3,001**
(Increase) decrease in inventories		54	586
(Increase) decrease in trade and other receivables		(1,836)	(917)
Increase (decrease) in trade and other payables		999	(1,932)
Income tax paid		(599)	(68)
Net cash flows from operating activities (A)		**1,235**	**670**
Dividends received		—	—
Proceeds from sales of property, plant and equipment and intangible assets		82	6
Proceeds from sales of other non-current assets			
Proceeds from sales of subsidiaries		—	10
Acquisitions of property, plant and equipment and intangible assets		(171)	(256)
Acquisitions of subsidiaries		—	—
Acquisitions of non-consolidated companies		—	—
(Increase) decrease in other financial assets		4	(1,490)
Net cash flows used in investing activities (B)		**(85)**	**(1,730)**
Net cash flows before financing activities		**1,150**	**(1,060)**
Dividends paid		—	—
Proceeds from issues of borrowings		—	—
Repayment of borrowings		(119)	(119)
Increase (decrease) in capital		—	—
Net interest paid		(3)	(4)
Other movements		—	(9)
Net cash flows from (used in) financing activities (C)		**(122)**	**(132)**
Impact of changes in exchange rates (D)		**—**	**—**
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	**C.17**	**1,028**	**(1,192)**
Cash and cash equivalents at beginning of period		10,954	14,927
Cash and cash equivalents at end of period		11,982	13,735

Yvrai Distribution Equipement du Foyer—YDEF SAS (« The Company ») was incorporated on August 1st 2008. Its address is 5 rue de l'Isère, 38 120 Saint-Egrève, France.

The accounting reference date for the company is December 31st.

The Company and its subsidiaries (together, "the Group") operate 18 shops, whose premises are owned by Groupe Yvrai, under a franchise agreement with BUT.

The Group is a major Franchisee of BUT, one of France's largest self-service retailers for furniture (beds, kitchens, living rooms, interior decoration) white goods (domestic appliances such as refrigerators, washing machines, microwaves, coffee machines and irons) and brown goods (all audiovisual products such as flat-screen televisions, DVD players, MP3 players and camcorders). The Group also offers financing services to its customers through a partnership with Cetelem.

On September 1, 2016, BUT International SAS completed the acquisition of Yvrai Distribution Equipement du Foyer for consideration of €47.8 million (subject to post-closing adjustments for net debt movements). Prior to this date, the Company was a wholly owned subsidiary of Groupe Yvrai. As a subsidiary of Groupe Yvrai, the Group was historically not required to prepare Consolidated Financial Statements.

These consolidated financial statements have been prepared voluntarily within the context of acquisition of the Company by But International S.A.S. They cover the five-month periods ended 31 May 2016 and 31 May 2015 and present voluntarily in note H additional information for the year ended 31 December 2015.

These consolidated financial statements as at and for the five-month periods ended 31 May 2016 and 31 May 2015 and the additional information for the year ended 31 December 2015 have been prepared under the responsibility of both the Company and Groupe Yvrai.

Further information on the basis of preparation of these financial statements can be found in notes A and B.

A Significant events over the past two reporting periods

A.1 Scope of consolidation

The table set out in Note F provides a list of the Company's subsidiaries and shows the Company's ownership interest in each entity at 31 May 2016, 31 December 2015 and 31 May 2015.

Changes during the period ended 31 May 2015

No new subsidiaries were consolidated by the Group during the period. There were no loss of control and no change in ownership interest.

Changes during the period ended 31 May 2016

No new subsidiaries were consolidated by the Group during the period. There were no loss of control and no change in ownership interest.

B Accounting policies

B.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") pronouncements as adopted by the European Union (EU) at the date of preparation of the financial statements.

The standards and interpretations applied in order to prepare the consolidated financial statements also comply with IFRS as published by the International Accounting Standards Board (IASB).

B Accounting policies (Continued)

B.2 Method of preparation

The consolidated financial statements of the Group are based on subsidiaries accounts prepared by registered accountants under the responsibility of Groupe Yvrai.

The consolidation process and software are similar to those used by Group Décomeubles for its own consolidation. The accounting records of the subsidiaries are maintained on a software managed by Group Décomeubles while those of the Company are maintained on a separate accounting system.

B.3 Basis of preparation

B.3.1 Accounting principles and policies

The consolidated financial statements were prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as described in the accounting policies below.

The principal accounting policies used in dealing with items considered material in relation to the financial statements are set out below. These policies have been consistently applied across the Group.

Financial data is presented in thousands of euros.

B.3.2 Transition to IFRS

The Group's first consolidated financial statements prepared in accordance with IFRSs were the financial statements for the year ended 31 December 2015 prepared in connection with BUT International S.A.S acquisition. The transition date was 1 January 2014.

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with French GAAP.

Under French GAAP, YDEF did not have to consolidate its subsidiaries. In accordance with IFRS 1, when a subsidiary is being consolidated for the first time, the following steps are followed at the date of transition:

1) Measure the assets and liabilities of the subsidiary in the parent's opening IFRS consolidated statement of financial position based on the amounts that would be recognised in the subsidiary's financial statements if the subsidiary were applying IFRS.

2) Measure goodwill at the date of transition as the difference between:

– the parent's interest in the amounts ascribed to the assets and liabilities of the subsidiary in 1) above; and

– the cost of the investment in the subsidiary as it would be reflected in the parent's separate financial statements.

As a result of the above, YDEF recognized € 16,192 thousands of deemed goodwill upon transition to IFRS. These goodwill were tested for impairment at the date of transition and a € 3,638 thousands impairment charge was recognized at that date resulting in a net goodwill of € 12,554 thousands upon transition.

B.4 Consolidation

All consolidated companies have a 31 December year-end.

B Accounting policies (Continued)

B.4.1 Subsidiaries

The Group fully consolidates the entities that it controls pursuant to IFRS 10—Consolidated Financial Statements. The Group controls an entity and consolidates it as a subsidiary if the following three criteria are met:

- the investor has power to direct the key activities of the entity;
- the investor has the right to variable returns from its involvement with the entity;
- the investor has the ability to use its power over the entity to affect the amount of the entity's returns.

Subsidiaries acquired are consolidated, using the acquisition method of accounting, from the date on which control is transferred to the Group and cease to be consolidated from the date that control is transferred from the Group.

Intercompany transactions and balances and gains on transactions between Group companies are eliminated on consolidation. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

B.4.2 Associates

Associates are all entities over which the Group has the ability to exercise significant influence but not control over the entity's financial and operating policies. Significant influence is presumed to exist when the Group directly or indirectly (through its subsidiaries) owns between 20% or more of the voting rights of another entity. Investments in associates are accounted for by the equity method.

The Group's share of its associates' post-acquisition profit or loss is recognised in the income statement. Post acquisition changes in the value of the Group's interest in associates are adjusted against the carrying amount of the investment, while the Group's share of post acquisition changes in reserves are recognised within reserves in equity.

Intercompany gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intercompany losses are also eliminated unless the transaction indicates that the asset transferred is impaired. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

B4.3 Business combinations

Business combinations in which the Group acquires control of one or more businesses are recognised using the acquisition method.

Business combinations are recognised and measured in accordance with IFRS 3. The Group estimates the fair value of consideration transferred (acquisition price) which includes assumptions about the future performance of the business acquired and an appropriate discount rate for any contingent consideration.

The acquiree's identifiable assets and liabilities are generally measured at their acquisition-date fair value. Costs directly attributable to the business combination are expensed as of the acquisition date within operating income. Any excess as of the acquisition date of consideration transferred plus the amount of any non controlling interest over the net amount ofacquiree's identifiable assets and liabilities is recognised as goodwill.

. No additional goodwill is recognised on subsequent acquisitions of non-controlling interests. Acquisitions and sales of non-controlling interests without loss of control are recognised directly in consolidated equity.

B Accounting policies (Continued)

Any gain on a bargain purchaseis recognised directly in profit or loss for the period.

In accordance with IFRS 3, companies acquired by the Group are only consolidated as of the date on which the Group obtains control of the companies. Accordingly, commitments given to or received from store owners to purchase or sell securities only result in the consolidation of the companies concerned when the shares of that company are purchased.

B.4.4 Functional currency

The functional currency of the subsidiaries and the parent company is the Euro.

B.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method in order to allocate the cost of the assets less their estimated residual value over their estimated useful lives. The useful lives of the main categories of property, plant and equipment are as follows (assets purchased as new only):

Fixtures and fittings	5-10 years
Plant and equipment	1-10 years
Computers and electronic equipment	3-5 years
Cars and commercial vehicles	4-5 years

The assets' residual values and useful lives are reviewed and adjusted, where appropriate, at the end of each reporting period.

In accordance with IAS 36, when events or changes in circumstances or internal data indicate that an asset may be impaired, it is tested for impairment. An impairment is recognised when the recoverable amount falls below the carrying amount.

Gains and losses on disposals of assets are recognised in profit or loss and calculated by comparing proceeds from the disposal with the carrying amount of the asset sold.

B.6 Intangible assets

B.6.1 Goodwill

Goodwill represents the excess of the cost of the investment in the subsidiary as it was reflected in the YDEF's separate financial statements at the date of transition to IFRS over YDEF's interest in the amounts ascribed to the assets and liabilities of the subsidiary (refer to note B.3.2)

B.7 Impairment

Property, plant and equipment along with other intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable, or that the use of the assets may not generate economic benefits in excess of their carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Goodwill is allocated to cash-generating units and tested annually for impairment based on value in use. Goodwill is tested more frequently if there are indications that it may be impaired. Each cash-generating unit represents a separate autonomous unit within the Group, where the management of the unit has independent control and responsibility for managing the cash flows of that unit. It is

B Accounting policies (Continued)

usually a store. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The discount rate applied is based on the Group's weighted average cost of capital with appropriate adjustments to reflect the risks associated with the business concerned.

Goodwill is carried at cost less any provision for impairment of value and is tested for impairment each year on 31 December. Impairment charged against goodwill cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is not tested for impairment at interim period unless there is an indicator that it may be impaired. There were no such indicator at 31 May 2016 and 2015 and accordingly no impairment test were performed at these dates.

B.8 Financial instruments

B.8.1 Non-derivative financial assets

Non-derivative financial assets comprise investments in debt and equity instruments, trade receivables, cash and cash equivalents and loans.

Classification depends on the purpose for which the assets were acquired. Management determines the classification of non-derivative financial assets on initial recognition and reviews this classification at each reporting date.

Financial assets are initially recognised at fair value plus transaction costs for all financial instruments not carried at fair value through profit or loss.

B.8.1.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the near term, or if designated by management as an asset to be sold in the near term. Assets in this category are presented as current assets on the statement of financial position. Cash and cash equivalents are classified within this category.

Financial assets held for trading are carried at fair value. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

B.8.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group supplies cash, goods or services directly to a debtor with no intention of trading the receivable. Trade receivables are classified in this category and therefore recognised initially at fair value. They are subsequently measured at amortised cost less impairment. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are presented in current assets under trade and other receivables, except those maturing more than 12 months after the end of the reporting period, which are classified as non-current assets.

B.8.1.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method.

B Accounting policies (Continued)

B.8.1.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the reporting date. Investments in non-consolidated companies belong to this category. Available-for-sale financial assets are recognised in the financial statements at the transaction date.

Available-for-sale financial assets are recognised at fair value, with gains and losses resulting from changes in fair value recognized in other comprehensive income. When assets classified as available for sale are sold or impaired, the accumulated fair value adjustments are taken to profit or loss as gains and losses on the assets concerned.

In the case of equity securities classified as available-for-sale assets, a significant and prolonged decline in the fair value of the security below its cost is considered an indication of impairment. If any such indication exists for available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the present fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in profit or loss on equity instruments are not reversed through the income statement.

B.8.2 Non-derivative financial liabilities

Non-derivative financial liabilities comprise borrowings and trade and other payables.

They are recognised initially at fair value, net of transaction costs incurred. Non-derivative financial liabilities are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in profit or loss over the term of the borrowings using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

B.8.3 Derivatives

The Group uses derivative instruments to hedge its currency and interest rate risk exposure.

All derivatives are initially recognised at fair value at the date the derivative agreement is entered into, and are subsequently remeasured to fair value. Any changes in fair value are accounted for as described below:

B.8.3.1 Cash flow hedges

The cash flow hedge accounting model is used for derivatives hedging interest rate and currency risks.

Changes in the fair value of cash flow hedges are recognised directly in other comprehensive income to the extent that the hedge is deemed effective. Changes in fair value attributable to the ineffective portion of the hedge are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains in equity until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset. In all other cases, the cumulative amount reported in equity is transferred to profit or loss in the period in which the hedged item itself affects profit or loss.

B Accounting policies (Continued)

B.8.3.2 Economic hedges

Hedge accounting is not applicable to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of these derivatives are recognised in profit or loss as part of exchange gains and losses.

B.8.4 Calculation of fair value

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. If the market for a financial instrument is not active, the Group establishes fair value by using valuation techniques such as the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the investment.

The nominal value less estimated credit adjustments of trade receivables and payables is considered to approximate fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

B.8.5 Fair value hierarchy

Financial instruments measured at fair value after initial recognition, i.e., financial instruments at fair value through profit or loss, available-for-sale financial assets and derivative instruments, can be classified based on the following three levels of the fair value hierarchy:

- Level 1: observable (unadjusted) inputs that reflect quoted prices for identical assets or liabilities in active markets.
- Level 2: inputs other than quoted prices for identical assets or liabilities in active markets that are either directly observable (prices) or indirectly observable (price-based data).
- Level 3: data not based on observable market inputs.

	Notes	IFRS 7 measurement principles	Fair value hierarchy
Financial assets			
Trade and other receivables	C.7	Amortised cost	N/A
Cash and cash equivalents	B.11; C.8	Fair value	1
Financial liabilities			
Loans and borrowings	C.12	Amortised cost	N/A
Derivatives shown in liabilities	C.14	Fair value	2
Bank overdrafts	B.11; C.8	Fair value	1

B.9 Inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Impairment losses are charged against inventories as described in Note B.23.2.

B.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents also include bank overdrafts for which a right of offset exists. Other bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

B Accounting policies (Continued)

B.11 Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current income tax is the expected income tax payable on taxable profit for the year, using tax rates substantively enacted at the end of the reporting period, and adjustments to income tax payable in respect of previous reporting periods.

Deferred taxes are recognised, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxes are not recognised for temporary differences related to the initial recognition of goodwill. Deferred income tax is not recognised on the initial recognition of assets and liabilities arising from transactions other than a business combination that affect neither accounting nor taxable profit. Deferred taxes on temporary differences relating to investments in subsidiaries and equity-accounted companies are only recognised to the extent that they are expected to reverse in the foreseeable future and the Group does not control the timing of the reversal. Deferred income tax is determined using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax balances are not discounted.

Additional income taxes on dividend payouts are recognised at the same time as the liability to pay the related dividend.

Since 1 May 2008, most of the Group's entities have been members of a tax consolidation group.

In accordance with IAS 12, the Group classifies the CVAE (*Contribution sur la Valeur Ajoutée des Entreprises*) tax as an income tax.

B.12 Employee benefits

a) Short-term employee benefits include wages and salaries, social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses, if payable within 12 months of the end of the reporting period. Short-term employee benefits are measured on an undiscounted basis and are included in operating profit whenever the employees provide the related service. A liability is recognised for the amount corresponding to cash-settled profit-sharing and bonuses, whenever the Group has a legal or constructive obligation to make such payments in exchange for services provided by employees and when a reliable estimate of the obligation can be made.

b) Long-term employee benefits include mainly the retirement indemnities due to French employees upon retirement. Some of these plans are managed by insurance companies or funds, in accordance with applicable local regulations.

Retirement and other employee benefits include two types of obligation:

- post-employment benefits, including mainly French retirement benefits and;
- other long-term employee benefits (payable during the employee's active service), mainly including long-service awards.

B Accounting policies (Continued)

These obligations are classified as either:

- defined contribution plans, under which the Group has no future commitment since the employer's legal or constructive obligation is limited to the regular payment of contributions which are expensed when due;
- defined benefit plans, whereby the employer guarantees a specified level of future benefits.

The Group's net obligation under post-employment defined benefit plans (including retirement plans) is calculated separately for each plan, by estimating the amount of future benefits to which the Group's employees are entitled in exchange for services rendered in the current and prior periods. This amount is discounted to obtain the present value of the obligation. The fair value of plan assets is then deducted from this amount. The discount rate is the rate of return at the end of the reporting period on high-quality corporate bonds with terms to maturity approximating those of the underlying benefit liability. The Group's obligation is calculated periodically by an independent actuary using the projected unit credit method.

The liability recognised in the statement of financial position in respect of defined benefit plans represents the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets.

When the value of plan assets exceeds the amount of the Group's obligation, the asset recognised may not exceed the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

When the employees' benefit entitlement increases (or is reduced), the portion of the increase (or decrease) related to past services provided by the employees is recognised immediately in expenses (income) in the income statement. Current service costs, along with administrative fund management costs, are shown in the income statement. Income and expenses relating to discounting the defined benefit obligation net of plan assets are presented in financial income and expenses.

Remeasurements of the defined benefit obligation, including (i) actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions, (ii) the return on plan assets, excluding amounts recognised in profit or loss, and (iii) changes in the impact of the asset ceiling, are reflected in other comprehensive income.

c) Other long-term employee benefits

Other long-term employee benefits relate essentially to long-service awards and sabbatical leave. The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is equal to the value of the future benefits vested by employees in exchange for services provided during the current and prior periods. The amount of the obligation is determined using the projected unit credit method. It is discounted at a rate based on the return on high-quality corporate bonds with terms to maturity approximating those of the Group's obligations at the end of the reporting period.

Actuarial gains and losses are recognised immediately in the income statement.

d) Termination benefits

Termination benefits are due on termination of employment before the normal retirement date or when employees accept voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of:

- the date on which the Group can no longer withdraw its offer of indemnities; and
- the date on which the Group recognises the costs of its restructuring plan by planning for the payment of such indemnities.

B Accounting policies (Continued)

B.13 Provisions

Provisions are recognised when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be reliably estimated. Provisions are discounted when the time value of money is considered material.

B.14 Revenue recognition

Revenue comprises the fair value of goods and services sold, net of value added tax, rebates and discounts. Revenue is recognised as described below

B.14.1 Sales of goods

Retail

Sales of goods are recognised at the point of sale of a product to the customer or upon delivery to the customer, whichever is later. Payment for retail sales is usually received in cash or by card.

The fair value of award credits granted to customers under BUT's customer loyalty programme is treated as a separate component of the initial sale and recognised as deferred income. The related revenue is recognised when the award credits are redeemed or expire.

B.14.2 Sales of services

Sales of services are recognised in revenue in the accounting period in which the services are rendered.

The Group sells extended warranty agreements on the sale of products. The revenue related to the warranty is spread over the term of the warranty extension.

B.15 Other operating income and expense

Other operating income and expense includes unusual and material items, notably capital gains and losses on disposals of non-current assets, restructuring costs, acquisition costs arising from business combinations and expenses relating to measures taken to simplify the Group's legal structure.

B.16 Financial income and expense

Financial income and expense is recognised on a time proportion basis using the effective interest method.

B.17 Leases

Leases in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any financial incentives received from the lessor) are charged to the income statement on a straight-line basis over the entire lease term.

Expenses incurred in respect of operating leases of property are adjusted to reflect the impact of market rent reviews throughout the lease term.

B.18 Dividends

Dividend income is recognised when the right to receive payment is established.

B Accounting policies (Continued)

Dividends paid to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised in the period in which they are paid.

B.19 Contingent assets and liabilities

Contingent assets and liabilities arise from conditions or situations, the outcome of which depends on future events. They are disclosed in the notes to the financial statements.

B.20 Events after the reporting date

The carrying amounts of assets and liabilities at the end of the reporting period are adjusted if there is evidence that subsequent adjusting events require changes to these carrying amounts. These adjustments are made up to the date the financial statements are approved for issue by the Chairman. Other non-adjusting events are disclosed in the notes to the financial statements.

B.21 Impact of new standards, amendments and interpretations

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AT 1 JANUARY 2016

Since 1 January 2016 the Group has applied the following standards, amendments and interpretations as adopted by the European Union:

- The amendment to IAS 19—Defined Benefit Plans, which clarifies employee contributions.
- As part of the Annual Improvements to IFRSs 2010-2012 Cycle:
  - IFRS 2—Share-Based Payment, which amends vesting, market, performance and service conditions.
  - IFRS 3—Business Combinations (amended in 2008), which clarifies the recognition of contingent consideration.
  - IFRS 8—Operating Segments, which concerns the aggregation of operating segments and the reconciliation of segment assets with total assets.
  - IFRS 13—Fair Value Measurement, which clarifies the measurement of short-term receivables and payables.
  - IAS 16—Property, Plant and Equipment and IAS 38—Intangible Assets, which clarify the proportionate restatement of accumulated depreciation and amortisation in the event of revaluation.
  - IAS 24—Related Party Disclosures, which defines the concept of key management personnel services.

These standards, amendments and interpretations did not have a material impact on the consolidated financial statements or their presentation.

NEW STANDARDS AND INTERPRETATIONS APPLICABLE IN SUBSEQUENT PERIODS

The following issued standards and interpretations have not yet been adopted by the European Union and their application is not yet mandatory:

a) At the end of May 2014, the IASB published IFRS 15—Revenue from Contracts with Customers. IFRS 15 addresses the recognition and measurement of income arising from contracts with customers, i.e., revenue. The standard will replace IAS 18—Revenue and IAS 11—Construction Contracts, but has not yet been adopted by the European Union and is expected to be applicable

B Accounting policies (Continued)

for reporting periods beginning on or after 1 January 2018. It adopts a single five-step model framework for recognising all revenue (sales of goods or services, grant of licenses, etc.), as follows:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

The Group is currently assessing the impacts of IFRS 15.

b) In July 2014, the IASB published IFRS 9—Financial Instruments. IFRS 9 will replace IAS 32 and IAS 39, the standards which currently govern the presentation, recognition and measurement of financial instruments. IFRS 9 has three constituent phases: classification and measurement; impairment methodology; and hedge accounting. The main changes introduced by IFRS 9 relate to:

- the rules for classifying and measuring financial assets, which are now based on the business model in which they are managed and their contractual cash flow characteristics;
- the rules for recognising impairment losses on trade receivables, which are now based on "expected" rather than "realised" losses;
- hedge accounting.

IFRS 9 has not yet been adopted by the European Union and is expected to be applicable for reporting periods beginning on or after 1 January 2018. The Group is currently assessing the impacts of IFRS 9.

c) In January 2016, the IASB published IFRS 16—Leases. It will require companies leasing material assets in the course of their operations to recognise a right-of-use asset and a financial liability upon entering into a lease agreement.

IFRS 16 has not yet been adopted by the European Union and is expected to be applicable for reporting periods beginning on or after 1 January 2019. The Group is currently assessing the impacts of IFRS 16.

B.22 Use of estimates

The preparation of consolidated financial statements which comply with generally accepted accounting principles requires management to use certain estimates and assumptions that can affect the reported amounts of assets and liabilities in the financial statements, contingent assets and liabilities presented in the accompanying notes, and revenues and expenses for the reporting period. Although these estimates are based on past experience and other assumptions deemed reasonable in the circumstances, actual results may differ from these estimates.

B.22.1 Retirement benefit obligations

The Group operates defined benefit retirement plans. Plan liabilities are based on actuarial estimates of the present value of future retirement or other benefits that will be payable to members. The most sensitive assumptions involved in calculating the expected liabilities are mortality rates, employee turnover, salary increase rates and discount rates.

B.22.2 Measurement of inventories

Inventories are measured at the lower of weighted average cost and net realisable value. Average cost includes transportation costs to the point of sale and is net of any supplier discounts for volume and

B Accounting policies (Continued)

early payment, and rebates. Impairment losses on inventories are calculated by product group based on the age of the inventories concerned, in view of the fact that inventory age gives rise to the risk of products in stores becoming obsolete. The amount of impairment recognised takes into account the life cycles of the products in each group.

B.22.3 Estimates of customer warranty

The Group provides a two-year warranty on most of its products. Accordingly, it recognises a provision in the statement of financial position for sales made over the last 24 months and for the average costs of repair for each product group.

B.22.4 Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment. In accordance with the accounting policy stated in note B.7.1 The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

C Presentation of financial statements—Statement of financial position

C.1 Business combinations

C.1.1 Period ended 31 May 2016

No new subsidiaries were consolidated by the Group during the period.

C.2 Goodwill

Movements in the period ended 31 May 2015

	31 December 2014	Increase	Decrease	Other variations	31 May 2015
			(in € thousands)		
Goodwill	16,192	—	—	—	16,192
Impairment loss	(3,638)	—	—	—	(3,638)
Carrying amount	**12,554**	**—**	**—**	**—**	**12,554**

Movements in the year ended 31 December 2015

	31 December 2014	Increase	Decrease	Other variations	31 december 2015
			(in € thousands)		
Goodwill	16,192	—	—	—	16,192
Impairment loss	(3,638)	—	—	—	(3,638)
Carrying amount	**12,554**	**—**	**—**	**—**	**12,554**

Movements in the period ended 31 May 2016

	31 December 2015	Increase	Decrease	Other variations	31 May 2016
			(in € thousands)		
Goodwill	16,192	—	—	—	16,192
Impairment loss	(3,638)	—	—	—	(3,638)
Carrying amount	**12,554**	**—**	**—**	**—**	**12,554**

Based on December 31st, 2015 accounts, an impairment test was performed store per store. It was based on value in use of each store compared to its Capital employed. No need for impairment was identified. The main assumptions included a discount rate of 10.9% and a growth o maturity of 1.5%.

No indication of impairment was detected May 31, 2016 or 31 May 2015.

C Presentation of financial statements—Statement of financial position (Continued)

C.3 Other intangible assets

Movements in the period ended 31 May 2015

	31 December 2014	Increase	Decrease	Other variations	31 May 2015
			(in € thousands)		
Software	5	2	—	—	7
Other intangible assets	—	—	—	—	—
Cost	**5**	**2**	**—**	**—**	**7**
Amortisation of software	(3)	(1)	—	—	(4)
Amortisation of other intangible assets	—	—	—	—	—
Total amortisation	**(3)**	**(1)**	**—**	**—**	**(4)**
Carrying amount	**2**	**1**	**—**	**—**	**3**

Movements in the year ended 31 December 2015

	31 December 2014	Increase	Decrease	Other variations	31 December 2015
			(in € thousands)		
Software	5	3	(1)	—	8
Other intangible assets	—	—	—	—	—
Cost	**5**	**3**	**(1)**	**—**	**8**
Amortisation of software	(3)	(2)	1	—	(4)
Amortisation of other intangible assets	—	—	—	—	—
Total amortisation	**(3)**	**(2)**	**1**	**—**	**(4)**
Carrying amount	**2**	**1**	**—**	**—**	**4**

Movements in the period ended 31 May 2016

	31 December 2015	Increase	Decrease	Other variations	31 May 2016
			(in € thousands)		
Software	8	—	—	—	8
Other intangible assets	—	—	—	—	—
Cost	**8**	**—**	**—**	**—**	**8**
Amortisation of software	(4)	(1)	—	—	(5)
Amortisation of other intangible assets	—	—	—	—	—
Total amortisation	**(4)**	**(1)**	**—**	**—**	**(5)**
Carrying amount	**4**	**(1)**	**—**	**—**	**3**

C Presentation of financial statements—Statement of financial position (Continued)

C.4 Property, plant and equipment

Movements in the period ended 31 May 2015

	31 December 2014	Reclassifications and translation reserves	Increase	Decrease	31 May 2015
		(in € thousands)			
Land	—	—	—	—	—
Buildings	—	—	—	—	—
Fixtures and fittings	6	—	—	1	7
Plant and equipment	5,434	—	—	83	5,517
Other property, plant and equipment	11,111	—	—	160	11,271
Cost	**16,551**	**—**	**—**	**244**	**16,795**
Depreciation of buildings	—	—	—	—	—
Depreciation of fixtures and fittings	(1)	—	—	—	(1)
Depreciation of plant and equipment	(4,227)	—	—	(227)	(4,454)
Depreciation of other property, plant and equipment	(7,025)	—	—	(428)	(7,453)
Impairment loss on land	—	—	—	—	—
Impairment loss on buildings	—	—	—	—	—
Impairment loss on plant and equipment	—	—	—	—	—
Impairment loss on other property, plant and equipment	—	—	—	—	—
Total depreciation and impairment	**(11,253)**	**—**	**—**	**(655)**	**(11,908)**
Carrying amount	**5,298**	**—**	**—**	**(411)**	**4,887**

C Presentation of financial statements—Statement of financial position (Continued)

Movements in the year ended 31 December 2015

	31 December 2014	Increase	Decrease	Other variations	31 December 2015
			(in € thousands)		
Land	—	—	—	—	—
Buildings	—	—	—	—	—
Fixtures and fittings	6	—	23	—	29
Plant and equipment	5,434	(29)	534	(2,565)	3,374
Other property, plant and equipment	11,111	29	1,113	(597)	11,656
Cost	**16,551**	**—**	**1,670**	**(3,162)**	**15,059**
Depreciation of buildings	—	—	—	—	—
Depreciation of fixtures and fittings	(1)	—	(2)	—	(3)
Depreciation of plant and equipment	(4,227)	—	(439)	2,347	(2,319)
Depreciation of other property, plant and equipment	(7,025)	—	(1,115)	590	(7,550)
Impairment loss on land	—	—	—	—	—
Impairment loss on buildings	—	—	—	—	—
Impairment loss on plant and equipment	—	—	—	—	—
Impairment loss on other property, plant and equipment	—	—	—	—	—
Total depreciation and impairment	**(11,253)**	**—**	**(1,556)**	**2,937**	**(9,872)**
Carrying amount	**5,298**	**—**	**114**	**(225)**	**5,187**

C Presentation of financial statements—Statement of financial position (Continued)

Movements in the period ended 31 May 2016

	31 December 2015	Reclassifications and translation reserves	Increase	Decrease	31 May 2016
		(in € thousands)			
Land	—	—	—	—	—
Buildings	—	—	—	—	—
Fixtures and fittings	29	—	—	—	29
Plant and equipment	3,374	—	54	(398)	3,030
Other property, plant and equipment	11,656	—	56	(659)	11,053
Cost	**15,059**	**—**	**110**	**(1,057)**	**14,112**
Depreciation of buildings	—	—	—	—	—
Depreciation of fixtures and fittings	(3)	—	(1)	—	(4)
Depreciation of plant and equipment	(2,319)	—	(153)	392	(2,080)
Depreciation of other property, plant and equipment	(7,550)	—	(434)	658	(7,326)
Impairment loss on land	—	—	—	—	—
Impairment loss on buildings	—	—	—	—	—
Impairment loss on plant and equipment	—	—	—	—	—
Impairment loss on other property, plant and equipment	—	—	—	—	—
Total depreciation and impairment	**(9,872)**	**—**	**(588)**	**1,050**	**(9,410)**
Carrying amount	**5,187**	**—**	**(478)**	**(7)**	**4,702**

C.5 Other assets

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Deposits for commercial premises	2	6	6
Other deposits and guarantees	—	—	—
Investments in non-consolidated companies	48	48	48
Loans and bond debentures	—	—	—
Total other non-current assets	**50**	**54**	**54**
Loans and bond debentures	—	—	13
Marketable securities excluding cash equivalents	1,500	1,500	1,500
Total other current assets	**1,500**	**1,500**	**1,513**

C Presentation of financial statements—Statement of financial position (Continued)

C.6 Inventories

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Goods for resale, gross	22,867	22,994	20,379
Impairment	(278)	(351)	(353)
Carrying amount	**22,589**	**22,643**	**20,026**

C.7 Trade and other receivables

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Trade receivables	1,306	1,849	1,321
Impairment of trade receivables	(270)	(285)	(313)
Carrying amount	**1,036**	**1,564**	**1,008**
Deposits and advance payments to suppliers	153	115	72
Tax and social security receivables	857	597	665
Amounts receivable on sales of fixed assets			
Other receivables	4,435	3,354	3,906
Impairment of other receivables	—	—	—
Prepaid expenses	1,733	822	1,000
Other receivables	**7,178**	**4,888**	**5,643**
Total trade and other receivables	**8,214**	**6,452**	**6,651**

For the trade receivables balance at 31 May 2016 €0.9m (31 December 2015: €1.3m and 31 May 2015: €0.9m) fell due for payment after the balance sheet date.

Other receivables mainly concern discounts from suppliers.

C.8 Cash and cash equivalents

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Cash at bank and in hand	10,970	9,947	12,734
Short-term deposits and monetary funds (SICAV)	1,014	1,008	1,002
Total	**11,984**	**10,955**	**13,736**
Current bank overdrafts and accrued interest not yet due	(2)	(1)	(1)
Cash and cash equivalents in the statement of cash flows	**11,982**	**10,954**	**13,735**

The Company has a cash agreement with Groupe Yvrai under which €8,280k of cash (31 December 2015 : €8,280k and 31 May 2015: €12,787k) is held centrally within Group Yvrai. This centralized cash is disclosed within the Cash line of the balance sheet of Groupe Yvrai Distribution Equipement du Foyer.

C.9 Share capital

The Group's share capital amounted to €28,808,000 at 31 May 2016 and 31 December 2015 and 31 May 2015, comprising 28,808,000 shares with a par value of €1.

C Presentation of financial statements—Statement of financial position (Continued)

C.10 Defined benefit plans

The Group is required to pay lump sums (retirement indemnities) to employees when they retire from service.

A qualified, independent actuary updated the actuarial valuations of the Group's defined benefit plans at 31 December 2015. The principal assumptions made by the actuary were:

	31 May 2016	31 December 2015	31 May 2015
Discount rate	1.80%	1.80%	1.80%
Salary increase rate	0,5%-1%	0,5%-1%	0,5%-1%
Long-term inflation	1.75%	1.75%	1.75%

The amounts recognised in the statement of financial position and the changes in the provision for defined benefit obligations during the period are analysed as follows:

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Present value of unfunded obligations	1,521	1,481	1,408
Present value of funded obligations			
Total present value of obligations	**1,521**	**1,481**	**1,408**
Fair value of plan assets	647	642	635
Funding shortfall/surplus	**874**	**839**	**773**
Unrecognised past service cost			—
Share-based payment			—
recognised in	**874**	**839**	**773**

The amounts recognised in the income statement were calculated as follows:

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Current service cost	24	90	37
Interest expense	11	24	10
Expected return on plan assets			—
Amortisation of past service cost			—
Total	**35**	**114**	**47**

Interest expense is recognised in financial income and expense.

A 0.40 point increase or decrease in the discount rate applied would have the following impacts on retirement benefit obligations on 31 December 2015:

- Increasing the rate to 2.20% would decrease the obligations to €1,395k
- Decreasing the rate to 1.40% would increase the obligations to €1,574k.

C Presentation of financial statements—Statement of financial position (Continued)

C.11 Provisions

Movements in the period ended 31 May 2015

	31 December 2014	Increase	Decrease		Other variations	31 May 2015
			Used	Unused		
			(in € thousands)			
Provision for after-sales warranties	1,187	—	—	—	—	1,187
Other	161	—	—	—	—	161
Total	**1,348**	**—**	**—**	**—**	**—**	**1,348**
o/w Non-current liabilities	161	—	—	—	—	161
o/w Current liabilities	1,187	—	—	—	—	1,187

Movements in the year ended 31 December 2015

	31 december 2014	Increase	Decrease		Other variations	31 december 2015
			Used	Unused		
			(in € thousands)			
Provision for after-sales warranties	1,187	1,392	(1,275)	—	—	1,304
Other	161	—	—	—	—	161
Total	**1,348**	**1,392**	**(1,275)**	**—**	**—**	**1,465**
o/w Non-current liabilities	161	—	—	—	—	161
o/w Current liabilities	1,187	1,392	(1,275)	—	—	1,304

Movements in the period ended 31 May 2016

	31 december 2015	Increase	Decrease		Other variations	31 May 2016
			Used	Unused		
			(in € thousands)			
Provision for after-sales warranties	1,304	—	—	—	—	— 1,304
Other	161	—	—	—	—	— 161
Total	**1,465**	**—**	**—**	**—**	**—**	**— 1,465**
o/w Non-current liabilities	161	—	—	—	—	— 161
o/w Current liabilities	1,304	—	—	—	—	— 1,304

C.12 Deferred tax

C.12.1 Deferred tax movements

Movements in deferred tax assets and liabilities (before offsetting taxes levied by the same taxation authority as permitted by IAS 12) are shown in the table below:

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Deferred tax assets			
Balance at beginning of period	**495**	**463**	**463**
Income (loss) for the period	438	35	353
Income tax recognised in equity	(1)	(3)	(2)
Change in scope of consolidation and reclassifications	—	—	—
Balance at end of period	**932**	**495**	**814**

C Presentation of financial statements—Statement of financial position (Continued)

C.13 Loans and borrowings

C.13.1 Other loans and borrowings

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Other bank loans and borrowings—more than 12 months	571	690	857
Current accounts with other third parties—more than 12 months	—	—	—
Other loans and borrowings—non current	**571**	**690**	**857**
Other bank loans and borrowings—less than 12 months	286	286	286
Current accounts with other third parties—less than 12 months	—	—	12
Accrued interest	—	—	—
Other loans and borrowings—current	**286**	**286**	**298**
Total other loans and borrowings	**857**	**976**	**1,155**

C.13.2 Terms and repayment schedule

All loans and borrowings are denominated in euros.

	Amount in consolidated SOFP			Contractual cash flows			
At 31 May 2015	Floating rate	Fixed rate	Total	Total	Less than 1 year	From 1 to 5 years	More than 5 years
				(in € thousands)			
Other bank loans and borrowings	1,146	—	1,146	1,146	287	859	—
Current accounts with other third parties	12	—	12	12	12	—	—
Finance leases	—	—	—	—	—	—	—
Accrued interest	—	—	—	—	—	—	—
Total	**1,158**	**—**	**1,158**	**1,158**	**299**	**859**	**—**

	Amount in consolidated SOFP			Contractual cash flows			
At 31 December 2015	Floating rate	Fixed rate	Total	Total	Less than 1 year	From 1 to 5 years	More than 5 years
				(in € thousands)			
Other bank loans and borrowings	976	—	976	979	287	692	—
Current accounts with other third parties	—	—	—	—	—	—	—
Finance leases	—	—	—	—	—	—	—
Accrued interest	—	—	—	—	—	—	—
Total	**976**	**—**	**976**	**979**	**287**	**692**	**—**

C Presentation of financial statements—Statement of financial position (Continued)

	Amount in consolidated SOFP			Contractual cash flows			
At 31 May 2016	Floating rate	Fixed rate	Total	Total	Less than 1 year	From 1 to 5 years	More than 5 years
				(in € thousands)			
Other bank loans and borrowings	859	—	859	859	287	572	—
Current accounts with other third parties	—	—	—	—	—	—	—
Finance leases	—	—	—	—	—	—	—
Accrued interest	—	—	—	—	—	—	—
Total	**859**	**—**	**859**	**859**	**287**	**572**	**—**

Contractual cash flows correspond to future repayments of principal and interest due.

LCL loan

The Company entered into a loan with LCL on May 30th 2012 for an amount of K€ 2.000.

The principal terms of the loan are:

– Maturity date : May 30th 2019

– Interest rate: Euribor 1 month + 1.00%

The Group took out an interest rate SWAP for the K€ 2.000 changing the above rate for a fixed rate of 1.15% ending May 30th 2019

C.14 Other non-current liabilities

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Prepaid income on extented warranty	6,387	6,006	5,688
Total	**6,387**	**6,006**	**5,688**

C.15 Trade and other payables

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Trade payables	8,704	8,557	6,666
Deposits and advance payments received on orders	4,417	4,229	3,635
Tax and social security liabilities	4,526	5,313	4,438
Payables to fixed asset suppliers	22	84	34
Other payables	1,142	392	538
Prepaid income	3,468	3,149	3,207
Total	**22,279**	**21,724**	**18,518**

C Presentation of financial statements—Statement of financial position (Continued)

C.16 Derivative instruments with a negative fair value

	Non-current	Current
	(in € thousands)	
Value of derivatives at 31 December 2014	**33**	**—**
New derivatives subscribed		
Change in fair value: effective portion (other comprehensive income impact)	(5)	
Change in fair value: ineffective portion (profit or loss impact)		
Value of derivatives at 31 May 2015	**28**	**—**
Value of derivatives at 31 December 2015	**24**	**—**
New derivatives subscribed		
Change in fair value: effective portion (other comprehensive income impact)	(3)	
Change in fair value: ineffective portion (profit or loss impact)		
Value of derivatives at 31 May 2016	**21**	**—**

This is a Interest rate SWAP set up to cover the risk of the loan set in place in 2012.

C.17 Cash flows

As of May 31st 2016, Cash amounted to K€ 11.982 (see note C.8) increasing by K€ 1.028 in comparison with December 31st 2015. The flows impacting the Cash are shown in the Cash flows table of the Group.

Cash flows resulting from activity

In 2016, the net cash flows resulting from operating activities amounted to K€ 1.235 and included:

- Profit for the period before income Tax adjusted from various elements for an amount of K€ 2.617.
- Income tax paid for K€ 599
- Variation of capital requirement before tax impact is a need of Cash by K€ 783 mainly due to other receivables

Cash flow used in investing activities

The main components of Cash flow used in investing activities are made of:

- Payments for intangible and tangible assets and other financial assets, net of disposals for an amount of K€ 85

Flows from financing activities

The payments coming from flows from financing activities originated in the financing operations by K€ 122, K€ 119 of which were loans reimbursements.

As of May 31st 2015, Cash amounted to K€ 13.735 (see note C.8) decreasing by K€ 1.192 in comparison with December 31st 2014. The flows impacting the Cash are shown in the Cash flows table of the Group.

Cash flows resulting from activity

In 2015, the net cash flows resulting from operating activities amounted to K€ 670 and included:

- Profit for the period before income Tax adjusted from various elements for an amount of K€ 3.001.

C Presentation of financial statements—Statement of financial position (Continued)

- Income tax paid for K€ 68
- Variation of capital requirement before tax impact is a need of Cash by K€ 2.263 mainly due to other payables

Cash flow used in investing activities

The main components of Cash flow used in investing activities are made of:

- Payments for intangible and tangible assets and other financial assets, net of disposals for an amount of K€ 1.730

Flows from financing activities

The payments coming from flows from financing activities originated in the financing operations by K€ 132, K€ 119 of which were loans reimbursements.

D Presentation of financial statements—Income statement

D.1 Revenue

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Store sales	53,739	44,598
Retail revenue	**53,739**	**44,598**
Revenue of warranty extension	1,000	980
Other	1,228	1,101
Other revenue	**2,228**	**2,081**
Total	**55,967**	**46,679**

D.2 Cost of sales

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Purchases	(33,877)	(26,429)
Increase in inventories	(123)	(588)
Impairment of inventories	(149)	(302)
Cost of sales excluding logistics costs	**(34,149)**	**(27,319)**

D.3 Staff costs

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Wages and salaries	(4,967)	(4,313)
Payroll taxes	(1,977)	(1,716)
Employee profit-sharing	—	—
Post-employment expenses	(24)	(37)
Total	**(6,968)**	**(6,066)**

D Presentation of financial statements—Income statement (Continued)

In the period ended 31 May 2016, the Group recorded accrued income of € 296,000 related to the CICE tax credit (period ended 31 May 2015: €250,000). CICE tax credit funds have helped protect jobs in France.

D.4 External expenses

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Outsourcing	(2,392)	(2,187)
Property leases	(3,013)	(2,447)
Other leases and related expenses	(1,679)	(1,284)
Repairs and maintenance	(220)	(207)
Insurance	(139)	(137)
Compensation in respect of temporary and external employees	(387)	(362)
Local advertising	(570)	(454)
National advertising	(1,287)	(1,155)
Other external expenses	(1,246)	(1,146)
Total	**(10,933)**	**(9,379)**

D.5 Other income and expense from operations

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Decrease in provisions and current asset impairment allowances	—	—
Other	39	115
Other income from operations	**39**	**115**
Increase in provisions and current asset impairment allowances	(23)	(26)
Other	(289)	(211)
Other expense from operations	**(312)**	**(237)**
Other income from operations, net	**(273)**	**(122)**

D.6 Other operating income and expense

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Gains on disposals of non-current assets	7	6
Other	—	—
Other operating income	**7**	**6**
Restructuring costs	—	—
Acquisition and disposal costs	—	—
Capital losses on disposals of non-current assets	(5)	—
Other	—	—
Other operating expense	**(5)**	**—**
Other operating expense, net	**2**	**6**

D Presentation of financial statements—Income statement (Continued)

D.7 Cost of debt

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Interest expense on financing transactions	(12)	(13)
Interest expense on finance leases	—	—
Total	**(12)**	**(13)**

D.8 Other financial income and expense

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Foreign exchange gains	—	—
Other	—	—
Other financial income	**—**	**—**
Foreign exchange losses	—	—
Interest cost on retirement benefit obligations	(11)	(11)
Other	—	—
Other financial expense	**(11)**	**(11)**
Other financial expense, net	**(11)**	**(11)**

D.9 Income tax

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Income tax paid	(1,362)	(1,378)
Deferred tax	439	353
Total income tax expense	**(924)**	**(1,025)**

Reconciliation between income tax expense and profit before income tax

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Profit for the period	1,068	1,276
Less share of profit (loss) of equity-accounted companies	—	—
Tax expense (income)	924	1,025
Profit of consolidated companies before tax	**1,992**	**2,301**
Theoretical tax rate	34.43%	34.43%
Theoretical tax income (expense)	**(686)**	**(792)**
Utilisation of tax losses/(Tax losses not utilised)		
CVAE tax	(211)	(199)
CICE tax charged		
Other	(27)	(34)
Effective income tax expense	**(924)**	**(1,025)**

D Presentation of financial statements—Income statement (Continued)

Tax effects relating to other comprehensive income (loss)

	31 May 2016 (5 months)	31 May 2015 (5 months)
	(in € thousands)	
Tax on exchange differences resulting from the translation of foreign operations	—	—
Tax on fair value relating to effective portion of cash flow hedges	(1)	(2)
Tax relating to items that may be subsequently reclassified to profit or loss	**(1)**	**(2)**
Tax on defined benefit plan actuarial gains (losses)	—	—
Tax relating to items that will not be subsequently reclassified to profit or loss	**—**	**—**
Total tax on other comprehensive income (loss)	**(1)**	**(2)**

E Presentation of the financial statements—off-balance sheet items

E.1 Financial instruments

Financial instruments are recognised and measured as follows:

- financial instruments at fair value through profit or loss, representing components of cash and cash equivalents, are measured based on quoted prices in an active market;
- available-for-sale financial assets, representing non-consolidated investments, are recognised at fair value in the consolidated statement of financial position;
- loans and receivables chiefly include trade receivables and other miscellaneous current and non-current receivables. Loans and receivables are recognised at amortised cost using the effective interest method;
- liabilities recognised at amortised cost using the effective interest method mainly include loans and borrowings, trade payables and other miscellaneous current and non-current payables;
- derivative instruments are recognised at fair value, either directly through profit or loss or within income and expenses recognised directly in other comprehensive income in accordance with cash flow hedge accounting.

The fair value of financial assets and liabilities is determined as follows:

- the fair value of trade receivables and payables and other miscellaneous current receivables and payables is considered to be their carrying amount in the consolidated statement of financial position due to their very short-term maturities;
- the fair value of bonds is estimated at the end of each reporting period based on average market interest rates and the value of the Group's credit risk for bonds with maturities approximating the remaining term to maturity of the Group's bond issues;

E Presentation of the financial statements—off-balance sheet items (Continued)

the fair value of finance lease liabilities is taken as the carrying amount in the consolidated statement of financial position due to the wide variety of lease types and terms.

At 31 May 2015	Fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Liabilities at amortised cost	Currency derivatives	Interest rate derivatives	Non-financial instruments	Carrying amount in SOFP	Fair value
				(in € thousands)					
Assets									
Non-current derivatives with a positive fair value	—	—	—	—	—	—	—	—	—
Other non-current assets	—	48	6	—	—	—	—	54	54
Trade and other receivables	—	—	4,918	—	—	—	1,733	6,651	6,651
Current derivatives with a positive fair value	—	—	—	—	—	—	—	—	—
Other current assets	—	1,500	13	—	—	—	—	1,513	1,513
Cash and cash equivalents	1,000	—	12,736	—	—	—	—	13,736	13,736
Total	**1,000**	**1,548**	**17,673**	**—**	**—**	**—**	**1,733**	**21,954**	**21,954**
Liabilities									
Current account with main shareholder	—	—	—	—	—	—	—	—	—
Other loans and borrowings	—	—	—	1,155	—	—	—	1,155	1,155
Non-current derivatives with a negative fair value	—	—	—	—	—	28	—	28	28
Other non-current liabilities	—	—	—	—	—	—	5,688	5,688	5,688
Trade and other payables	—	—	—	7,241	—	—	11,280	18,521	18,521
Current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Bank overdrafts	—	—	—	1	—	—	—	1	1
Total	**—**	**—**	**—**	**8,397**	**—**	**28**	**16,968**	**25,393**	**25,393**

E Presentation of the financial statements—off-balance sheet items (Continued)

At 31 December 2015	Fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Liabilities at amortised cost	Currency derivatives	Interest rates derivatives	Non-financial instruments	Carrying amount in SOFP	Fair value
				(in € thousands)					
Assets									
Non-current derivatives with a positive fair value	—	—	—	—	—	—	—	—	—
Other non-current assets	—	48	6	—	—	—	—	54	54
Trade and other receivables	—	—	4,926	—	—	—	1,526	6,452	6,452
Current derivatives with a positive fair value	—	—	—	—	—	—	—	—	—
Other current assets	—	1,500	—	—	—	—	—	1,500	1,500
Cash and cash equivalents	1,000	—	9,955	—	—	—	—	10,955	10,955
Total	**1,000**	**1,548**	**14,887**	**—**	**—**	**—**	**1,526**	**18,961**	**18,961**
Liabilities									
Current account with main shareholder	—	—	—	—	—	—	—	—	—
Other loans and borrowings	—	—	—	976	—	—	—	976	976
Non-current derivatives with a negative fair value	—	—	—	—	—	24	—	24	24
Other non-current liabilities	—	—	—	—	—	—	6,006	6,006	6,006
Trade and other payables	—	—	—	9,034	—	—	12,690	21,724	21,724
Current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Bank overdrafts	—	—	—	1	—	—	—	1	1
Total	**—**	**—**	**—**	**10,011**	**—**	**24**	**18,696**	**28,731**	**28,731**

E Presentation of the financial statements—off-balance sheet items (Continued)

At 31 May 2016	Fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Liabilities at amortised cost	Currency derivatives	Interest rate derivatives	Non-financial instruments	Carrying amount in SOFP	Fair value
				(in € thousands)					
Assets									
Non-current derivatives with a positive fair value	—	—	—	—	—	—	—	—	—
Other non-current assets	—	48	2	—	—	—	—	50	50
Trade and other receivables	—	—	5,471	—	—	—	2,743	8,214	8,214
Current derivatives with a positive fair value	—	—	—	—	—	—	—	—	—
Other current assets	—	1,500	—	—	—	—	—	1,500	1,500
Cash and cash equivalents	1,000	—	10,984	—	—	—	—	11,984	11,984
Total	**1,000**	**1,548**	**16,457**	**—**	**—**	**—**	**2,743**	**21,748**	**21,748**
Liabilities									
Current account with main shareholder	—	—	—	—	—	—	—	—	—
Other loans and borrowings	—	—	—	857	—	—	—	857	857
Non-current derivatives with a negative fair value	—	—	—	—	—	21	—	21	21
Other non-current liabilities	—	—	—	—	—	—	6,387	6,387	6,387
Trade and other payables	—	—	—	9,869	—	—	12,410	22,279	22,279
Current derivatives with a negative fair value	—	—	—	—	—	—	—	—	—
Bank overdrafts	—	—	—	2	—	—	—	2	2
Total	**—**	**—**	**—**	**10,728**	**—**	**21**	**18,797**	**29,546**	**29,546**

Contractual future cash flows related to other loans and borrowings are set out in Note C.13.2. Trade payables and other current payables (€9,869,000 at 31 May 2016) all mature within one year.

The carrying amount of the Group's financial assets and liabilities approximates their fair value.

E.2 Risk management

E.2.1 Financial risk management

In the course of its business, the Group is exposed to interest rate risk, credit risk, and liquidity risk. In accordance with the policies approved by the Chairman, the Group only enters into derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. The Group does not enter into any trading derivative transactions without underlying assets or liabilities.

Financial risk is managed by the Treasury Department YVRAI Group.

E.2.2 Financial risk

The principal financial risk to which the Group is exposed is interest rate risk.

E Presentation of the financial statements—off-balance sheet items (Continued)

The Group managed its exposure to interest rate risk by entering into an interest rate swap to fix the rate on its floating debt at 1.15%.

E.2.3 Credit risk

Financial assets mainly comprise cash and cash equivalents as well as trade and other receivables. Credit risk arises if a counterparty fails to meet its obligations.

The Group invests its liquid assets with leading banks and regularly monitors counterparty risk.

Given its retail activity, none of the Group's customers represents more than 10% of its revenue. In the consumer credit business, the lending policy is based on scorecards and statistical studies of default. The Group also draws on the experience and expertise of its partner BNP Personal Finance.

E.2.4 Liquidity risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose the Group to liquidity risk in the event of early repayment.

In order to manage its liquidity risk, the Group contracts bank facilities for an appropriate amount and maturity to ensure that it has adequate available funds to meet its commitments.

E.3 Operating lease and purchase commitments

The Group leases various stores, head offices, equipment and warehouses under non-cancellable operating lease agreements. These leases have different terms, escalation clauses and renewal options.

	Payments to be made by period			
At 31 May 2015	**Total**	**Less than 1 year**	**From 2 to 5 years**	**More than 5 years**
		(in € thousands)		
Operating leases	34,180	4,965	18,444	10,771
Purchase commitments regarding goods for resale	6,216	6,216		
Total	**40,396**	**11,181**	**18,444**	**10,771**

	Payments to be made by period			
At 31 December 2015	**Total**	**Less than 1 year**	**From 2 to 5 years**	**More than 5 years**
		(in € thousands)		
Operating leases	64,406	8,162	32,190	24,054
Purchase commitments regarding goods for resale	9,411	9,411	—	—
Total	**73,817**	**17,573**	**32,190**	**24,054**

	Payments to be made by period			
At 31 May 2016	**Total**	**Less than 1 year**	**From 2 to 5 years**	**More than 5 years**
		(in € thousands)		
Operating leases	61,255	8,215	31,872	21,168
Purchase commitments regarding goods for resale	7,325	7,325		
Total	**68,580**	**15,540**	**31,872**	**21,168**

The Group renewed the leases of 8 stores in August 2015.

F List of consolidated companies

Company	Parent company	Consolidation method(*)	31 May 2016 % control	31 May 2016 % interest	31 December 2015 % control	31 December 2015 % interest
Yvrai Distribution Equipement du Foyer—YDEF	X	LbL	100.00%	100.00%	100.00%	100.00%
Roanne Mably Ameublement (RMA)		LbL	100.00%	100.00%	100.00%	100.00%
Valence Sud Ameublement (VSA)		LbL	100.00%	100.00%	100.00%	100.00%
Romans Est Ameublement (REA)		LbL	100.00%	100.00%	100.00%	100.00%
Grenoble Fontaine Ameublement Ménager (GFAM)		LbL	100.00%	100.00%	100.00%	100.00%
Société de Diffusion pour l'Equipement des Ménages (SDEM)		LbL	100.00%	100.00%	100.00%	100.00%
Voiron Est Ameublement (VEA)		LbL	100.00%	100.00%	100.00%	100.00%
Bourgoin Domarin Ameublement (BDA)		LbL	100.00%	100.00%	100.00%	100.00%
Albertville Tarentaise Ameublement (ALTA)		LbL	100.00%	100.00%	100.00%	100.00%
Annecy Sillingy Meuble Ménager (ASM)		LbL	100.00%	100.00%	100.00%	100.00%
Ambérieu en Bugey Sud Ameublement (ABSA)		LbL	100.00%	100.00%	100.00%	100.00%
Gap Sud Ameublement (GSA)		LbL	100.00%	100.00%	100.00%	100.00%
Maurienne Ameublement Ménager (MAM)		LbL	100.00%	100.00%	100.00%	100.00%
Toulouse Sud Ameublement (TSA)		LbL	100.00%	100.00%	100.00%	100.00%
Labege Ameublement (LBA)		LbL	100.00%	100.00%	100.00%	100.00%
Chambéry Nord Voglans (CNV)		LbL	100.00%	100.00%	100.00%	100.00%
Toulouse Nord Ameublement (T.N.A.)		LbL	100.00%	100.00%	100.00%	100.00%
Société de Négoce de Meubles (SNM)		LbL	100.00%	100.00%	100.00%	100.00%
CNA Fontaine et Labege Ameublement (CNA FONTAINE)		LbL	100.00%	100.00%	100.00%	100.00%

(*) LbL: Line by Line consolidation.

EM: Accounted for by the equity method.

H Data at 31 December 2015

H.1 Consolidated income statement

	31/12/2015 (12 mois) (in € thousands)
Continuing operations	
Retail revenue	117,998
Other revenue	5,203
Revenue	**123,201**
Cost of sales	(74,064)
Gross profit	**49,137**
Personnel expenses	(16,084)
Taxes other than on income	(1,390)
External expenses	(25,049)
Other income from operations	1,671
Other expense from operations	(2,115)
Recurring operating profit before depreciation, amortisation and impairment, and other operating income and expense	**6,170**
Other operating income and expense	37
Depreciation, amortisation and impairment of non-current assets	(1,557)
Operating profit	**4,650**
Cost of debt	(37)
Interest income	25
Other financial income and expense	(24)
Share of profit (loss) of equity-accounted companies	—
Profit (loss) before income tax	**4,614**
Income tax	(2,076)
Profit (loss) from continuing operations	**2,538**
Discontinued operations	
Profit (loss) from discontinued operations	—
Profit (loss) for the period	**2,538**
Attributable to:	
Owners of the Company	2,538
Non-controlling interests	—
Profit (loss) for the period	**2,538**

H Data at 31 December 2015 (Continued)

H.2 Consolidated statement of cash flows

	31/12/2015 (12 mois)
	(in € thousands)
Profit for the period before income tax	4,615
Adjustments for:	
Depreciation, amortisation and impairment of non-current assets	1,557
Additions to provisions	231
Net (gain) loss on disposals	(37)
Net financial expense	12
Share of profit (loss) of equity-accounted companies	—
Other non-cash items	—
	6,378
(Increase) decrease in inventories	(2,031)
(Increase) decrease in trade and other receivables	(644)
Increase (decrease) in trade and other payables	1,538
Income tax paid	(2,687)
Net cash flows from operating activities (A)	**2,554**
Dividends received	—
Proceeds from sales of property, plant and equipment and intangible assets	188
Proceeds from sales of other non-current assets	
Proceeds from sales of subsidiaries	10
Acquisitions of property, plant and equipment and intangible assets	(1,633)
Acquisitions of subsidiaries	—
Acquisitions of non-consolidated companies	—
(Increase) decrease in other financial assets	(1,490)
Net cash flows used in investing activities (B)	**(2,925)**
Net cash flows before financing activities	**(371)**
Dividends paid	(3,295)
Proceeds from issues of borrowings	—
Repayment of borrowings	(286)
Increase (decrease) in capital	—
Net interest paid	(12)
Other movements	(9)
Net cash flows from (used in) financing activities (C)	**(3,602)**
Impact of changes in exchange rates (D)	**—**
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	**(3,973)**
Cash and cash equivalents at beginning of period	14,927
Cash and cash equivalents at end of period	10,954

H Data at 31 December 2015 (Continued)

H.3 Revenue

	31 December 2015 (12 months)
	(in € thousands)
Store sales	117,998
Retail revenue	**117,998**
Revenue of warranty extension	2,383
Other	2,820
Other revenue	**5,203**
Total	**123,201**

H.4 External expenses

	31 December 2015 (5 months)
	(in € thousands)
Outsourcing	(5,754)
Property leases	(6,579)
Other leases and related expenses	(3,586)
Repairs and maintenance	(569)
Insurance	(318)
Compensation in respect of temporary and external employees	(1,239)
Local advertising	(1,354)
National advertising	(2,878)
Other external expenses	(2,772)
Total	**(25,049)**

I Related parties

The Group's main related parties are companies that it controls or over which it exercises significant influence. Related parties also include joint ventures, members of management bodies and the Group's shareholder.

I.1 Transactions with companies controlled by the Group

The list of companies controlled by the Group is provided in Note F. Since these companies are fully consolidated as described in Note B.4, any transactions between them, and between the parent company and its subsidiaries, were eliminated for the purpose of preparing the consolidated financial statements.

I.2 Transactions with members of management bodies and shareholders

No transactions were entered into with any members of management bodies.

The table below summarises the transactions carried out with the parent company as well as transactions carried out with related companies (Groupe YVRAI and its subsidiaries) in the ordinary course of business:

I Related parties (Continued)

Statement of financial position at end of period:

	31 May 2016 (12 months)	31 May 2015 (12 months)
	(in € thousands)	
Purchases (Groupe YVRAI)	(33,877)	(26,429)
Property leases (Groupe YVRAI)	(3,013)	(2,447)
Administrative fees (Groupe YVRAI)	(782)	(633)
National advertising and Franchise royalties (BUT)	(1,353)	(1,220)

Statement of financial position at end of period:

	31 May 2016	31 December 2015	31 May 2015
		(in € thousands)	
Purchases, Property leases and administrative fees (Groupe YVRAI)	(5,167)	(5,581)	(2,862)
National advertising and Franchise royalties (BUT)	11	15	9
Groupe YVRAI current account	8,280	8,280	12,787

J Events after the end of the reporting period

Groupe Yvrai Distribution Equipement du Foyer—Ydef, was bought over by BUT INTERNATIONAL as of September 1, 2016, for consideration of €47.8 million (subject to post-closing adjustments for net debt movements).

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