

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS (“**QIBs**”) WITHIN THE MEANING OF RULE 144A (“**RULE 144A**”) UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”), OR (2) OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S (“**REGULATION S**”) UNDER THE U.S. SECURITIES ACT.

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

The offering memorandum has been prepared in connection with the proposed offer and sale of the securities (including the guarantees) described herein. The offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation. In order to be eligible to view the offering memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) outside the United States in reliance on Regulation S. The offering memorandum is being sent at your request. By accepting the e-mail and accessing the offering memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such offering memorandum by electronic transmission; and

(2) either you and any customers you represent are:

1. QIBs; or

2. outside the United States and the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A.

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

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of us in such jurisdiction.

Under no circumstances shall the offering memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). The offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

The offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the initial purchasers, or any person who controls any of the initial purchasers, or any of their directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.



Stretford 79 plc

£350,000,000 Senior Secured Floating Rate Notes due 2020
£400,000,000 6.250% Senior Secured Notes due 2021
£200,000,000 6.750% Senior Secured Notes due 2024

Stretford 79 plc, incorporated as a public limited liability company under the laws of England and Wales (the “**Issuer**”), is offering (the “**Offering**”) £350,000,000 aggregate principal amount of its Senior Secured Floating Rate Notes due 2020 (the “**Floating Rate Notes**”), £400,000,000 aggregate principal amount of its 6.250% Senior Secured Notes due 2021 (the “**2021 Fixed Rate Notes**”) and £200,000,000 aggregate principal amount of its 6.750% Senior Secured Notes due 2024 (the “**2024 Fixed Rate Notes**”, and together with the 2021 Fixed Rate Notes, the “**Fixed Rate Notes**”, and the Floating Rate Notes, together with the Floating Rate Notes, the “**Notes**”). The Floating Rate Notes will bear interest at a rate per annum equal to the three-month LIBOR plus 4.250%, reset quarterly, payable quarterly on each January 15, April 15, July 15 and October 15, commencing on October 15, 2014. Interest on the Fixed Rate Notes will be paid semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2014. The Floating Rate Notes will mature on July 15, 2020, the 2021 Fixed Rate Notes will mature on July 15, 2021 and the 2024 Fixed Rate Notes will mature on July 15, 2024. The Issuer will use the proceeds from the sale of the Notes, together with cash on hand, to prepay existing indebtedness under the Existing Term Loans (as defined herein), refinance the Vender Loan Note (as defined herein), repay certain swaps and pay fees and expenses related to the Refinancing (as defined herein). See “*Use of proceeds*”.

The Issuer may redeem the Floating Rate Notes in whole or in part at any time on or after July 15, 2015 at the redemption prices set forth in this offering memorandum (“**Offering Memorandum**”). Prior to July 15, 2015 the Issuer will be entitled to redeem all or a portion of the Floating Rate Notes at a price equal to 100% of the principal amount plus accrued and unpaid interest and additional amounts, if any, plus a “make whole” premium. The Issuer may redeem the 2021 Fixed Rate Notes at any time on or after July 15, 2017 and may redeem the 2024 Fixed Rate Notes at any time on or after July 15, 2019, in each case in whole or in part at the redemption prices set forth in this Offering Memorandum. Prior to July 15, 2017, the Issuer will be entitled to redeem all or a portion of the 2021 Fixed Rate Notes and prior to July 15, 2019, the Issuer will be entitled to redeem all or a portion of the 2024 Fixed Rate Notes, in each case at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest and additional amounts, if any, plus a “make-whole” premium. Prior to July 15, 2017, the Issuer may also redeem at its option up to 35% of the aggregate principal amount of the 2021 Fixed Rate Notes and up to 35% of the aggregate principal amount of the 2024 Fixed Rate Notes, in each case using the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum, if at least 65% of the originally issued aggregate principal amount of the 2021 Fixed Rate Notes or the 2024 Fixed Rate Notes (as applicable) remains outstanding. Prior to July 15, 2017, the Issuer may redeem up to 10% of the aggregate principal amount of the 2021 Fixed Rate Notes outstanding and prior to July 15, 2019, the Issuer may redeem up to 10% of the aggregate principal amount of the 2024 Fixed Rate Notes outstanding, in each case during each 12-month period commencing on the Issue Date at its option, from time to time, at a redemption price equal to 103% of the principal amount of the 2021 Fixed Rate Notes or the 2024 Fixed Rate Notes (as applicable) redeemed, plus accrued and unpaid interest and additional amounts, if any.

Additionally, the Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax laws. Upon certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase all of the Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

The Notes will be senior secured obligations of the Issuer and guaranteed (the “**Guarantees**”) on a senior secured basis by Iceland VLNco Limited (the “**Company**”) and certain of its subsidiaries (each a “**Guarantor**” and, collectively, the “**Guarantors**”), each of which will also guarantee the obligations under the Revolving Credit Facility (as defined herein). The Notes and the Guarantees will be secured as described in “*Description of Senior Secured Notes—Security*” by first-priority security interests in certain assets (the “**Collateral**”), which will also secure the obligations under the Revolving Credit Facility. Pursuant to the terms of the Intercreditor Agreement, obligations under the Revolving Credit Facility (or any replacement facility) and certain hedging obligations that are permitted to be secured by the Collateral will receive priority with respect to any proceeds received upon any enforcement action over any Collateral. See “*The Offering*”. The Guarantees and Collateral will be subject to contractual and legal limitations under relevant local laws and may be released under certain circumstances. See “*Certain insolvency law and local law limitations on guarantees and security*”, “*Description of Senior Secured Notes—Security—Release of Collateral*” and “*Description of Senior Secured Notes—Senior Secured Note Guarantees—Release of Senior Secured Note Guarantees*”. The Notes will be structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries that are not Guarantors and effectively subordinated to any of our existing and future debt that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such debt.

Application will be made to the Luxembourg Stock Exchange for the Notes to be admitted to the official list of the Luxembourg Stock Exchange (the “**Official List**”) and to be admitted to trading on the Luxembourg Stock Exchange’s Euro MTF market (the “**Euro MTF**”). The Euro MTF is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments.

We expect that the Notes will be issued in the form of one or more Global Notes in registered form. Delivery of the notes in book-entry form through Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”), will be made on or about July 17, 2014 (the “**Issue Date**”). See “*Book-entry, delivery and form*”.

Investing in the Notes involves risks. See “Risk factors” beginning on page 20.

Issue price for the Floating Rate Notes: 100.000%, plus accrued interest, if any, from the Issue Date.
Issue price for the 2021 Fixed Rate Notes: 100.000%, plus accrued interest, if any, from the Issue Date.
Issue price for the 2024 Fixed Rate Notes: 100.000%, plus accrued interest, if any, from the Issue Date.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the laws of any other jurisdiction. The Notes and the Guarantees may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to “qualified institutional buyers” in reliance on the exemption from registration provided by Rule 144A under the U.S. Securities Act (“**Rule 144A**”) and certain non-U.S. persons outside the United States in accordance with Regulation S under the U.S. Securities Act (“**Regulation S**”). You are hereby notified that sellers of the Notes and the Guarantees may be relying on the exemption from registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside the United States, sellers may be relying on Regulation S. See “*Important information about this Offering Memorandum*” for additional information about eligible offerees and “*Transfer restrictions*” for transfer restrictions.

Joint Global Coordinators and Joint Bookrunners

Credit Suisse

J.P. Morgan

Bookrunner

HSBC

The date of this Offering Memorandum is July 10, 2014.



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16 PORTION CHOCOLATE GATEAU

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In making your investment decision, you should rely only on the information contained in this Offering Memorandum. We have not, and the Initial Purchasers (as defined herein) have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Memorandum is accurate as of the date on the front cover of this Offering Memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this Offering Memorandum.

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Stretford 79 plc is incorporated as a public limited liability company under the laws of England and Wales. Our principal executive offices are located at Second Avenue, Deeside Industrial Park, Deeside CH5 2NW, United Kingdom, and our telephone number at that address is +44 (0) 1244 830 100. Our website is located at <http://www.iceland.co.uk>. Our website and the information contained on our website is not part of this Offering Memorandum.

Important information about this Offering Memorandum

We have prepared this Offering Memorandum based on information obtained from sources we believe to be reliable. Summaries of documents contained in this Offering Memorandum may not be complete. None of Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc or HSBC Bank plc (the “**Initial Purchasers**”) represent that the information herein is complete. The information in this Offering Memorandum is current only as of the date on the cover page hereof, and our business or financial condition and other information in this Offering Memorandum may change after that date. Information in this Offering Memorandum is not legal, tax or business advice; accordingly, you should consult your own legal, tax and business advisors regarding an investment in the Notes.

No person is authorized in connection with any offering made pursuant to this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. The information contained in this Offering Memorandum is current at the date hereof. Neither the delivery of this Offering Memorandum at any time nor any subsequent commitment to enter into any financing shall, under any circumstances, create any implication that there has been no change in the information set out in this Offering Memorandum or in our affairs since the date of this Offering Memorandum.

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. Neither we nor the Initial Purchasers have authorized anyone to provide you with any different information.

We are offering the Notes in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under this section. You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. We do not make any representation to you that the Notes are a legal investment for you. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

Each prospective purchaser of the Notes must comply with all applicable laws, rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefor.

Neither the U.S. Securities and Exchange Commission, any U.S. state securities commission nor any non-U.S. securities authority nor other authority has approved or disapproved of the Notes or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

We will apply to have the Notes listed on the Official List and traded on the Euro MTF, which is not a regulated market within the meaning of Directive 2004/93/EC on markets in financial instruments. We cannot guarantee that our application to the Luxembourg Stock Exchange for approval of this document, or for the Notes to be admitted for trading on the Euro MTF, will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

We accept responsibility for the information contained in this Offering Memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this Offering Memorandum with regard to us and our subsidiaries and affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that we are not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

The Initial Purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or future.

We have prepared this Offering Memorandum solely for use in connection with the offer of the Notes to qualified institutional buyers pursuant to Rule 144A and to non-U.S. persons (within the meaning of

Regulation S) outside the United States in compliance with Regulation S. You agree that you will hold the information contained in this Offering Memorandum and the transactions contemplated hereby in confidence. You may not distribute this Offering Memorandum to any person, other than a person retained to advise you in connection with the purchase of the Notes.

By purchasing the Notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading “*Notice to investors*” in this Offering Memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

We are not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this Offering Memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

We reserve the right to withdraw the offering of the Notes at any time and we and the Initial Purchasers may reject all or a part of any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

Certain exchange rate information presented in this Offering Memorandum includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rates, and as far as we are aware and able to ascertain no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information. The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled “*Book-entry, delivery and form*”, is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, and as far as we are aware, and able to ascertain, no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See “*Transfer restrictions*”.

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (THE “STABILIZING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO STABILIZING OR MAINTAINING 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 WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. SUCH STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES.

Notice to investors

Notice to New Hampshire residents

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

Notice to U.S. investors

Each purchaser of Notes will be deemed to have made the representations, warranties and acknowledgments that are described in this Offering Memorandum under “*Notice to investors*”. The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see “*Notice to investors*”. The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

Notice to certain European investors

Italy. No action has been or will be taken which could allow an offering of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered or sold directly or indirectly in the Republic of Italy, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in the Republic of Italy, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Notes cannot be offered or sold to any natural persons nor to entities other than qualified investors (according to the definition provided for by the Prospectus Directive) either on the primary or on the secondary market.

Netherlands. The Notes (including the rights representing an interest in the Notes in global form) which are the subject of this Offering Memorandum, have not been and shall not be offered, sold, transferred or delivered in the Netherlands other than to persons which are qualified investors (within the meaning of the Prospectus Directive). No approved prospectus within the meaning of the Prospectus Directive is required to be made generally available in connection with the offer.

For the purposes of the abovementioned paragraph, the expression an “offer of Notes” in relation to any Notes in the Netherlands means the announcement or communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom. This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) are investment professionals, being persons having professional experience in matters relating to investments and who fall within the definition set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, partnerships or high value trusts, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to

engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 as amended (“FSMA”)) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Any person who receives this Offering Memorandum but does not fall within one of the preceding categories of relevant person should return it immediately to Stretford 79 plc.

This Offering Memorandum does not constitute a prospectus for the Prospectus Rules and is therefore not an approved prospectus for the purposes of, and as defined by, section 85 of FSMA. This Offering Memorandum has not been approved by the Financial Conduct Authority or any other competent authority on the grounds that the Notes are being offered solely to “qualified investors” as defined in section 86(7) of FSMA and therefore the offer of Notes is not subject to the obligation to publish a prospectus under section 85 of FSMA.

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

Forward-looking statements

This Offering Memorandum includes “forward-looking statements” within the meaning of the securities laws of certain applicable jurisdictions. Forward-looking statements are all statements other than statements of historical facts. Certain of these forward-looking statements are identified by terminology such as “aim”, “anticipate”, “assume”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “intend”, “likely”, “may”, “might”, “plan”, “potential”, “remain”, “seek”, “should”, “strive”, “will” or “would” or, in each case, their negative, or other variations or comparable terminology. Others can be identified from the context in which the statements are made.

Forward-looking statements appear in a number of places in this Offering Memorandum. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described under “*Risk factors*”, “*Management’s discussion and analysis of financial condition and results of operations*” and “*Summary*” and include, among others, statements relating to:

- the competitive environment in which we operate, and the impact of competition and customer expectations on our margins;
- fluctuations in the price and availability of food ingredients and packaging material;
- our dependence on third-party suppliers;
- our exposure to product liability claims;
- our strategy, outlook and growth prospects;
- the efficiency of our supply chain and information technology system;
- our dependence on key executives and highly qualified managers;
- the impact of regulations on us and our operations;
- the fact that interests of our principal shareholder may be inconsistent with interests of holders of Senior Secured Notes;
- our significant leverage, which may make it difficult to operate our businesses;
- the covenants contained in the Indenture and our Revolving Credit Facility, which limit our operating and financial flexibility; and
- other factors discussed or referred to in this Offering Memorandum.

The risks described in the “*Risk factors*” section of this Offering Memorandum are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our business, financial condition and results of operations. New risks emerge from time to time and it is not possible for us to predict all such risks; nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

We urge you to carefully read the sections of this Offering Memorandum entitled “*Risk factors*”, “*Management’s discussion and analysis of financial condition and results of operations*” and “*Summary*” for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not occur.

The forward-looking statements are based on plans, estimates and projections as they are currently available to our management. We undertake no obligation, and do not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum.

Certain definitions

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

“\$” or “*U.S. Dollars*” refer to the lawful currency of the United States.

“*Euro*” refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

“£” or “*pound Sterling*” refer to the lawful currency of the United Kingdom.

“*ABCI*” refers to the upper middle class, middle class and lower middle class demographic categories in the UK, as monitored and estimated by the National Readership Survey.

“*Average basket*” means the average pounds Sterling value per transaction.

“*Big 4*” refers to Tesco, Sainsbury’s, Asda and Morrisons, the top four UK grocery retailers by market share.

“*C2DE*” refers to the skilled working class, working class and those at the lowest level of subsistence demographic categories in the UK, as monitored and estimated by the National Readership Survey.

“*CAGR*” means compounded annual growth rate.

“*Collateral*” means the assets that will secure the Notes as described in “*Description of Senior Secured Notes—Security*”.

“*Company*” means Iceland VLNco Limited.

“*Cooltrader*” was a wholly-owned subsidiary of the Group and was a low cost, promotion-focused discounter with 53 stores. The business was sold on September 29, 2012.

“*Executive Directors*” refer to the executive directors of the Group, who are Malcolm Walker, Tarsem Dhaliwal, Nicholas Canning and Nigel Broadhurst.

“*Existing Senior Facilities Agreement*” means the senior facilities agreement dated March 9, 2012 between, among others, Iceland Midco Limited (formerly known as Oswestry Midco Limited) and certain of its subsidiaries as borrowers and/or guarantors and The Royal Bank of Scotland plc as agent and security agent.

“*Existing Term Loans*” refers to the Term Loan A, the Term Loan B1 and the Term Loan B2.

“*Group*”, “*we*”, “*us*” and “*our*” refer collectively to Iceland Topco Limited and its subsidiaries, including the Issuer.

“*Guarantors*” means the Company, Iceland Midco Limited, Iceland Acquico Limited, Iceland Foods Group Limited, Bejam Group Limited and Iceland Foods Limited.

“*Home Delivery*” refers to our store-based home delivery service, which allows our customers to buy items in our stores nationwide and then have their purchases delivered to their homes.

“*Indenture*” means the indenture governing the Notes to be entered into on the Issue Date.

“*Initial Purchasers*” refers to Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc and HSBC Bank plc.

“*Intercreditor Agreement*” means the intercreditor agreement dated on or about the date of the Revolving Credit Facility Agreement, between, among others, the Company and the Security Agent.

“**Issue Date**” means July 17, 2014.

“**Issuer**” means Stretford 79 plc, incorporated as a public limited liability company under the laws of England and Wales.

“**Luxembourg**” means the Grand Duchy of Luxembourg.

“**Notes**” collectively refers to the £350.0 million Senior Secured Floating Rate Notes due 2020 (the “**Floating Rate Notes**”), the £400.0 million 6.250% Senior Secured Notes due 2021 (the “**2021 Fixed Rate Notes**”) and the £200.0 million 6.750% Senior Secured Notes due 2024 (the “**2024 Fixed Rate Notes**”, and together with the 2021 Fixed Rate Notes, the “**Fixed Rate Notes**”), being offered hereby.

“**Number of transactions**” means the number of transactions that take place in a given period.

“**Prospectus Directive**” refers to Directive 2003/71/EC.

“**Refinancing**” means the incurrence of the Revolving Credit Facility and the issuance of the Notes, whereby on the Issue Date the proceeds of the Notes will be used, together with cash on hand, to prepay our Existing Term Loans, refinance our Vendor Loan Note (as defined below), pay the mark-to-market amount on certain foreign exchange swaps and interest rate swaps and pay fees and expenses related thereto. See “**Use of proceeds**”.

“**Revolving Credit Facility**” means the revolving credit facility made available under the Revolving Credit Facility Agreement.

“**Revolving Credit Facility Agreement**” means the £30 million super senior revolving facility agreement dated on or about the date of the Offering Memorandum between, among others, the Company and the Finance Parties (as defined therein).

“**Round sum pricing**” means product prices that end in .00 or .50.

“**Security Agent**” means HSBC Corporate Trustee Company (UK) Limited as security agent under the Revolving Credit Facility Agreement and the Intercreditor Agreement.

“**Security Documents**” refer to those documents granting security interest over the Collateral.

“**SKU**” means stock keeping unit, a unique identifier for each distinct product and service that can be purchased in our business.

“**Term Loan A**” means the Facility A Loan (as defined in the Existing Senior Facilities Agreement) made available under the Existing Senior Facilities Agreement.

“**Term Loan B1**” means the Facility B Loan (as defined in the Existing Senior Facilities Agreement) made available under the Existing Senior Facilities Agreement.

“**Term Loan B2**” means the Facility B2 Loan (as defined in the Existing Senior Facilities Agreement) made available under the Existing Senior Facilities Agreement.

“**Trustee**” means Citibank, N.A., London Branch, in its capacity as trustee under the Indenture.

“**UK**” means the United Kingdom of Great Britain and Northern Ireland.

“**UK GAAP**” means the accounting principles generally accepted in the UK.

“**Vendor Loan Note**” means the vendor loan notes with an aggregate nominal value of £250,000,000 issued by the Company on March 9, 2012 as part of the consideration for the shares in Iceland Foods Group Limited.

“**White pack**” refers to certain food retailers’ lowest price-point private label products that are value-driven and of basic quality.

Presentation of financial and other information

Presentation of financial information

The financial information presented and discussed in this Offering Memorandum has, unless otherwise indicated, been extracted from the audited consolidated financial statements of Iceland Foods Group Limited as at and for the 53-week period ended March 30, 2012, the audited consolidated financial statements of Iceland Topco Limited for the 52-week period ended March 29, 2013 and the audited consolidated financial statements of Iceland Topco Limited for the 52-week period ended March 28, 2014, prepared in accordance with generally accepted accounting practices in the United Kingdom (“**UK GAAP**”). These financial statements, the notes thereto and the auditor’s reports where applicable are included in this Offering Memorandum starting at page F-1.

Iceland Topco Limited is not a member of the restricted group subject to the covenants under the Indenture (which will comprise the Issuer, the Company, and the Company’s restricted subsidiaries (collectively, the “**Restricted Group**”)) and will not guarantee the Notes. The only assets of Iceland Topco Limited are its equity ownership in the Company.

For the foreseeable future, we expect to report our financial performance under UK GAAP. UK GAAP differs in significant respects from International Financial Reporting Standards (“**IFRS**”) and generally accepted accounting principles in the United States (“**U.S. GAAP**”). Investors should consult their own professional advisers for an understanding of the differences between UK GAAP, IFRS and U.S. GAAP.

The audited consolidated financial statements for the 53-week period ended March 30, 2012 represent the audited consolidated financial statements for 2012 of Iceland Foods Group Limited, the ultimate parent of the Group at that time, which have been audited by Grant Thornton UK LLP, although page references for the purposes of this Offering Memorandum have been modified solely for the convenience of the reader. The audited consolidated financial statements for the 52-week period ended March 29, 2013 and the 52-week period ended March 28, 2014 have been extracted from the Group’s signed statutory annual reports and financial statements for 2013 and 2014, respectively, which have been audited by Grant Thornton UK LLP, although page references for the purposes of this Offering Memorandum have been modified solely for the convenience of the reader.

In addition, this Offering Memorandum includes certain financial information for Iceland Foods Group Limited as of and for the 52-week period ended March 26, 2010 and the 52-week period ended March 25, 2011 that have been extracted from Iceland Foods Group Limited’s signed statutory annual reports and financial statements for 2010 and 2011, respectively, which have been audited by Grant Thornton UK LLP. However, these financial statements, the notes thereto and the accompanying audit reports are not included in this Offering Memorandum.

References in this Offering Memorandum to:

- “**financial year 2012**” or the “**2012 financial year**” are to the 53-week period ended March 30, 2012;
- “**financial year 2013**” or the “**2013 financial year**” are to the 52-week period ended March 29, 2013; and
- “**financial year 2014**” or the “**2014 financial year**” are to the 52-week period ended March 28, 2014.

Under the reporting covenant to be set forth in the Indenture, so long as Iceland Topco Limited observes certain holding company conditions set forth in the Indenture, the Issuer has the option to provide annual and quarterly reports that include Iceland Topco Limited’s financial statements rather than the Company’s financial statements, with a reasonably detailed description of any material differences between results of operations or financial condition of Iceland Topco Limited and the Company.

Iceland Topco Limited was a shelf company incorporated on December 8, 2011 and became the Group’s new holding company as part of the management buyout in March 2012. See “*Our business—History*”. Consequently, audited consolidated financial statements have not been prepared for Iceland Topco Limited for the 53-week period ended March 30, 2012. In addition, the 2012 financial year consists of a 53-week period, whereas the 2013 and 2014 financial years consist of 52-week periods. Consequently the 2012 financial year is not directly comparable with the 2013 and 2014 financial years. Investors are therefore cautioned not to place undue reliance on our comparative results of operations or our assets and liabilities for any previous or future period or as of any past or future date.

The financial information set forth in this Offering Memorandum has been subjected to rounding adjustments for ease of presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row. Percentage figures included in this Offering Memorandum have not been calculated on the basis of rounded figures but have been calculated on the basis of such amounts prior to rounding. Prospective Noteholders should read the financial statements of the Group and the notes to the financial statements included elsewhere in this Offering Memorandum, together with “*Management’s discussion and analysis of financial condition and results of operations*”.

Non-UK GAAP financial measures

This Offering Memorandum contains certain financial measures which are not accounting measures within the scope of UK GAAP. These measures include EBITDA, Adjusted EBITDA, free cash flow, free cash flow conversion and contribution. For purposes of this Offering Memorandum we define:

- EBITDA as profit on ordinary activities before interest and taxation plus amortization of goodwill, impairment of goodwill, amortization of loan fees and depreciation;
- Adjusted EBITDA as EBITDA plus write-off of loan fees, exceptional administrative expenses and cost of share based payments, less one-off property income, share of operating loss in associates, profit on disposal of fixed assets and profit on disposal of business;
- free cash flow as Adjusted EBITDA less movements in working capital and gross capital expenditures;
- free cash flow conversion as the ratio of free cash flow to Adjusted EBITDA; and
- contribution as store EBITDA less variable distribution costs.

We present these non-UK GAAP financial measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. These are not measures of operating performance derived in accordance with UK GAAP, and should not be considered a substitute for gross profit, operating profit, profit/(loss) before tax or cash flow statement data as determined by UK GAAP, or as a measure of profitability or liquidity. Our calculation of EBITDA, Adjusted EBITDA, free cash flow, free cash flow conversion and contribution may be different from the calculation used by other companies.

The non-UK GAAP measures we present may also be defined differently from the corresponding terms under the Indenture. Some of the limitations of these non-UK GAAP measures are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and the non-UK GAAP measures do not reflect any cash requirements that would be required for such replacements; and
- other companies in our industry may calculate these measures differently from the way we do, limiting their usefulness as comparative measures.

Because of these limitations, our non-UK GAAP measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our UK GAAP results and using these non-UK GAAP measures only to supplement your evaluation of our performance.

We also present like-for-like sales growth, which represents the change in sales from our stores in the UK that have been open for more than 12 months. Like-for-like sales are calculated at store level on a day-by-day basis and once a store reaches its one year anniversary of opening, sales from that day onwards are included in

the like-for-like calculation. Likewise, when a store closes, any sales from the comparable day onwards in the prior year are excluded from the like-for-like calculation. Like-for-like sales growth is presented because we believe it is frequently used by investors and other interested parties in evaluating companies in the retail sector. However, other companies may define like-for-like sales growth in a different manner than we do. We also present gross margin and average payback period. We calculate gross margin as turnover less cost of sales and average payback period as the amount of time for a new store to recover the capital expenditure spent to fit out the store.

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 Memorandum belongs to its holder. Some of the trademarks we own or have the right to use include Iceland, Iceland Food You Can Trust, Majestics, Mum's Gone to Iceland, So that's why mum's gone to Iceland, Watch your waist and Posh Grub. Solely for convenience, the trademarks, trade names and copyrights referred to in this Offering Memorandum are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

Presentation of industry and market data

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this Offering Memorandum were extracted from market research, governmental and other publically available information, independent industry publications and reports prepared by industry consultants. These external sources include Kantar Worldpanel, the British Retail Consortium, the Institute of Grocery Distribution and ESA Retail, among others. Industry publications, 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 believe that these industry publications, surveys and forecasts, to the extent quoted or referred to herein, are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness. While we accept responsibility for accurately summarizing the information from these external sources, and as far as we are aware and able to ascertain, no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information.

Certain market share information and other statements presented herein regarding our position relative to our competitors are not based on published statistical data or information obtained from independent third parties, but reflect our best estimates. We have based these estimates upon information obtained from our customers, trade and business organizations and associations and other contacts in our industries.

We cannot assure you that our estimates or any of the assumptions underlying our estimates are accurate, or correctly reflect our position in the industry. None of our internal surveys or information have been verified by any independent sources. Neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. All of the information set forth in this Offering Memorandum relating to the operations, financial results or market share of our competitors has been obtained from publicly available information or independent research. Neither we nor the Initial Purchasers have independently verified this information and cannot guarantee its accuracy.

Available information

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from the reporting requirements of the U.S. Exchange Act under Rule 12g3-2(b) thereunder, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to the holders of Notes. See "*Description of Senior Secured Notes*".

For so long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF and the rules and regulations of that exchange so require, copies of the following documents in English may be inspected and obtained free of charge at the office of the Luxembourg listing agent, Banque Internationale à Luxembourg SA (the “**Luxembourg Listing Agent**”) during normal business hours on any weekday: the Articles of Association of the Issuer (the “**Issuer’s Articles**”), the Consolidated Financial Information included in this Offering Memorandum and the Indenture relating to the Notes (which includes the form of the Notes). See “*Listing and general information*”.

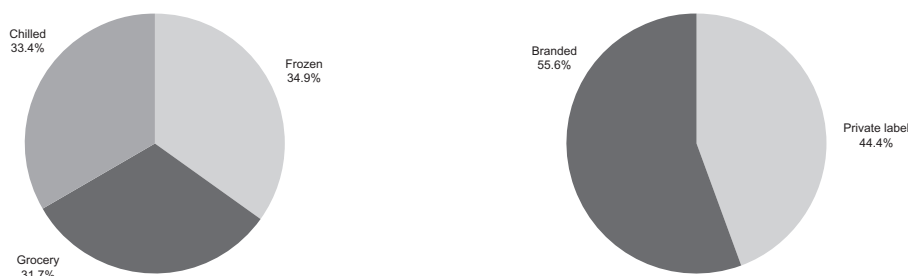
Summary

Overview

We are a national UK food retailer specializing in frozen food with 833 stores in the UK as well as stores in Ireland, the Czech Republic and Iceland as of March 28, 2014. We are the third largest player in the UK frozen food category, with a market share of 14.1% in the 12-week period ended May 25, 2014, and have a total share of the UK food retail market of 2.0% in the 20-week period ended May 25, 2014. For the 2014 financial year, sales in our UK retail network accounted for 98.8% of our total sales, with sales in Europe and the rest of the world accounting for 1.1% and 0.1%, respectively. Since the current executive management team returned to the business in 2005 we have achieved nine years of consistent sales growth, generating a CAGR of 7.3%. Over the same period we have grown operating profit (excluding amortization) from an operating loss of £59.4 million to an operating profit of £158.8 million despite significant economic challenges. We achieved our sales and operating profit growth by both increasing turnover from our existing stores and increasing the number of stores in our network, from 748 stores in the 2005 financial year to 844 stores in the 2014 financial year. We are a highly cash generative business, characterized by a strong cash conversion profile supported by strong operating performance, disciplined capital expenditure, favorable working capital and conservative financial policies.

We offer our customers a range of over 2,500 food SKUs including frozen, chilled and grocery products. Our products range from everyday items such as milk, eggs and bread to an extensive range of approximately 900 frozen food SKUs covering a broad spectrum from ready meals, pizzas and party food to frozen meat, fish, poultry and vegetables. We are focused on the value-end of the retail market and trade from conveniently located stores throughout the UK. We introduced the concept of premium quality, appetizing frozen food to British consumers when we opened our first store in 1970. Since then, we have developed into an iconic UK brand, known as a value-for-money frozen food and grocery retailer on the UK high street.

The following diagram sets forth our percentage of turnover by product type and by our private label and branded products for the 2014 financial year:



Although frozen products accounted for 34.9% of our turnover, a majority of our floor space was devoted to frozen products in the 2014 financial year. We sell under our private label as well as under numerous national and international brands. Sales of our private label products accounted for 44.4% of our total sales in the 2014 financial year and 67.9% of our frozen food sales during the same period. Our products are sold exclusively through our store network. As of March 28, 2014, our store network was comprised of 833 stores in the UK, six stores in Ireland, three stores in the Czech Republic, two stores in Iceland and 23 franchised stores (twelve in Spain, seven in the Channel Islands, three in the Isle of Man and one in Portugal). We have successfully expanded our store network over the years and have opened over 200 new stores since 2005, including 182 new stores in the UK in the past five years. Most of our stores are located in or near city and town centers and suburban areas.

We place a heavy emphasis on quality control and new product research, development and innovation. We continuously review our product offering and seek to introduce approximately 200 new SKUs per year. Many of our products are unique to us, which we believe attracts customers to our stores.

Our competitive strengths

We believe that we benefit from the following key strengths:

Iconic frozen-led brand with a differentiated and compelling value proposition

We offer a focused, differentiated customer proposition targeting value-seeking families with our unique frozen food offering and iconic brand strength in our private label. Our proposition is primarily focused on frozen food, with a majority of total space in our stores allocated to frozen food and 56.0% of our transactions including at least one frozen item. Our stores are typically located in convenient high-street locations in predominately lower income demographic areas. Our store locations, product offering and focus on value for money fulfill specific shopping missions for our target consumers, primarily a frozen-led secondary shopping experience, with more than half of sales generated from customers on such “cherry picking” or “top-up” shopping missions. As of March 28, 2014, our store network generated an average of 4.9 million transactions per week with an average basket of £11.05 (compared to an industry average basket of £15.25). We also cater to frozen stock-up and convenience missions which represented approximately 30.0% of our sales in financial year 2014.

The compelling value proposition to our customers is supported by our private label offering with high penetration among our frozen and chilled categories. For financial year 2014, 67.9% of our frozen sales and 61.6% of our chilled sales arose from private label products, which achieved higher margins than the branded products we sell. Our brand enjoys a longstanding association with value-for-money based on the quality and innovation of our products in conjunction with a sharp focus on price, reinforced through our round sum pricing strategy.

Highly profitable store footprint across convenient high street locations suited to the target consumer demographic

As of March 28, 2014 we operated a nationwide store network consisting of 833 well-invested Iceland branded stores in the UK, with an additional 11 stores internationally. Our stores are generally located in convenient, high street or neighborhood locations in predominantly lower income demographic areas. We focus on providing our customers with an attractive shopping experience through our well laid out stores featuring big ticket displays and clear-cut round sum pricing. The locations of our stores as well as the products we offer are well suited to our targeted customer demographics, as 67.0% of our customer base is within the lower income demographic C2DE group in the UK; see “*Industry overview—Key trends in the UK food retail market—Growing acceptance of shopping at discounters*”. Our product offering is developed to meet the requirements of the C2DE customer demographic group, which notably include the desire for larger pack sizes with increased value, the appeal of round sum pricing that provides a simplified shopping experience and higher perception of value, centrally located stores to cater to customers who do not own a car and the value inherent in the longer shelf life of frozen food compared to chilled and non-frozen products.

Our stores have highly attractive financial characteristics, evidenced by the fact that 99% of stores in our total portfolio generate positive contribution (measured as store EBITDA less variable distribution costs). New stores typically generate positive contribution within the first week of operation due to our well-optimized procurement system and operational efficiencies. Currently, the average payback period (the amount of time for a new store to recover the capital expenditure spent to fit out the store) on a new store is approximately 1.5 years, on an average initial investment of £0.6 million.

Strong market position within the attractive value-end segment of UK food retail

We are the third largest participant in the UK frozen food category, with a 14.1% market share for the 12-week period ended May 25, 2014 (Kantar Worldpanel). Combined with our relative market positions in fresh food (1.9%), chilled food (1.9%), ambient grocery (1.6%) and produce (0.9%), our total share within the UK food retail market is 2.0%. Our share of the overall UK food retail market has increased by 0.4% from 1.6% in 2007 to 2.0% in 2014. This reflects the successful implementation of our business strategy and structural changes within the UK food retail market, where a shift in consumer behavior towards value and convenience focused food retailers has resulted in market share losses for traditional supermarket food retailers such as the Big 4, who have collectively lost 2.2% of market share (from 73.8% to 71.6%) over the same time period.

In particular, our ability to increase market share is driven by our focus on frozen food, where our objective is to provide a secondary “cherry-pick” or “top-up” shopping experience for value-seeking families. This

secondary shopping generated over half of our total sales for financial year 2014 and is a key differentiating factor in comparison to other market competitors who are focused on providing the main weekly food shopping experience. Of the £12.4 billion our customers spend on groceries per year, approximately 80.0% is spent outside of our stores, with the Big 4 and other market participants competing for this share. We believe through targeted focus on investment in margin and offering a larger range of products across selected categories within the confines of our one-in-one-out SKU policy, we have a significant opportunity to increase the frequency and spend of our customer's purchases at our stores, which has the potential to gain market share and achieve higher growth versus our competitors. Our focus on convenience and the ability to cater to the requirements of secondary shoppers has resulted in our continued market share gains within the UK food retail market and, as the third largest participant in the UK frozen food category, we are well positioned to continue to gain market share and benefit from the structural shifts in the overall market.

Proven track record of innovation and new product development

We have a proven track record of innovation, as demonstrated by being a pioneer in banning genetically modified ingredients and artificial colors, flavorings and non-essential preservatives from our private label ranges, and we continue to launch new private label products without genetically modified or artificial ingredients. We believe our decision to ban these ingredients, colors, flavorings and preservatives has enhanced our reputation as a retailer of food that customers can trust. In financial year 2014, we launched over 130 new frozen products under the Iceland brand, and over the last 18 months we have launched a number of exclusive new products to the market including a new snacking range, noodle bowls, limited edition curries, Italian wood-fired pizzas, "Jim Beam" flavored meat products and a partnership offering a range of "Greggs" branded products. We believe that our innovative product ranges attract customers to shop with us and differentiate our products from those of competitors.

Highly effective, streamlined business model

Our ability to provide a compelling value proposition is based on a highly effective, streamlined business model. We have a limited product range of approximately 2,500 SKUs, with frozen food being the most developed category. We maintain a one-in-one-out policy for new products whereby we remove a product with the introduction of a new product. We believe this policy enables us to concentrate purchasing from our suppliers, thereby improving our supplier terms and providing us with buying scale to ensure the lowest prices. In addition, a consistent layout across all stores creates a high level of operational efficiency and reduces costs. Our distribution system is fully outsourced to DHL and is based on an incentive system that allows for continuous improvement and efficiency savings, while our strict inventory management policies are focused on reducing the rate of re-stocking without compromising product availability.

Another key element of our business model is our round sum pricing, which we introduced eight years ago. It is a competitive pricing model with a round sum format, providing a clear and simple value proposition with an emphasis on everyday low prices, enabling consumers to understand more consistently the precise cost of their overall basket spend. For financial year 2014, approximately 84% of our SKUs were listed with round sum pricing, up from approximately 29% as of the end of financial year 2005.

In addition, our unique Home Delivery service, offered at a majority of our stores nationwide, allows our customers to buy items in our stores and then have their purchases delivered to their homes, providing free home delivery if an order for over £25 is placed in-store. Furthermore, our online service offers free delivery if an order for over £35 is placed online. This service significantly benefits our customer base as approximately two-thirds of our customers do not own a car and approximately two-thirds of our stores do not have a car park. We believe this is a key differentiating factor compared to other value-focused food retailers and we currently make over 200,000 home deliveries per week at a current average basket of over £50 compared to the our overall average basket of £11.05.

Strong financial performance and proven track record of high cash generation and deleveraging

We have a strong financial track record of growth in sales and profit. Our total sales have grown at a CAGR of 4.6%, from £2,264.9 million for financial year 2010 to £2,710.6 million for financial year 2014. In addition, our total Adjusted EBITDA has grown at a CAGR of 2.4%, from £184.2 million for financial year 2010 to £202.2 million for financial year 2014, with the business consistently generating EBITDA margins greater than 7% over this period. We have also demonstrated like-for-like sales growth over the last five financial years, having outperformed total like-for-like sales in the UK grocery market over the same period.

Combined with our strong profitability track record, we have consistently generated strong free cash flow, with free cash flow equal to or exceeding £151.4 million in the last five financial years, with cash flow conversion averaging 84.8% over the same period, driven by our simple, streamlined business model, structurally negative working capital position and efficient capital expenditure profile benefitting from low ongoing capital expenditure requirements due to upfront investments in our high quality store base. Our robust cash flow generation has subsequently supported strong liquidity and a consistent track record of deleveraging through debt repayments.

Experienced and accomplished management team that retains a significant shareholding within the Group

Our longstanding and accomplished management team is one of the most important factors that has contributed to the success of the Group due to its long track record and depth of expertise. The management team is led by Malcolm Walker, who founded the business in 1970 and, along with CFO Tarsem Dhaliwal and Executive Directors Nigel Broadhurst and Nicholas Canning, has been instrumental in delivering the successful turnaround of the business since 2005.

Our management team retains day to day operating control of the Group and brings a strong vision and direction to the business backed by an in-depth knowledge of the business model, the market and its customers. With a combined ownership stake of 42.9%, the management team has demonstrated its ongoing support and commitment to the long-term development of the business.

Furthermore, our management team retains the ongoing support of the Group's co-investors, as the combination of our private ownership structure and all of our shareholders' vision and direction of the business, enables our management team to react quickly and make incisive decisions for the business against the backdrop of a structurally changing UK food retail market. Our principal shareholders, including our management team, have entered into shareholder lock-up agreements, restricting their ability to transfer their ownership prior to March 2019. See "*Principal shareholders*". This strength and commitment of our management team and co-investors have resulted in our strong financial track record in sales and profitability.

Our strategy

From our base of competitive strengths, we have developed a business strategy that includes the following elements:

Focus on the traditional strengths of the business model taking advantage of the structural changes in the UK food retail market

We will focus on the traditional strengths of our business model to ensure that we are able to continue to compete successfully within the UK food retail market. Our traditional strengths are our focus on frozen food, providing a frozen-led secondary or "top-up" shopping experience in our convenient store locations and our commitment to customer value.

With regards to our focus on frozen food, while only £2.5 billion (approximately 20%) of the £12.4 billion our customers spend on groceries per year is spent at our stores, 35% of the total spend at our stores is within the frozen category compared to a market average of 17%. This demonstrates the level of focus on frozen food among our customers and the fact that these customers choose us in recognition of our value offering, which is a proposition that we will continue to enhance in order to take advantage of the structural shift in consumer behavior towards value.

With regards to our focus on value, we monitor the cost of a combined basket of 180 key items containing frozen, grocery and chilled products, where direct comparison with other UK food retailers demonstrates that the cost of our combined basket of these 180 key items has been consistently less than the Big 4 retailers since May 2013. As a result, we believe that our frozen-led, differentiated value proposition will enable us to continue to grow our market share within both the UK frozen food market and the overall UK food retail market.

Invest in margin to maintain and grow market share and increase price competitiveness

We will continue to invest in margin, whereby we decrease prices in order to gain market share, and implement pricing initiatives in order to maintain and grow market share and offer a compelling and

differentiated value proposition to consumers. This will include price reductions on items such as fresh produce (such as bananas) and key competitive items (such as eggs). Pricing initiatives have already resulted in a significant increase in overall sales of these products measured by both volume and value. For example, a reduction in the price of bananas from £1 to £0.68 in February 2014 resulted in a sales volume increase of 83% and overall sales value increase of 25%, demonstrating the strong consumer response to our investment in margin. Similarly, a reduction in the price of a frozen product from £1 to £0.89 in February 2014 also resulted in a sales volume increase of 30% and overall sales value increase of 15%. Furthermore, we believe that the provision of a greater number of promotions on certain fresh produce and other key items (such as “50p off” and “2 for £2”) as well as additional extra free offers (such as “50% Extra Free”) will continue to complement our round sum pricing policy and further increase sales volumes.

Continue store roll out and offer a wider product range in current store portfolio

We have a strong track record of successfully opening new stores, achieving strong returns and a short average payback period of approximately 1.5 years. We have increased our total store portfolio from 730 stores in financial year 2010 to 844 stores in financial year 2014 (including international stores), representing a CAGR of 3.7%. We opened 43 net new stores in financial year 2014 and expect to open up to 40 new stores in the UK in the current financial year and 25 new stores per year over the next four years. We believe our current distribution network has sufficient excess capacity to service at least another 250-300 new stores within the UK.

The capital required to fund the store roll-out program has historically been funded from internal cash generated within our business. The high standard of initial store fit-out means that we expect limited further maintenance capital expenditure will be required to maintain these stores at the aesthetic standard we strive to uphold.

In addition, within our current store footprint we expect to increase customer spend by offering a larger range of products across selected categories within the confines of our one-in-one-out SKU policy; see “*Our business—Our products*”. The range will include bigger pack sizes within specified categories, and expand into product categories such as healthcare, baby, baking, toiletries and pet food products. Furthermore, we also intend to improve our fresh produce selection with an even more competitive offer, which delivered a meaningful increase in sales in early trials.

Focus on product innovation and new product development

Product innovation is, and will continue to be, a key differentiating factor to our product offer, and is integral in maintaining our competitive position going forward. We intend to increase our innovation in frozen foods in order to drive growth in our private label products. New product development is key to our business and we have launched over 130 new frozen products under the Iceland brand in financial year 2014. In addition, our recently acquired Iceland Manufacturing Limited manufacturing capability allows us to accelerate the rate of product innovation while safeguarding the integrity and improving the quality of our food and protecting our operating profit margins.

Continue to invest in our online service

We already have a successful Home Delivery service for purchases made in store and subsequently delivered to customers’ homes, with free delivery for purchases above £25. Since 2010, Home Delivery has contributed to our sales growth, with Home Delivery sales growing by 56.3% during the financial period from 2010 to 2014, equivalent to a CAGR of over 10%. Rather than using our stores for “top-up” or secondary shopping trips, customers who use our Home Delivery service generally use our stores as their primary food shop, thereby generating higher basket sales for us.

Building on the success of our Home Delivery service, we plan to further invest in our online service, which was launched in May 2013. This service enables customers to order purchases online for next day delivery or delivery within the next six days to locations within an approximate five mile radius from our participating stores, with free delivery for order values over £35. By the end of financial year 2014, 280 of our stores offered online capabilities, representing approximately 34% of the total store base and providing coverage to approximately 50% of the UK population. We intend to further roll out our online service to approximately 600 stores by the end of financial year 2015, providing coverage to approximately 80% of the UK population. We believe that our online service represents a significant advantage over other value-focused competitors who do

not currently offer an online sales platform (such as Aldi, Lidl and Farmfoods) and a natural cost-effective extension of our existing Home Delivery service. Similarly to customers who use Home Delivery, we expect that customers who use our online service will generally use us as their primary food shop, thereby generating higher basket sales as we roll out our online service to a greater number of our stores nationwide (as the current average online order is over £50 in comparison to the company average of £11.05).

Selective, low risk, capital-light approach to international expansion

Our approach to international growth has historically been focused on wholesale supply of our iconic Iceland branded products and on franchise operations, both requiring minimal capital outlay. We believe that the strong local knowledge of our co-investors, the Landmark Group and Brait SE, will enable us to expand our wholesale operations in key target markets, notably in the Middle East and in South Africa / Sub-Saharan Africa respectively, with minimal operating risk. In terms of our franchise operations, we operate through local partners in Spain, Portugal, the Channel Islands and the Isle of Man, and we will continue to look for appropriate franchise partners across new geographies.

We also intend to selectively consolidate and expand our existing international retail footprint. As of March 28, 2014 we operated six ex-franchise stores in the Republic of Ireland acquired in 2013, three stores in the Czech Republic (with negotiation for a fourth store in progress) and two stores in Iceland.

Continue to generate strong cash flows and delever the balance sheet

We believe that the underlying strengths of the Group and the outlined strategic initiatives will leave us well positioned to continue to generate strong free cash flow from our operations, which has historically enabled us to successfully delever the balance sheet and repay £472.8 million of debt since the 2010 financial year. Despite the level of operational and capital investment required to fulfill our strategic initiatives, we believe that our streamlined capital expenditure and favorable negative working capital dynamics will continue to support our strong cash flow profile and enable us to further grow our store base while continuing to delever the balance sheet. As of March 28, 2014, the ratio of our *pro forma* total net debt to Adjusted EBITDA, *pro forma* for the Refinancing, would have been 4.3x. Our strategy is to reduce net leverage to approach 3.0x in the medium term, in line with our historic leverage profile up to the 2012 financial year.

Recent developments, current trading and prospects

Certain statements in this section are forward-looking. They are based upon our expectations and assumptions regarding our strategies and the environment in which we operate, which may prove not to be accurate. Actual results and market developments may differ materially from those described below. See “Forward-looking statements” and “Risk factors” herein for a description of factors that may cause these statements not to materialize.

Since the beginning of the 2015 financial year we have begun implementing our online service, which was available through 280 stores as of March 28, 2014, in additional stores with the aim of achieving coverage of all major population centers in the UK by the year-end. Since the beginning of the 2015 financial year we have opened four new stores in the UK and a seventh store in Ireland.

As of the date of this Offering Memorandum, our internal management reports and preliminary financial data regarding our results for the first three months of the 2015 financial year indicate an increase in turnover of approximately 3% compared to the same period in the prior financial year, which was driven primarily by new store openings. On a like-for-like basis, we experienced negative sales growth year on year, due primarily to weak performance over Easter and the effect of new stores in our network attracting business from existing stores. For the three month period from March to May 2014, total food sales in the UK market fell by approximately 0.2% (source: British Retail Consortium). During this same period, we outperformed the market.

During the first three months of the 2015 financial year, our EBITDA performance was impacted by Easter trading and a slower post Easter sales return.

We expect a year-on-year decrease in like-for-like turnover in the first half of the 2015 financial year, although we expect our full year results will show a slight increase compared to the 2014 financial year. We expect to continue to invest in margin during the 2015 financial year. As a result, we expect our EBITDA and

EBITDA margin to decrease year-on-year compared to the 2014 financial year while we expect cash conversion as a percentage of EBITDA to remain consistent with our historic average. Consequently, we do not expect an increase in our outstanding debt in the 2015 financial year. We expect our capital expenditure in the 2015 financial year will be approximately £30 million (primarily for investing in new stores and refurbishing existing stores) and we expect our capital expenditure in new stores to lead to further turnover and EBITDA growth.

The preliminary information for the first three months of the 2015 financial year presented in the preceding paragraphs has been prepared by, and is the responsibility of our management, and is based solely on preliminary internal information used by management, and our unaudited interim condensed consolidated financial statements as of and for the three months ended June 20, 2014 have not been completed. Because this information is preliminary, it could change and the preliminary results for the three months ended June 20, 2014 may not be indicative of any other period. See “*Forward-looking statements*”. Grant Thornton UK LLP has not audited, reviewed, compiled or performed any procedures with respect to this preliminary management information. Accordingly, Grant Thornton UK LLP does not express an opinion or any other form of assurance with respect thereto.

The Refinancing

The following table describes the anticipated sources and uses of financing for the Refinancing. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimate of fees and expenses.

| <u>Sources</u> | <u>(£ millions)</u> | <u>Uses</u> | <u>(£ millions)</u> |
|----------------------------|-----------------------|--|-----------------------|
| Notes offered hereby | 950.0 | Refinance Existing Term Loans ⁽¹⁾ | 715.3 |
| Cash on hand | 77.2 | Pay mark-to-market on foreign exchange swaps ⁽²⁾ | 12.1 |
| | | Pay mark-to-market on interest rate swaps ⁽³⁾ | 4.3 |
| | | Refinance Vendor Loan Note | 275.5 |
| | | Estimated fees and expenses ⁽⁴⁾ | 20.0 |
| Total Sources | <u>1,027.2</u> | Total Uses | <u>1,027.2</u> |

(1) We estimate that on the Issue Date, the aggregate principal amount under our existing Term Loan A, Term Loan B1 and Term Loan B2 to be repaid is £715.3 million, excluding accrued and unpaid interest. We expect the accrued and unpaid interest will amount to approximately £1.5 million assuming an Issue Date of July 17, 2014.

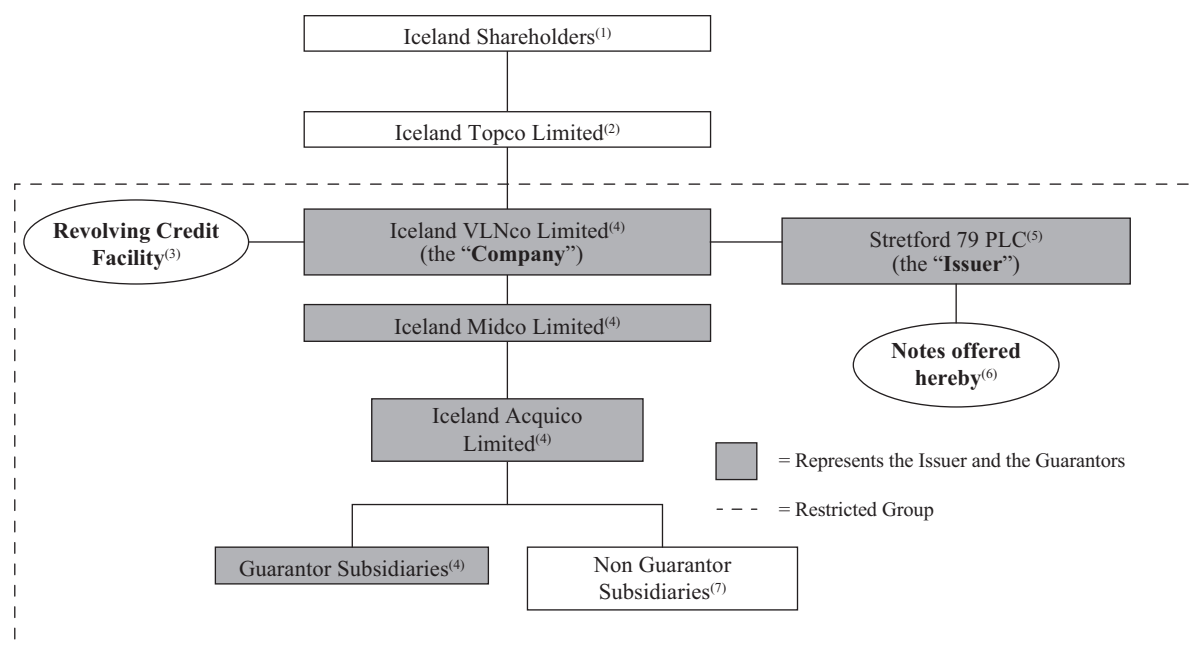
(2) Represents the mark-to-market value of the foreign exchange swap on the Euro-denominated Term Loan B2 on March 28, 2014. As of July 10, 2014, the mark-to-market value of this swap was approximately £19.4 million.

(3) Represents the mark-to-market value of the interest rate swaps on March 28, 2014. As of July 10, 2014, the mark-to-market value of these swaps was approximately £4.0 million.

(4) Represents estimated fees and expenses incurred in connection with the Refinancing, including underwriting fees and commissions, financial advisory costs, other transaction costs and professional fees.

Summary corporate and financing structure

The following diagram shows our simplified overview of the corporate and financing structure of the Group, giving effect to the Refinancing. For a summary of the debt obligations referenced in this diagram, please see “*Description of Senior Secured Notes*” and “*Description of certain financing arrangements*”.



(1) For a description of our shareholders, see “*Principal shareholders*”.

(2) In this Offering Memorandum, we present the consolidated annual financial statements of Iceland Topco Limited for the 2013 and 2014 financial years. Iceland Topco Limited is not a member of the restricted group (the “**Restricted Group**”) subject to the covenants under the Indenture, which comprise the Issuer, the Company, and the Company’s restricted subsidiaries, and will not guarantee the Notes. The only material assets of Iceland Topco Limited are its equity ownership in the Company. References to the “**Group**” are to Iceland Topco Limited and its subsidiaries unless the context requires otherwise.

(3) The Revolving Credit Facility will provide for up to £30 million of committed financing (and up to an additional £20 million of uncommitted financing). We expect to enter the Revolving Credit Facility on or prior to the Issue Date. See “*Description of certain financing arrangements—Revolving Credit Facility*”. We anticipate that the Revolving Credit Facility will be undrawn as of the Issue Date.

(4) As of and for the 52-week period ended March 28, 2014, the Issuer and the Guarantors together represented 100% of our Adjusted EBITDA, 100% of our consolidated turnover and 92% of our consolidated assets.

(5) The Issuer is a public limited company incorporated under the laws of England and Wales created for purposes of this Offering and is a wholly-owned finance subsidiary of the Company. Upon receipt of the proceeds from the Refinancing on the Issue Date, the Issuer will extend one or more inter-company loans to Iceland Foods Limited in an amount equal to the proceeds of the Notes (the “**Proceeds Loans**”). See “*Description of Senior Secured Notes—The Proceeds Loans*”. The rights of the Issuer in the Proceeds Loans will be assigned to the Security Agent and comprise part of the Collateral. The Issuer has no significant assets other than, following the Offering, the Proceeds Loans. The Issuer has no business other than the issuance of the Notes.

(6) The obligations of the Issuer and the Guarantors under the Notes, the Indenture, certain *pari passu* additional indebtedness, the Revolving Credit Facility (or any replacement facility) and certain hedging obligations will be secured by fixed and floating charges and other security interests over substantially all of the material property and assets of the Issuer and the Guarantors subject to certain exceptions as described under “*Description of Senior Secured Notes—Security*”. Pursuant to the terms of the Intercreditor Agreement, obligations under the Revolving Credit Facility (or any replacement facility) and certain hedging obligations that are permitted to be secured by the Collateral will receive priority with respect to any proceeds received upon any enforcement action over any Collateral. Any proceeds remaining after all such obligations have been repaid and discharged will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other *pari passu* indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Revolving Credit Facility, the Notes, the Indenture and the Intercreditor Agreement.

(7) As of March 28, 2014, after giving effect to the Refinancing, the Company’s subsidiaries that will not guarantee the Notes would not have had any third-party debt outstanding.

The Offering

The following is a brief summary of certain terms of the Offering. It is not intended to be complete and is subject to important limitations and exceptions. Accordingly, it may not contain all the information that is important to you. For a more complete description of the terms of the Notes, including certain definitions of terms used in this summary, see “Description of Senior Secured Notes” and “Description of certain financing arrangements”.

| | |
|-------------------------------------|---|
| Issuer | Stretford 79 plc. |
| Notes offered | £350,000,000 aggregate principal amount of Senior Secured Notes due 2020 (the “ Floating Rate Notes ”). £400,000,000 aggregate principal amount of 6.250% Senior Secured Notes due 2021 (the “ 2021 Fixed Rate Notes ”). £200,000,000 aggregate principal amount of 6.750% Senior Secured Notes due 2024 (the “ 2024 Fixed Rate Notes ”, and together with the 2021 Fixed Rate Notes, the “ Fixed Rate Notes ”, and together with the Floating Rate Notes, the “ Notes ”). |
| Issue date | July 17, 2014 (the “ Issue Date ”). |
| Issue price | The issue price for the Floating Rate Notes is 100.000% (plus accrued and unpaid interest from the Issue Date). The issue price for the 2021 Fixed Rate Notes is 100.000% (plus accrued and unpaid interest from the Issue Date). The issue price for the 2024 Fixed Rate Notes is 100.000% (plus accrued and unpaid interest from the Issue Date). |
| Maturity date | The Floating Rate Notes will mature on July 15, 2020. The 2021 Fixed Rate Notes will mature on July 15, 2021. The 2024 Fixed Rate Notes will mature on July 15, 2024. |
| Interest rates | The Floating Rate Notes will bear interest at a rate per annum equal to the three-month LIBOR plus 4.250% as determined by the Calculation Agent. The interest rate on the Floating Rate Notes for each subsequent interest period will be reset quarterly on each interest payment date. The floating interest rate will be determined quarterly on the first day of the applicable Interest Period, except that the initial interest determination date will be July 17, 2014. The interest rate of the 2021 Notes will be 6.250% per annum. The interest rate of the 2024 Notes will be 6.750% per annum. |
| Interest payment dates | Interest on the Notes will accrue from July 17, 2014. Interest on the Floating Rate Notes will payable quarterly in arrears on each January 15, April 15, July 15 and October 15 of each year, commencing on October 15, 2014. Interest on the Fixed Rate Notes will be paid semi-annually in arrears on each April 15 and October 15, commencing on October 15, 2014. |
| Form of denomination | The Issuer will issue the Notes in global form in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. |

Ranking of the Notes The Notes:

- will be a general obligation of the Issuer;
- will be secured by first-priority liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations that are entitled to receive such proceeds on a super priority basis, including lenders under the Revolving Credit Facility and counterparties to certain hedging obligations, have been paid in full;
- will be *pari passu* in right of payment with all existing and future debt of the Issuer that is not expressly subordinated to the Notes, including debt under the Revolving Credit Facility;
- will be senior in right of payment to any and all future obligations of the Issuer that are expressly subordinated in right of payment to the Notes, if any;
- will be unconditionally guaranteed by the Guarantors to the extent that the guarantee of such liabilities does not breach any provision of English law applicable to companies generally;
- will be effectively subordinated to the Issuer’s existing and future secured debt that is secured by property or assets that do not secure the Notes, to the extent of the value of such property and assets securing such debt; and
- will be structurally subordinated to all obligations of the Issuer’s subsidiaries that are not Guarantors.

Guarantors On the Issue Date, the Notes will be unconditionally (subject to the exceptions set out herein) guaranteed on a senior secured basis by the Company, Iceland Midco Limited, Iceland Acquico Limited, Iceland Foods Group Limited, Bejam Group Limited and Iceland Foods Limited (each, a “**Guarantor**”).

Guarantees As of and for the 52-week period ended March 28, 2014, the Issuer and the Guarantors together represented 100% of our Adjusted EBITDA, 100% of our consolidated turnover and 92% of our consolidated assets.

As of March 28, 2014, after giving effect to the Refinancing, our subsidiaries that will not guarantee the Notes (the “**Non-Guarantors**”) would not have had any third-party debt outstanding.

The Guarantees will be subject to contractual and legal limitations under relevant local law and may be released under certain circumstances. See “*Risk factors—Risks related to the Notes and the Note Guarantees—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*” and “*Description of Senior Secured Notes—Senior Secured Note Guarantees—Releases of Senior Secured Note Guarantees*”.

Ranking of the Guarantees The Guarantee of each Guarantor:

- will be a general obligation of that Guarantor;
- will be secured by first priority liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations that are entitled to receive such

proceeds on a super priority basis, including lenders under the Revolving Credit Facility and counterparties to certain hedging obligations, have been paid in full;

- will be *pari passu* in right of payment with all existing and future senior debt of such Guarantor that is not expressly subordinated in right of payment to its Guarantee, including its obligations under the Revolving Credit Facility;
- will be senior to all future debt of such Guarantor, if any, that is expressly subordinated in right of payment to its Guarantee;
- will be effectively subordinated to such Guarantor’s existing and future secured debt that is secured by property or assets that do not secure its Guarantee to the extent of the value of such property and assets securing such debt; and
- will be structurally subordinated to all existing and future debt of any Guarantor’s subsidiaries that do not guarantee the Notes.
- The Guarantees will be subject to the terms of the Intercreditor Agreement and certain restrictions on enforcement of Collateral. See “*Description of certain financing arrangements—Intercreditor Agreement*”.

The Guarantees will be subject to release under certain circumstances. See “*Description of Senior Secured Notes—Senior Secured Note Guarantees—Releases of Senior Secured Note Guarantees*”.

Collateral Subject to the terms of the Security Documents and Intercreditor Agreement, the Notes, the Indenture and the Guarantees will be secured by first-ranking liens over certain Collateral, including without limitation:

- the shares of the Issuer and the initial Guarantors (other than the Company);
- certain bank accounts of the Issuer and the initial Guarantors;
- certain fixed and current assets of the Issuer and the initial Guarantors;
- certain material real property of the Issuer and the initial Guarantors;
- receivables in respect of the Issuer and certain initial Guarantors (including in certain cases, assignment of rights under certain material contracts and insurance policies); and
- certain intellectual property of the Issuer and the initial Guarantors.

Pursuant to the terms of the Intercreditor Agreement, obligations under the Revolving Credit Facility (or any replacement facility) and certain hedging obligations that are permitted to be secured by the Collateral will receive priority with respect to any proceeds of enforcement received upon any enforcement action over any Collateral.

The Collateral will be subject to release under certain circumstances. See “*Description of Senior Secured Notes—Security—Release of Collateral*”.

Optional Redemption

Floating Rate Notes At any time prior to July 15, 2015, the Issuer may on any one or more occasions redeem all or a part of the Floating Rate Notes at a

redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed, plus the Applicable Premium as set forth in “*Description of Senior Secured Notes—Optional Redemption*” plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

On or after July 15, 2015, the Issuer may on any one or more occasions redeem all or a part of the Floating Rate Notes at the redemption prices set forth in “*Description of Senior Secured Notes—Optional Redemption*” plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

2021 Fixed Rate Notes At any time prior to July 15, 2017, the Issuer may on any one or more occasions redeem all or a part of the 2021 Fixed Rate Notes at a redemption price equal to 100% of the principal amount of the 2021 Fixed Rate Notes redeemed, plus the Applicable Premium as set forth in “*Description of Senior Secured Notes—Optional Redemption*” plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

On or after July 15, 2017, the Issuer may on any one or more occasions redeem all or a part of the 2021 Fixed Rate Notes at the redemption prices set forth in “*Description of Senior Secured Notes—Optional Redemption*” plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

Prior to July 15, 2017, the Issuer may redeem during each 12-month period commencing with the Issue Date up to 10% of the aggregate principal amount of the 2021 Fixed Rate Notes outstanding at a redemption price equal to 103% of the principal amount of the 2021 Fixed Rate Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

At any time prior to July 15, 2017, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of 2021 Fixed Rate Notes using the net proceeds from certain equity offerings at a redemption price equal to 106.250% of the principal amount of the 2021 Fixed Rate Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption, provided that at least 65% of the aggregate principal amount of the 2021 Fixed Rate Notes originally issued under the Indenture remains outstanding after redemption. See “*Description of Senior Secured Notes—Optional Redemption*”.

2024 Fixed Rate Notes At any time prior to July 15, 2019, the Issuer may on any one or more occasions redeem all or a part of the 2024 Fixed Rate Notes at a redemption price equal to 100% of the principal amount of the 2024 Fixed Rate Notes redeemed, plus the Applicable Premium as set forth in “*Description of Senior Secured Notes—Optional Redemption*” plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

On or after July 15, 2019, the Issuer may on any one or more occasions redeem all or a part of the 2024 Fixed Rate Notes at the redemption prices set forth in “*Description of Senior Secured Notes—Optional Redemption*” plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

Prior to July 15, 2019, the Issuer may redeem during each 12-month period commencing with the Issue Date up to 10% of the aggregate

principal amount of the 2024 Fixed Rate Notes outstanding at a redemption price equal to 103% of the principal amount of the 2024 Fixed Rate Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

At any time prior to July 15, 2017, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of 2024 Fixed Rate Notes using the net proceeds from certain equity offerings at a redemption price equal to 106.750% of the principal amount of the 2024 Fixed Rate Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption, provided that at least 65% of the aggregate principal amount of the 2024 Fixed Rate Notes originally issued under the Indenture remains outstanding after redemption. See “*Description of Senior Secured Notes—Optional Redemption*”.

Optional Redemption for tax

reasons In the event of certain changes in the law of any relevant tax jurisdiction that would require the payment of additional amounts on the Notes, the Issuer may upon proper notice redeem the Notes in whole, but not in part, at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date fixed by the Issuer for redemption. See “*Description of Senior Secured Notes—Redemption for Changes in Taxes*”.

Additional amounts All payments made by or on behalf of the Issuer under or with respect to the Notes or by or on behalf of any Guarantor with respect to any Guarantee will be made free and clear of and without withholding or deduction for, or on account of, taxes unless required by law. If withholding or deduction for, or on account of, such taxes is required to be made in any relevant tax jurisdiction under or with respect to a payment under the Notes or any Guarantee, subject to certain exceptions, the Issuer or the relevant Guarantor will pay the additional amounts necessary so that the net amount received after the withholding or deduction equals the amount that would have been received in the absence of the withholding or deduction. See “*Description of Senior Secured Notes—Additional Amounts*”.

Change of Control Upon the occurrence of certain change of control events, the Issuer will be required to offer to repurchase the Notes at a purchase price equal to 101% of the aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. See “*Description of Senior Secured Notes—Repurchase at the Option of Holders—Change of Control*”.

Certain Covenants The Indenture will limit, among other things, the ability of the Company and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue preferred stock;
- make restricted payments, including dividends or other distributions;
- make certain investments;
- sell, lease or transfer certain assets;
- merge or consolidate with other entities, or make certain asset sales;
- enter into certain transactions with affiliates;

- create or incur certain liens;
- restrict the Company’s restricted subsidiaries’ ability to pay dividends or make other payments to the Company or a restricted subsidiary; and
- impair the security interests on the Collateral.

Each of the covenants is subject to a number of important exceptions and qualifications. See “*Description of Senior Secured Notes—Certain Covenants*”.

Transfer Restrictions The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes and the Guarantees are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See “*Transfer restrictions*”.

Use of proceeds The Issuer will use the proceeds from the sale of the Notes, together with cash on hand, to prepay existing indebtedness under the Existing Term Loans, refinance the Vendor Loan Note, pay the mark-to-market amount on foreign exchange swaps and interest rate swaps and pay fees and expenses related to the Refinancing. See “*Use of proceeds*”.

No prior market The Notes will be new securities for which there is no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and may discontinue market making at any time without notice. Accordingly, we cannot assure you that an active trading market for the Notes will develop or be maintained. See “*Risk factors—Risks related to the Notes and the Notes Guarantees—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.*”

Listing and trading Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF Market.

Luxembourg Listing Agent Banque Internationale à Luxembourg SA.

Principal Paying Agent, Calculation Agent, Registrar and Transfer Agent

Agent Citibank, N.A., London Branch.

Trustee Citibank, N.A., London Branch.

Security Agent HSBC Corporate Trustee Company (UK) Limited.

Governing Law The Indenture, the Notes and the Guarantees will be governed by New York law.

The Intercreditor Agreement is governed by the laws of England and Wales. The Security Documents will be governed by the laws of England and Wales.

Risk factors Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum, and, in particular, you should evaluate the specific risk factors set forth in the “*Risk factors*” section in this Offering Memorandum before making a decision whether to invest in the Notes.

Summary historical consolidated financial information

The following tables present our summary historical consolidated financial information and should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this Offering Memorandum and the sections entitled “Presentation of financial and other information”, “Capitalization” and “Management’s discussion and analysis of financial condition and results of operations”.

The Issuer was incorporated as a public limited company under the laws of England and Wales on June 12, 2014. We do not present historical financial information for the Issuer herein as the Issuer was newly formed for the purposes of this Offering and therefore does not have any substantial operating history.

The summary consolidated income statement, balance sheet and cash flow statement set forth below as of and for the 53-week period ended March 31, 2012 were derived from the audited consolidated financial statements of Iceland Foods Group Limited and the summary consolidated income statement, balance sheet and cash flow statement set forth below as of and for each of the 52-week period ended March 29, 2013 and the 52-week period ended March 28, 2014 were derived from the our audited consolidated financial statements of Iceland Topco Limited, in each case prepared in accordance with UK GAAP and included elsewhere in this Offering Memorandum. The summary consolidated income statement, balance sheet and cash flow statement set forth below as of and for each of the 52-week period ended March 26, 2010 and the 52-week period ended March 25, 2011 were derived from the audited consolidated financial statements of Iceland Foods Group Limited, prepared in accordance with UK GAAP, and are not included in this Offering Memorandum.

This Offering Memorandum also includes unaudited condensed consolidated pro forma financial data which have been adjusted to reflect certain effects of the Refinancing on our balance sheet and income statement as of and for the 52-week period ended March 28, 2014.

The financial information below includes certain non-UK GAAP measures that we use to evaluate our economic and financial performance. These measures are not identified as accounting measures under UK GAAP and therefore should not be considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with UK GAAP or those calculated using financial measures that are prepared in accordance with UK GAAP. See “Presentation of financial and other information”.

We use certain key operating measures to track the financial and operating performance of our business. None of these terms are measures of financial performance under UK GAAP, nor have these measures been audited, reviewed or verified by an auditor, consultant or expert. These numbers are not derived from our internal financial systems or management accounts, but from our non-financial operating systems. As they are defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

Summary consolidated income statement

| (in £ millions) | 52-week period ended March 26, | 52-week period ended March 25, | 53-week period ended March 30, | 52-week period ended March 29, | 52-week period ended March 28, |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Turnover | 2,264.9 | 2,388.4 | 2,613.7 | 2,639.5 | 2,710.6 |
| Cost of sales | (2,038.5) | (2,146.7) | (2,334.0) | (2,367.8) | (2,455.6) |
| Gross profit | 226.3 | 241.7 | 279.6 | 271.7 | 255.0 |
| Administrative expenses before exceptional items | (98.5) | (111.8) | (118.0) | (163.3) | (174.7) |
| Exceptional administrative expenses | (5.1) | — | (17.6) | — | (8.0) |
| Discontinued operations | (1.2) | — | — | — | — |
| Administrative expenses | (104.9) | (111.8) | (135.6) | (163.3) | (182.7) |
| Operating profit | 121.4 | 129.8 | 144.1 | 108.4 | 72.3 |
| Profit on disposal of fixed assets | 1.1 | — | 2.8 | 0.4 | — |
| Profit on disposal of a business | 1.2 | — | — | 3.1 | — |
| Profit on ordinary activities before interest and taxation | 123.8 | 129.8 | 146.7 | 111.9 | 72.3 |
| Interest receivable and similar income | 0.9 | 0.5 | 1.1 | 2.1 | 7.0 |
| Interest payable and similar charges | (14.6) | (1.0) | (0.4) | (70.0) | (55.8) |
| Profit on ordinary activities before taxation | 110.1 | 129.3 | 147.5 | 44.0 | 23.5 |
| Taxation on profit on ordinary activities | (40.4) | (47.6) | (51.9) | (28.1) | (19.8) |
| Profit for the financial period | 69.7 | 81.7 | 95.6 | 15.9 | 3.7 |

Summary consolidated balance sheet (selected line items)

| (in £ millions) | As of | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | March 26 | March 25 | March 30, | March 29, | March 28, |
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Cash at bank and in hand | 52.8 | 67.3 | 85.1 | 127.5 | 152.1 |
| Total fixed assets | 609.7 | 576.2 | 543.9 | 1,589.8 | 1,520.6 |
| Total current assets | 199.7 | 242.9 | 279.0 | 300.1 | 354.5 |
| Creditors: amounts falling due within one year | (385.6) | (415.5) | (399.9) | (421.0) | (460.8) |
| Net current liabilities | (185.9) | (172.6) | (120.9) | (120.9) | (106.3) |
| Total assets less current liabilities | 423.8 | 403.6 | 423.0 | 1,468.9 | 1,414.3 |
| Creditors: amounts falling due after more than one year | (1.0) | (0.7) | (0.4) | (1,008.7) | (957.0) |
| Provisions for liabilities | (16.0) | (14.4) | (27.5) | (25.5) | (18.9) |
| Net assets | 406.8 | 388.6 | 395.1 | 434.7 | 438.4 |
| Total shareholders' funds | 406.8 | 388.6 | 395.1 | 434.7 | 438.4 |

Consolidated statement of cash flows (selected line items)

| (in £ millions) | 52-week period ended March 26, | 52-week period ended March 25, | 53-week period ended March 30, | 52-week period ended March 29, | 52-week period ended March 28, |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Net cash inflow from operating activities | 193.9 | 190.7 | 235.9 | 240.1 | 196.1 |
| Returns on investments and servicing of finance | (14.1) | (0.3) | 0.6 | (53.4) | (33.4) |
| Taxation | (39.6) | (41.8) | (46.0) | (34.3) | (26.3) |
| Capital expenditure and financial investment | (52.9) | (23.9) | (22.2) | (35.3) | (45.2) |
| Acquisitions and disposals | (1.1) | — | — | 2.1 | (5.0) |
| Cash inflow/(outflow) before financing | 86.2 | 124.8 | 168.2 | 119.1 | 86.2 |
| Net debt repayments ⁽¹⁾ | (270.4) | (10.0) | (50.0) | (82.2) | (60.0) |
| Other financing | (0.3) | (0.3) | (0.3) | (2.2) | (1.6) |

(1) During the financial period from 2010 to 2014, our debt repayment consisted entirely of voluntary prepayments of debt. Our voluntary prepayments in the financial years 2010, 2011, 2012, 2013 and 2014 were £330.3 million, £60.0 million, £100.0 million, £82.5 million and £60.0 million respectively. The amounts shown reflect principal only.

Other summary business data

| (in £ millions, except for ratios and number of stores) | As of and for the | | | | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 52-week period ended March 26, | 52-week period ended March 25, | 53-week period ended March 30, | 52-week period ended March 29, | 52-week period ended March 28, |
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Number of stores | 730 | 742 | 758 | 793 | 844 |
| Store and distribution center rent | (64.7) | (69.6) | (71.6) | (71.2) | (72.2) |
| Percentage turnover growth ⁽¹⁾ | 9.0% | 5.4% | 7.2% | 4.1% | 3.8% |
| Like-for-like sales growth | 4.3% | 2.1% | 6.0% | 1.1% | — |

(1) Percentage turnover growth is calculated on a continuous basis (for example, turnover from Cooltrader has been excluded as the business was disposed part way through financial year 2013). Percentage turnover growth for financial year 2012 has been restated to eliminate the impact of the additional trading week.

Other summary financial data

| (in £ millions, except for ratios and number of stores) | As of and for the | | | | |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 52-week period ended March 26, | 52-week period ended March 25, | 53-week period ended March 30, | 52-week period ended March 29, | 52-week period ended March 28, |
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Profit for the financial period | 69.7 | 81.7 | 95.6 | 15.9 | 3.7 |
| Adjusted EBITDA⁽¹⁾ | 184.2 | 187.9 | 230.2 | 226.3 | 202.2 |
| Adjusted EBITDA margin ⁽²⁾ | 8.1% | 7.9% | 8.8% | 8.6% | 7.5% |
| Capital expenditure—new store capital expenditure | 41.1 | 7.7 | 8.3 | 17.7 | 25.6 |
| Free cash flow ⁽³⁾ | 146.4 | 168.3 | 215.3 | 198.0 | 151.4 |
| Free cash flow conversion ⁽⁴⁾ | 79.5% | 89.6% | 93.5% | 87.5% | 74.9% |
| <i>Pro forma</i> cash interest expense ⁽⁵⁾ | | | | | 55.4 |
| <i>Pro forma</i> total debt ⁽⁶⁾ | | | | | 950.0 |
| <i>Pro forma</i> total net debt ⁽⁷⁾ | | | | | 875.1 |
| Adjusted EBITDA / <i>pro forma</i> cash interest expense⁽¹⁾⁽⁵⁾ | | | | | 3.6x |
| <i>Pro forma</i> total net debt / Adjusted EBITDA⁽¹⁾⁽⁷⁾ | | | | | 4.3x |
| Free cash flow / <i>pro forma</i> total net debt⁽³⁾⁽⁷⁾ | | | | | 17.3% |

(1) We present Adjusted EBITDA as a further supplemental measure of our operating performance. Adjusted EBITDA represents EBITDA as adjusted for costs that are considered by management to be non-recurring in nature and other non-cash and unusual items, as management believes that such costs are not reflective of the on-going performance of our business. We believe Adjusted EBITDA is a relevant measure for assessing and measuring the recurring operating performance of our business. Accordingly, this information has been disclosed in this Offering Memorandum to permit a more complete and comprehensive analysis of our operating performance. Other companies may calculate Adjusted EBITDA differently than we do. Adjusted EBITDA is not a measurement of financial performance under UK GAAP and is not audited and should not be considered as a measure of liquidity or an alternative to operating profit for the year or any other performance measure derived in accordance with UK GAAP. See “*Presentation of financial and other information*”.

The following table sets forth a reconciliation of Adjusted EBITDA to profit on ordinary activities before interest and taxation for the 52-week period ended March 26, 2010, the 52-week period ended March 25, 2011, the 53-week period ended March 30, 2012, the 52-week period ended March 29, 2013 and the 52-week period ended March 28, 2014:

| (in £ millions) | 52-week period ended March 26, <u>2010</u> | 52-week period ended March 25, <u>2011</u> | 53-week period ended March 30, <u>2012</u> | 52-week period ended March 29, <u>2013</u> | 52-week period ended March 28, <u>2014</u> |
|---|---|---|---|---|---|
| Profit on ordinary activities before interest and taxation | 123.8 | 129.8 | 146.7 | 111.9 | 72.3 |
| Amortization of goodwill | 25.5 | 25.5 | 25.5 | 75.9 | 75.0 |
| Impairment of goodwill ⁽ⁱ⁾ | — | — | — | — | 3.3 |
| Amortization of loan fees | 1.3 | 0.6 | 0.3 | 7.7 | 8.2 |
| Depreciation | 30.0 | 31.9 | 31.7 | 34.2 | 38.8 |
| EBITDA | 180.6 | 187.9 | 204.3 | 229.7 | 197.6 |
| Write off of loan fees | 5.1 | — | — | — | — |
| Exceptional administrative expenses ⁽ⁱⁱ⁾ | — | — | 17.6 | — | 4.7 |
| Cost of share based payments ⁽ⁱⁱⁱ⁾ | — | — | 11.0 | — | — |
| One-off property income ^(iv) | — | — | (2.8) | — | — |
| Share of operating loss in associates | (0.3) | — | 0.1 | — | — |
| Profit on disposal of fixed assets | (1.1) | — | — | (0.4) | — |
| Profit on disposal of a business ^(v) | — | — | — | (3.0) | — |
| Adjusted EBITDA | 184.2 | 187.9 | 230.2 | 226.3 | 202.2 |

- (i) Impairment of goodwill related to the acquisition of our franchise business in the Republic of Ireland. No further investments are planned.
- (ii) Exceptional administrative expenses incurred in the 2012 financial year related to the restructuring of the business following the management buyout in March 2012. The exceptional administrative expenses incurred in the 2014 financial year relate to international expansion costs, specifically the refurbishment and configuration of ex-franchise stores acquired in the Republic of Ireland, to be legally compliant and bringing them up to the standards of our UK stores.
- (iii) The share based payments were made in conjunction with the management buyout in March 2012.
- (iv) The one-off property income related to the sale of freehold property. There are no plans to sell any of the remaining freehold properties held by the Group.
- (v) The profit on disposal of a business related to the sale of the Cooltrader assets and trade. No further rationalization of the group is planned.

(2) Adjusted EBITDA margin is Adjusted EBITDA divided by turnover.

(3) Free cash flow is Adjusted EBITDA less movements in working capital and gross capital expenditure.

The following table sets forth a reconciliation of Adjusted EBITDA to free cash flow for the periods indicated:

| (in £ millions) | 52-week period ended March 26, <u>2010</u> | 52-week period ended March 25, <u>2011</u> | 53-week period ended March 30, <u>2012</u> | 52-week period ended March 29, <u>2013</u> | 52-week period ended March 28, <u>2014</u> |
|--------------------------------------|---|---|---|---|---|
| Adjusted EBITDA | 184.2 | 187.9 | 230.2 | 226.3 | 202.2 |
| Changes in working Capital | 17.6 | 4.5 | 10.4 | 23.8 | (1.8) |
| Capital expenditure | (52.9) | (23.9) | (22.2) | (35.3) | (45.2) |
| Add back: Acquisition ⁽ⁱ⁾ | — | — | — | (15.6) | — |
| Add back: Disposals ⁽ⁱⁱ⁾ | (2.5) | (0.2) | (3.1) | (1.1) | (3.8) |
| Free cash flow | 146.4 | 168.3 | 215.3 | 198.0 | 151.4 |

(i) Acquisition related to the acquisition of Iceland Manufacturing Limited.

(ii) Disposals in the 2010 and 2012 financial years related predominantly to compulsory order purchases. Disposals in the 2014 financial year related to profit on disposal of a plane and a helicopter.

(4) Free cash flow conversion is the ratio of free cash flow to Adjusted EBITDA.

(5) *Pro forma* cash interest expense reflects the estimated interest expense on the Notes for the 52-week period ended March 28, 2014 as if the Refinancing had occurred on April 1, 2013, based on the coupon of the Notes, assuming with respect to the Floating Rate Notes, a constant LIBOR rate for the 52-week period ended March 28, 2014 based on the current spot three-month LIBOR rate, plus the commitment fees relating to our Revolving Credit Facility, which will be undrawn on the Issue Date. As adjusted total cash interest expense excludes charges related to allocated debt issuance costs and hedging costs. *Pro forma* cash interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Refinancing occurred on the date assumed, nor does it purport to project our interest expense for any future period or our financial condition at any future date. Each 0.125% change in interest rates set forth above and applicable to floating rate debt would change the applicable annual *pro forma* cash interest expense by £1.2 million.

- (6) *Pro forma* total debt represents indebtedness as of March 28, 2014, after giving effect to the Refinancing as if the Refinancing had occurred on March 28, 2014. See “*Capitalization*”.
- (7) *Pro forma* total net debt is as adjusted total debt minus cash and cash equivalents. See “*Capitalization*”.

Financial year 2013—2014 Adjusted EBITDA bridge

(in £ millions)

| | |
|--|--------------|
| Financial year 2013 Adjusted EBITDA | 226.3 |
| Investments in international ⁽¹⁾ | (7.5) |
| Investments in delivered sales (including online) ⁽²⁾ | (7.1) |
| Sales ⁽³⁾ | 11.6 |
| Margin investment ⁽⁴⁾ | (5.0) |
| Annual pay award to store staff ⁽⁵⁾ | (5.6) |
| Increase in utility costs (mainly taxes) ⁽⁶⁾ | (4.0) |
| Other overheads ⁽⁷⁾ | <u>(6.5)</u> |
| Financial year 2014 Adjusted EBITDA | 202.2 |

- (1) Investments in international include the acquisition of our six franchise stores in Ireland, the set up and development costs associated with our business in the Czech Republic, South Africa and the Middle East (including the opening of two new stores in the Czech Republic), along with reduced sales to our franchise business in Spain.
- (2) Investments in delivered sales primarily consist of investment in our online service, which was launched in May 2013. The investments include IT and development costs of the website, additional in-store picking costs and delivery costs and on-going transaction costs.
- (3) Sales represent the EBITDA increase due to the increase in year-on-year sales from the 2013 financial year to the 2014 financial year.
- (4) Margin investment represents the EBITDA impact of our investment in margin.
- (5) Annual pay award to store staff represents a 2% pay increase awarded to our front line store staff and junior head office staff.
- (6) Increase in utility costs represents the increase in electricity costs year-on-year, the majority of which are driven by new stores and an increase in government levies.
- (7) Other overheads include marketing, IT and general store costs.

Risk factors

An investment in the Notes involves a high degree of risk. In addition to the other information contained in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Notes. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. The order in which the risk factors are presented does not necessarily reflect the likelihood of their occurrence or the magnitude or significance of the individual risk factors. If any of the possible events described below occurs, our business, financial condition or results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

Risks related to our business

The market for our products is highly competitive, and we may not continue to compete effectively.

We believe the UK food retail market is undergoing a period of significant structural change, characterized by aggressive pricing on the part of discount grocers followed by reaction from the Big 4. For example, certain retailers have prioritized market share growth at the expense of profitability and EBITDA margin. This has resulted in substantial pressure on profit and EBITDA margins across the industry, which has led to intense short-term promotional activity, particularly through coupons and selective price cuts across the industry.

In particular, the market for frozen food is highly competitive. Our competitors include not only distributors, retailers and, to a lesser extent, large manufacturers of frozen food, but also distributors and retailers of fresh products, baked goods and chilled, ready-made meals. These other competitors include generalist grocers, supermarket chains, hard discounters, specialists (including home delivery distributors) and convenience stores. Our competitors generally compete with us on the basis of location, quality of products, service, price, product variety, brand reputation and store condition. While we believe that we have developed a unique position in the UK frozen food market, as both a developer and distributor of premium quality, competitively priced frozen food products, there can be no assurance that we can successfully compete with these companies or that new competitors will not enter the industry.

In addition, in recent years, new frozen food entrants such as generalist grocers and supermarkets have begun offering lines of frozen food products that are similar to our own, which has resulted in increased competition. Further, some of our competitors from both the discount grocer and generalist grocer segments have substantially greater financial, marketing and other resources than our own, and may be able to invest more aggressively in margin and advertising than we can. These competitive pressures could cause us to lose market share and may require us to lower prices, increase capital, marketing and advertising expenditures or increase the use of discounting or promotional campaigns. This may also restrict our ability to increase prices, including in response to commodity and other cost increases. Further, our competitors may begin to offer, or enhance their provision of, home delivery services similar to ours, which may cause our consumers to switch to our competitors, reduce the frequency with which they shop with us or reduce the size of their purchases with us.

As a result of this competition and continued investment in our proposition through expansion of our online service and reinforcement of our value position, we expect further profit and EBITDA margin dilution in order to remain competitive. See “*Our business—Our strategy*”. Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to economic and other trends that could adversely impact our operations in the UK.

We conduct our operations principally in the UK, and the expansion of our network of stores is an integral part of our business strategy. We are thus particularly influenced by economic developments and changes in consumer habits in the UK. Although our business is counter-cyclical in that our sales tend to increase in economic downturns, such economic downturns also create increased pressure on margin for all retailers, including us, and a significant economic downturn in the UK could have a material adverse effect on our business. While we actively seek to manage our selling prices and production costs, volumes, inventories and working capital, future changes in economic conditions in the UK could result in short- and long-term decreases in consumer confidence and demand, increases in selling prices and production costs or the volatility of raw material prices, which could have a material adverse effect on our business, financial condition and results of operations.

Adverse developments with respect to the safety and quality of our products or the food industry in general or health concerns may damage our reputation, increase our costs of operations or decrease demand for our products.

Food safety and the public's perception that our products are safe and healthy are essential to our image and business. We sell food products for human consumption, which subjects us to safety risks such as product contamination, spoilage, misbranding and product tampering. Product contamination (including the presence of a foreign object, substance, chemical or other agent or residue or the introduction of a genetically modified organism), spoilage, misbranding or product tampering could require product withdrawals or recalls or destruction of inventory and could result in negative publicity, temporary warehouse closures and substantial costs of compliance or remediation. For example, in early 2013 traces of horsemeat were discovered in frozen beef burgers sold by certain UK supermarkets. No horsemeat was found in any of our products. We may also be impacted by publicity regarding any assertion that our products caused illness or injury. We could also be subject to claims or lawsuits relating to an actual or alleged illness stemming from product contamination or any other incidents that compromise the safety and quality of our products.

A significant lawsuit, widespread product recall, negative publicity or other events leading to the loss of consumer confidence in the safety and quality of our products could damage our brand, reputation and image and negatively impact our sales, profitability and prospects for growth. We strive to control the risks related to product quality and safety through the implementation of, and strict adherence to, our quality standards. We manufacture some of the products we sell and source others from third parties. We maintain systems designed to monitor food safety risks for the products we manufacture and we require our suppliers to do so as well. See "*Our business—Quality control*". However, we cannot guarantee that our efforts will continue to be successful or that such risks will not materialize. In addition, even if our own products are not affected by contamination or other incidents that compromise their safety and quality, negative publicity about our industry, ingredients or the health implications of frozen food products could result in reduced consumer demand for our products.

We are also subject to risks affecting the food industry generally, including risks posed by widespread contamination and evolving nutritional and health-related concerns. Regulatory authorities may limit the supply of certain types of food products in response to public health concerns, and consumers may perceive certain products to be unsafe or unhealthy, which could require us or our suppliers to find alternative supplies or ingredients that may or may not be available at commercially reasonable prices and within acceptable time constraints. In addition, such governmental regulations may require us to identify replacement products to offer to our customers or, alternatively, to discontinue certain offerings or limit the range of products we offer. We may be unable to find substitutes that are as appealing to our customer base, or such substitutes may not be widely available or may be available only at increased costs. Such substitutions or limitations could also reduce demand for our products. Furthermore, we have experienced product recalls from our suppliers in the past.

In addition, consumers have been increasingly focused on food safety, health and wellness with respect to the food products they buy and their ingredients. Demand for our products could be affected by consumer concerns regarding the health effects of ingredients such as trans fats, sugar, processed wheat or other product attributes. If we do not anticipate or react quickly to such changes in consumer demand, it could have a material adverse effect on our business, financial condition and results of operations.

Sales of our products are subject to changing consumer preferences.

The success of our business depends on the continued appeal of the range of products we offer through our network of stores. A shift in consumer preferences could have a material adverse effect on our business. Given the varied backgrounds and tastes of our customer base, we must offer a sufficient range of products to satisfy a broad spectrum of preferences. We may not be successful in accurately predicting customer preferences or demand for certain products. Failure to accurately identify or effectively respond to changing customer preferences or demand could negatively affect our relationship with our customers, the demand for our products and our market share. Further, if we misjudge the demand, we may build up excess inventory for certain products, which could result in a decrease in sales prices for those products and inefficient working capital management which, if material, could have an adverse effect on our business, financial condition and results of operations.

We devote significant resources to developing and marketing new products, as well as to expanding and improving existing product lines. However, our efforts may not result in the volume of sales or profitability anticipated. If we are unable to accurately predict, identify and interpret the changing tastes and dietary habits of consumers, our sales may decline, which would have a material adverse effect on our business, financial condition and results of operations.

Failure to protect our image, reputation and brand could materially affect our business.

Our brand, image and reputation constitute a significant part of our value proposition. Our success over the years has rested largely on our ability to develop our brand and image as a leading retailer of premium quality, competitively priced frozen food in the UK. Our customers expect that we will provide them with a large selection of quality, healthy and safe products, and this reputation has strengthened our image and brand, fueling our expansion. Any event, such as a significant product recall or negative press reaction to statements made by the Company or our senior management, that could damage our image, reputation or brand could have a material adverse effect on our business, financial condition and results of operations. See “—*We are dependent on third-party suppliers to produce our products*”. In addition, we export certain of our products for sale and consumption internationally, with labeling in the local language. A mistranslation in the labeling for the products we export could result in consumer confusion and potential product liability, which could also damage our image, reputation or brand.

In addition, our principal brand names and trademarks (such as the Iceland logo) are key assets of our business. See “*Our business—Intellectual property*”. We rely upon a combination of copyright and trademark laws to establish and protect our intellectual property rights, but cannot be certain that the actions we have taken or will take in the future will be adequate to prevent violation of our proprietary rights. There can be no assurance that litigation will not be necessary to enforce our trademark or proprietary rights or to defend ourselves against claimed infringement of the rights of third parties. Adverse publicity, legal action or other factors could lead to substantial erosion in the value of our brand, which could lead to decreased consumer demand and have a material adverse effect on our business, financial condition and results of operations.

We are vulnerable to fluctuations in the availability and price of food ingredients and packaging material, as well as to fluctuations in the price of electricity.

We and our suppliers use significant quantities of food ingredients and packaging materials. These ingredients and materials are subject to fluctuations in availability and price. Such fluctuations are attributable to, among other things, changes in supply and demand for crops or other commodities, energy prices, and government-sponsored agricultural and livestock programs. In particular, the availability and the price of vegetables and other agricultural commodities, including meat and fish, can be volatile. General economic conditions, unanticipated demand, problems in production or distribution, natural disasters, adverse weather conditions during the growing and harvesting seasons, plant and livestock diseases and local, national or international quarantines can also adversely affect availability and prices of commodities in the long and short terms. In the future, we may be affected by the imposition of national or international quotas regulating, for example, volumes of raw materials, especially on fish and seafood products. If the UK government or a regulatory regime establishes such measures, the price of raw materials could increase, and our gross margins could be affected.

While we generally have long-term relationships with our suppliers, we do not have long-term contracts with our suppliers, and, as a result, they could increase the prices of their products or fail to deliver sufficient quantities to us. Although alternative suppliers are available, there are difficulties in moving products from one supplier to another without affecting the availability of products in our stores. Although we attempt to reduce our exposure to price fluctuations to a limited extent by buying certain inventory at opportune moments during the year and holding it for sale until periods of high demand or shortages, our ability to avoid the adverse effects of a pronounced, sustained price increase in raw materials is limited. As part of our strategy, we aim to further enhance our profitability by continuing to focus on the productivity of our existing stores, by using our purchasing power to achieve more favorable pricing terms from our suppliers and by closely monitoring our operating expenses, as well as seeking to optimize our supplier and product mix. Our failure to maintain or improve pricing terms from our suppliers or to maintain the profitability of our stores as our business grows would have an adverse effect on our profit and EBITDA margins in the future.

Increases in prices or scarcity of ingredients or packaging materials required for our products could increase our costs and disrupt our operations. In addition, our ability to pass along higher costs through price increases to our customers is dependent upon competitive pricing conditions in our industry. As a result, changes in our input costs could impact our gross margins. However, even if we are able to pass increased costs on to our customers, the higher prices of our products might lead to reduced consumer demand or negative changes in the product mix.

In addition, significant amounts of electricity are needed to maintain our cold chain requirements for appropriate storage of materials and products before they are sold, and we expect that our electricity costs will increase in the future. Such increases may be significant, which could have a material adverse effect on our business, financial condition and results of operations.

Failure to develop successful and innovative products could adversely affect our business.

We are dedicated to developing successful and innovative new products and do so primarily through the efforts of our buyers and in-house test kitchen, which sources or creates new products throughout the year. Many of our suppliers also carry out their own R&D and proactively propose new recipes and products to sell in our stores. We believe that renewing our product offering is essential for keeping up with changes in the market and stimulating demand from both potential and existing customers. On average, we introduce approximately 200 new SKUs annually. If we are unable to continue developing an adequate range of new products, the attractiveness of our brand could be diminished and cause us to become less competitive. However, there are inherent risks associated with new product or packaging offerings, including uncertainties about trade and consumer acceptance. We may incur certain costs related to developing and marketing new products or expanding existing product lines and cannot guarantee their profitability or popularity, which could have a material adverse effect on our business, financial condition and results of operations.

A failure in our cold chain could lead to unsafe food conditions and increased costs.

“Cold chain” requirements setting out the temperatures at which our ingredients and products are stored are established both by statute and by us to help guarantee the safety of our food products. Our cold chain is maintained from the moment the ingredients arrive at, or are frozen by, our suppliers, through our products’ transportation phase and ultimately to the time of sale in our stores or through online sales. These standards ensure the quality, freshness and safety of our products, and those characteristics are recognized by our customers and have become associated with our brand. A failure in the cold chain could lead to food contamination, risks to the health of our customers, fines by the Environmental Health Officer and the Trading Standards Officer and damage to our brand and reputation, each of which could subsequently affect our business, financial condition and results of operations.

We are dependent on third-party suppliers to produce our products.

We rely on third-party suppliers for certain of our products, see “*Our business—Suppliers*”, which exposes us to risks that such suppliers may fail to meet timelines, provide us with sufficient product or comply with our specifications. We require our suppliers to meet certain specifications and standards to ensure the high quality of our products. The use of third-party suppliers increases the demands on our quality control personnel and exposes us to risks that the products provided by our suppliers may not meet the relevant quality standards. Although we carefully monitor our third-party suppliers and maintain an audit program to ensure strict compliance with our specifications, there can be no assurance that such measures will be effective in all cases in the future. See “—*Failure to protect our image, reputation and brand could materially affect our business.*”

Further, our interests may conflict with those of our suppliers and may damage our relationships with them. For example, when developing our private label products, although we are careful to avoid substituting our private label brands for those of our third-party suppliers, there is no assurance that suppliers of such brands will continue to supply us with merchandise on terms we have previously enjoyed.

In addition, we believe that there are a limited number of reliable, high-quality third-party suppliers in the industry who are prepared to provide sufficient volume and quantity of products, and if we were required to obtain additional or alternative agreements or arrangements in the future with third-party suppliers, we may be unable to do so on satisfactory terms or in a timely manner. This could limit our ability to implement our business plan, maintain our quality standards, protect our brand or meet customer demand. Any adverse changes to our relationships with our suppliers or quality issues caused by our suppliers could have a material adverse effect on our business, financial condition and results of operations, including on our image, brand and reputation.

We are also subject to the Groceries Supply Code of Practice (“GSCOP”), a statute governing the largest UK food retailers which requires these retailers to treat their suppliers fairly, lawfully and in good faith. The proposed fines for breaching the legislation may be up to 10% of the breaching retailer’s global turnover. Even if no fines are assessed, a finding of breach by the Groceries Code Adjudicator responsible for enforcing the GSCOP may cause negative publicity and damage our image, reputation or brand, which could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on one of our subsidiaries to produce a large proportion of our frozen ready meals.

Iceland Manufacturing Limited, one of our wholly-owned subsidiaries, produces a large proportion of our frozen ready meals, comprising 34% of our ready meal sales, 4% of our frozen food sales and 2% of our total sales in the 2014 financial year. Although our practice is to hold eight to ten weeks' stock produced by Iceland Manufacturing Limited, production disruptions at Iceland Manufacturing Limited, comprised of a single production site, may cause temporary disruptions in the supply of our ready meals or increased costs, as we may not be able to find alternative suppliers on the same terms which we previously enjoyed with Iceland Manufacturing Limited. Such supply disruptions or increased costs could have an adverse effect on our business, financial condition and results of operations. See also “—*Damage to, or other potential losses involving, our properties may not be covered by insurance.*”

We may be subject to product liability claims arising out of the consumption of our products.

Consumption of a misbranded, altered, contaminated or spoiled product may result in personal illness or injury. We manufacture some of the products we sell and source others from third parties. We could be subject to claims or lawsuits relating to an actual or alleged illness or injury or death stemming from the consumption of one of our own products or products we source from third parties, which could negatively affect our business. While we are not currently the subject of material product liability claims for damages as a result of the consumption or use of our products, and we submit our products to extensive testing, we may still be exposed to liability claims in the future. Awards of damages, settlement amounts and fees and expenses resulting from such claims and the public relations implications of any such claims, could have an adverse effect on our business. The availability and price of insurance to cover claims for damages are subject to market forces that we do not control, and such insurance would not cover damage to our reputation. Even if product liability claims against us are not successful or fully pursued, these claims could be costly and time-consuming and may divert our management's time and resources towards defending them rather than operating our business. Any adverse publicity concerning such claims could cause customers to lose confidence in the safety and quality of our products and damage our reputation and brand image, which could have a material adverse effect on our business, financial condition and results of operations.

Our continued profit growth depends on our ability to manage the expansion of our operations.

We believe that there is the potential to add approximately 250-300 stores in the UK in the coming years, and our current expansion plans include up to 40 new stores in the 2015 financial year and 25 new stores per year over the next four years. We cannot guarantee that opening additional stores will not adversely affect our existing stores or that our strategy of adding new stores to the network will continue to be profitable.

Future business growth could place a significant strain on our managerial, operational and financial resources. We may be unable to achieve new store profitability within our expected timeframe, or at all, which may have an adverse effect on our results of operations. In addition, there can be no assurance that like-for-like sales of our existing stores will grow at a rate sufficient to compensate for any decline in the growth rate of our new store openings.

Our ability to benefit from future growth will depend on our ability to continue to implement and improve operational, financial and information systems on a timely basis and to expand, train, motivate and manage our workforce. However, our personnel, systems, procedures and controls may not be adequate to support continued expansion, and failure to manage our expansion effectively may lead to increased costs, a decline in sales and reduced profitability. In addition, our ability to open new stores in locations that we deem attractive is dependent on identifying and leasing properties that are suitable for our needs and are available on commercially reasonable terms. The location of our stores is one of the most important factors influencing our future sales revenue and profit margins. Based on these factors and others beyond our control, we cannot be certain that there will continue to be future opportunities to allow for growth on par with historical rates, which could lead to a material adverse effect on our business, financial condition and results of operations.

We may experience difficulties implementing overseas and international expansion plans.

In addition to our expansion in the UK, we may consider a selective and measured geographical expansion of our business into other countries and territories that we believe will contribute to our growth and future performance. We currently have limited operations in Ireland, the Czech Republic, Iceland, Spain, Portugal, the Middle East and South Africa. If we expand our overseas and international operations, including expanding into new countries and regions, we may encounter risks posed by, for example, the adaptation of our business model

to non-UK consumer preferences, different national or territorial health and consumer safety standards, laws and regulations, a lack of local business experience and exposure to economic conditions in additional markets. We may also have difficulty hiring experts or qualified executives or employees in the countries and territories in which we plan to expand. In addition, expansion requires significant start-up costs and we may also be unable to successfully integrate the services, products and personnel of any new stores we open or acquire into our operations, which may ultimately translate into a lack of return on our investment. If we extend our store or food distribution network into other countries and territories, we will also become exposed to economic trends in such additional countries and territories. We cannot guarantee that future efforts at expansion will be successful. Based on these risks, we may not achieve results in new countries and territories that are comparable to those achieved in the UK, which may subsequently have a material adverse effect on our business, financial condition and results of operations.

We may be unable to implement our business strategy.

Our current business strategy focuses primarily on expanding our UK store network to convenient locations across the country, in order to provide premium quality and innovative frozen food products to value-seeking consumers. In addition, our strategy includes expanding our presence in additional countries and territories such as the Middle East and South Africa and potentially entering into other countries and regions. We are also exploring and implementing other growth initiatives such as the completion of the roll out of our online sales offering across the UK, which requires significant investment in our IT and delivery infrastructure. Given the various risks to which we are exposed and the uncertainties inherent in our business, we cannot guarantee the successful implementation of our business strategy. If we do not meet our strategic objectives or achieve the results initially expected, we may be unable to recover our investment or this may otherwise have a material adverse effect on our business, financial condition and results of operations.

Weaknesses and deficiencies in our internal controls generally and over financial reporting may prevent us from managing our growth effectively, reporting our financial results accurately or result in a material misstatement of such results.

In recent years, our auditors have identified certain deficiencies or weaknesses in our internal controls. While we are in the process of addressing these deficiencies or weaknesses, to date we have not yet addressed all of them. In order to manage our growth effectively, we will need to continue to improve our internal operational, financial and management information and control systems. We cannot assure you that our recent efforts to remediate our deficiencies and material weaknesses will be effective or that there will not be deficiencies or material weaknesses or significant deficiencies in our internal control in general and over financial reporting in the future. We may be unsuccessful in achieving improvements to our management information and control systems in a timely manner. Even if implemented, such improvements may be inadequate to support our operations. Any errors or failures in our procedures and controls could result in a restatement of our financial statements, cause us to fail to meet our reporting obligations and/or cause investors to lose confidence in our reported financial information, leading to a decline in the market price of our Notes. If we fail to manage our expansion effectively by correcting identified deficiencies in our internal controls or in other respects, we could experience a material adverse effect on our business, financial condition and results of operations.

The efficiency of our supply chain and information technology system is critical to our business and operations.

Our performance depends on accurate, timely information and numerical data from key software applications to aid day-to-day business and decision-making processes. We and our suppliers are exposed to operational risks, such as the breakdown or failure of equipment, interruption of power supplies or processes, fires, floods or other natural disasters, acts of sabotage or vandalism, and industrial accidents. We rely on our information technology systems for communication among our suppliers, stores, distribution centers and headquarters and for our online sales. While we maintain certain controls designed to manage operational risk, including continued upgrading of modern technology for breakdown diagnosis, we may be adversely affected if our controls fail to detect or contain operational risks. If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure and to maintain the related automated and manual control processes, we could be subject to adverse effects, including billing and collection errors, business disruptions and damages related to security breaches. Any disruption caused by failings in our information technology infrastructure or underlying equipment or of communication networks could delay or otherwise impact our day-to-day business and decision-making processes and negatively impact our performance.

Moreover, we rely on our sophisticated cash register system, which may become subject to technical issues not previously experienced or foreseen by us, adversely affecting our day-to-day operations, including billing and collection errors. We also rely on electronic payment systems to take debit and credit card payments, and disruptions in such payment systems could restrict our customers' ability to make card payments. In addition, we employ outsourcing arrangements with third parties, notably in our logistics operations, and we do not control the facilities or operations of our suppliers. See "*Our business—Supply chain—Logistics*". An interruption of operations at any of their or our facilities or any failure by them to deliver on their contractual commitments may have an adverse effect on our business, financial condition and results of operations.

Increased transportation costs or disruption of transportation services could adversely affect our business, financial condition and results of operations.

Transportation of our products is an important element of our cost structure. We require the use of refrigerated trailers to ship our products from our suppliers' facilities to our distribution centers and from our distribution centers to our stores. Transportation costs from suppliers to our distribution centers are generally borne by the suppliers. Transportation of products from our suppliers to our distribution centers or from our distribution centers to our stores is outsourced to DHL Supply Chain Limited, which operates our four distribution centers located in the UK, as well as a fleet of 318 tractors, 436 trailer units, 12 shunters and 22 rigid vehicles. In the year ended March 28, 2014, transportation costs accounted for approximately 4.1% of our sales. Transportation costs have historically fluctuated significantly over time, in particular in connection with oil prices, and increases in transportation costs could result in reduced profits.

An impairment or loss of one or more distribution centers due to accidents, fire, sabotage or other events beyond our control, or an impairment or disruption in DHL's service, including significant price increases, could result in a temporary disruption in the delivery of products to our stores and additional costs. Although we believe that we would be able to find an alternative distribution center or an alternative operator, if necessary, we may be unable to find alternative providers on reasonable terms, or at all. We also require last-mile transport for our Home Delivery service, which is handled by 1,330 delivery vans that we operate, all of which are leased from a single supplier. Changes in these lease agreements could also result in reduced profits. Any increases in the cost of transportation, and any disruption in transportation, could have a material adverse effect on our business, results of operations and financial condition and prospects.

Significant disruption in our workforce or the workforce of our suppliers could adversely affect us.

For the 2014 financial year, we employed, on average, 24,570 employees. Approximately 97% of these employees worked in our store network. We could experience labor disputes and work stoppages and difficulty in attracting and retaining operative personnel at one or more of our stores due to localized strikes or strikes in the larger retail food industry sector. We are also exposed to similar risks involving the workforce of our third-party suppliers, including all of our distribution center operators. In particular, a labor stoppage or other interruption at one of our suppliers or distribution centers would impact our ability to supply our stores and could have a more pronounced effect on our operations as a result. As we do not directly control our suppliers, including our distribution centers, or their operations, we have no control over and limited information on labor relations between our suppliers and their workforces. Although our staff turnover decreased from 47% in 2005 to 28% in 2014, we cannot assure you that a future labor disturbance, work stoppage, or failure to attract and retain operative personnel at any of our or our suppliers' facilities in the UK or elsewhere would not have an adverse effect on that facility's operations and, potentially, on our business, results of operations and financial condition.

We are dependent upon key executives and highly qualified managers whose retention we cannot assure.

Our success depends, in part, upon the continued services of our executive management team and highly qualified managers, including our store managers, buyers and those in our Quality Control and Marketing departments. Our executives' and managers' knowledge of the market, our business and our company represents a key strength of our business model, and our experience and human capital serves as a barrier to entry to potential competitors. The success of our business strategy and our future growth also depend on our ability to attract, train, retain and motivate skilled managerial, sales, administration, development and operating personnel. The loss of one or more of our key management or operating personnel, or the failure to attract and retain additional key personnel, could have a material adverse effect on our business, results of operations and financial condition.

We may face online security breaches including hacking and vandalism.

We rely on encryption and authentication technology to provide the security necessary to effect the secure transmission of information from our customers, such as credit or debit card numbers. We cannot assure protection against unauthorized attempts to access our IT systems, including malicious third party applications that may interfere with or exploit security flaws in our products and services. Viruses, worms and other malicious software programs could, among other things, jeopardize the security of information stored in a user's computer or in our computer systems or attempt to change the internet experience of users by interfering with our ability to connect with our customers online. If any compromise in our security measures were to occur and our efforts to combat this breach were unsuccessful, our reputation may be harmed leading to a material adverse effect on our business, financial condition and results of operations.

We also process personal data (some of which may be sensitive) as part of our business. There is a risk that such data could become public if there were a security breach in respect of such data and, if such security breach were to occur, we could face liability under data protection laws and lose the goodwill of our customers, which may have a material adverse effect on our business, financial condition and results of operations.

Damage to, or other potential losses involving, our properties may not be covered by insurance.

We lease nearly all of our stores and all of our distribution centers, and we own our corporate office. For these properties, we maintain comprehensive property and liability insurance policies with coverage features and insured limits that we believe are consistent with market practice in the retail industry in the UK. Nonetheless the scope of insurance coverage that we can obtain or its ability to obtain such coverage at reasonable rates may be limited. Design, construction or other latent property or equipment defects or deficiencies in our properties may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties, that may not be covered by insurance. In addition, certain types of losses, generally of a catastrophic nature, such as natural disasters, terrorist acts, the outbreak of infectious disease or any resulting losses, may be uninsurable or the required insurance premiums may be too expensive to justify obtaining insurance. In addition, in the event of a substantial loss, the insurance coverage it carries may not be sufficient to pay the full market value or replacement cost of its lost investment or in some cases could result in certain losses being uninsured. Accordingly, we could lose some or all of the capital we have invested in a property, as well as the anticipated future revenue from that property, and it could remain obligated for guarantees, debt, or other financial obligations related to such property.

Moreover, our insurance policies and terms of coverage will be subject to renewals and negotiations on a periodic basis and there is no assurance that adequate insurance coverage will be available on commercially reasonable terms in the future. Any material increase in insurance premiums, decrease in available coverage or any failure to maintain adequate insurance in the future could adversely affect our business, financial condition and results of operations.

Compliance with European directives and other government laws and regulations relating to health, safety and the environment applicable to us could have a material adverse effect on our business, financial condition and results of operations.

As a developer and retailer of food products for human consumption, we are subject to stringent production, packaging, health, quality, labeling and distribution standards. National regulations that have implemented European directives applicable to frozen products establish highly technical requirements regarding labeling, manufacturing, transportation and storage of frozen food products. Local governmental authorities also set out bacteriological conditions and restrictions. Each of our stores, our outsourced distribution centers and our suppliers' facilities is subject to licensing, reporting requirements and official quality controls by numerous governmental authorities. These governmental authorities include European, national and local health, environmental, labor relations, sanitation, building, zoning, fire and safety departments. Difficulties in obtaining or failure to obtain the necessary licenses or approvals could delay or prevent the development or operation of a given retail location or distribution center. Any changes in those regulations may require us to implement new quality controls and possibly to invest in new equipment, which could delay the development of new products and increase our operating costs.

We are subject to numerous health, safety and environmental regulations, including local, national and European directives and regulations relating to the creation and maintenance of the conditions called for in our cold chain requirements, the remediation of water supply and use, water discharges, air emissions, waste management, noise pollution, and workplace and product health and safety. In addition, we are subject to

regulations relating to asbestos in the workplace. Health, safety and environmental legislation in Europe and elsewhere has tended to become broader and stricter over time, and enforcement has become more stringent. We try to follow and anticipate such changes, but any failure to do so may lead to penalties or fines. If health, safety and environmental laws and regulations in the UK and other countries in which we have operations or from which we source ingredients are strengthened in the future, the extent and timing of investments required to maintain compliance may differ from our internal planning and may limit the availability of funding for other investments. In addition, if the costs of compliance with health, safety and environmental laws and regulations continue to increase and it is not possible for us to integrate these additional costs into the price of our products, any such changes could reduce our profitability. Changes in applicable laws or regulations or evolving interpretations thereof may result in increased compliance costs, capital expenditures and other financial obligations which could affect our profitability or impede the production or distribution of our products and affect our net operating revenues.

All of our products must comply with strict national and international hygiene regulations. Our stores, our outsourced distribution centers and our suppliers' production facilities are subject to regular inspection by authorities for compliance with hygiene regulations applicable to the sale, storage and manufacturing of foodstuffs and the traceability of genetically modified organisms, meats and other raw materials. Despite the precautions we undertake or require our suppliers to undertake, should any non-compliance with such regulations be discovered during an inspection, authorities may temporarily shut down the store, distribution center or facility concerned and levy a fine for such non-compliance, which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, health, safety and environmental laws and regulations and civil liability (tort) rules could expose us to liabilities. Under some of these laws and regulations, we could be liable for investigating or remediating contamination at properties we own or occupy, even if the contamination was caused by a party unrelated to us or was not due to fault and even if the activity which resulted in the contamination was legal. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our properties, could result in substantial unanticipated costs. In some circumstances, we could be required to pay fines or damages under these laws and regulations. Regulatory authorities may also require us to curtail operations or close facilities temporarily or permanently. In addition, although we monitor the exposure of our employees and neighbors to risks connected with our operations, we may be subject to health claims resulting from actual or alleged exposure to hazardous materials, as well as to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage resulting from hazardous substance contamination or exposure caused by our operations.

Although we believe that we conduct our operations in a way that reduces health, safety and environmental risks and have in place appropriate systems for identifying and managing potential liabilities, we may not have identified or addressed all sources of health, safety and environmental risks, and there can be no assurance that we will not incur health, safety and environmental related losses or that any losses incurred will not have a material adverse effect on our business, financial condition or results of operations.

Due to the seasonality of our business, our revenue and operating results may vary quarter to quarter.

Our sales and cash flows have historically been affected by seasonal cyclicality. Sales of frozen foods, including seafood, frozen vegetables and complete frozen meals, have historically tended to be higher during the winter months. December sales have historically been approximately double those of other months due to higher sales during the holiday season. Our sales have in the past typically decreased during the summer months, as declines in our sales in urban areas are only partially offset by increases at summer vacation destinations. At the end of the summer vacation period, our sales have tended to increase slightly as customers restock their freezers upon returning home. These fluctuations in our inventory can also affect our working capital requirements. For these reasons, sequential quarterly comparisons may not be a good indication of our performance or how we may perform in the future. If seasonal fluctuations are greater than anticipated, there could be an adverse effect on our business, financial condition and results of operations.

We rent most of our stores pursuant to commercial leases that may be subject to adjustments that could increase our expenses and have a negative impact on our profitability and results of operations.

Nearly all of our stores are leased pursuant to commercial leases for a term typically of 10 or 15 years. Rent constitutes a significant portion of our cost of sales and the commercial leases that we sign generally provide for a review of rent every five years, usually as a means of re-setting the rent in line with the open market value at

that time. Given the high street location of most of our stores, we have limited rental options and compete with a greater number of renters for the available sites, resulting in increased rental charges for these sites. For example, pound shops and convenience food stores typically compete with us for the same high street locations, therefore their proliferation has resulted in increased rental charges for our stores. This could lead to an increase in our rental overhead and have a negative impact on our profitability and results of operations, especially as a high percentage of our store leases are due within the next five years. Rising rental values drive up store rental values at rent review and will, in time, result in increased property rental payments over the medium to long term. In addition, rateable values, the basis of business rates payments, are derived from rental value. Therefore increases in rental values will likely lead to increases in rateable values and consequently in business rates payments also, and we expect rateable values and business rates payments to increase in line at the next national rating revaluation expected in 2017. The increase to both rents and ultimately rates is likely to have a negative impact on our profitability.

There can be no assurance that we will continue to be able to renew our leases on commercially acceptable terms, or at all, as they expire. For example, in a rising market, landlords are increasingly looking to deny renewals to redevelop existing space. If we are unable to renew our lease agreements as they expire, or secure other favorable locations on acceptable terms, or if a significant number of our existing lease agreements are terminated for any reason, this could have a material adverse effect on our business, financial condition and results of operations.

Litigation and other adversarial actions in the ordinary course of business could have a material adverse effect on our business.

At any given time, we may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of our business. Although we are not currently subject to any material litigation and do not expect any liability arising from any of the existing legal proceedings to have a material impact on our results of operations, liquidity, capital resources or financial position, we may be subject to such litigation in the future. In addition, we may be subject to other disputes, claims and complaints, including adversarial actions, by customers, employees, suppliers, insurers and others in the ordinary course of business. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of management away from our operations and may result in our having to pay monetary damages, any of which could have a material adverse effect on our business, financial condition and results of operations. In addition, adverse legal publicity or substantial litigation against us could negatively impact our reputation, even if we are not found liable, which could also have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in currency exchange rates and related risks may adversely affect our results of operations.

Exchange rate fluctuations may have both transaction and translation effects. Transaction effects occur when we generate sales and incur expenses in currencies other than pounds Sterling, and are unable to match sales received in foreign currencies with costs paid in the same currency, which exposes our results of operations to currency exchange rate fluctuations. As a group with operations in Ireland, the Czech Republic, Iceland, Spain and Portugal, for the 2014 financial year, we generated approximately 1.4% of turnover, and incurred approximately 0.5% of our expenses, in currencies other than the pounds Sterling, our reporting currency. As such, we have historically been subject to fluctuations of other currencies. These foreign currencies include the Euro, the Czech koruna and the Icelandic króna.

Currency translation effects occur when the financial statements of our consolidated subsidiaries are recorded in their respective local currency and converted into pounds Sterling, whereby translation effects can diminish the impact of positive results or increase the impact of negative results recorded by such consolidated subsidiaries. In particular, we may observe a negative impact caused by translation effects when the pound Sterling is strong in comparison to the Euro. In addition, an unfavorable movement in exchange rates can give us a competitive disadvantage with respect to our competitors from other currency regions and can lead to declines in orders. All of these factors may have a material adverse effect on our business, financial condition, and results of operations.

Risks related to Our Financial Profile

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

We are, and following the issuance of the Notes, will continue to be, highly leveraged. As of March 28, 2014, after giving effect to the Refinancing, our total third-party borrowings would have been approximately £950 million (exclusive of fees and expenses incurred in connection with the Refinancing), all of which would have been represented by the Notes, with an additional £30 million of committed financing (and up to an additional £20 million of uncommitted financing) under the Revolving Credit Facility. See “*Capitalization*”.

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

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

The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under the Notes.

We and our subsidiaries may incur substantial additional indebtedness in the future, including in connection with any future acquisition. Although the Indenture and the 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, see also “*Description of Senior Secured Notes*” and “*Description of certain financing arrangements*”.

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

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

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to other members of the Group;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interest for the benefit of the holders of the Notes.

All of these limitations will be subject to significant exceptions and qualifications. See “*Description of Senior Secured Notes—Certain Covenants*” and “*Description of certain financing arrangements—Revolving Credit Facility—Covenants—Negative covenants*”. The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. The restrictions contained in the 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.

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

Subject to restrictions in the Indenture and the Revolving Credit Facility Agreement, we may incur additional indebtedness, which could increase the risks associated with our already substantial indebtedness. We have the ability to borrow up to £30 million of committed financing (and up to an additional £20 million of uncommitted financing) under our Revolving Credit Facility, and any borrowings under our Revolving Credit Facility will be senior secured indebtedness, and will receive proceeds from an enforcement action on the Collateral prior to the Notes.

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

We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control, and we may be forced to take other actions to satisfy our debt obligations, which may not always be successful.

Our ability to make payments on and to refinance our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory and other factors, as well as the 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 or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts, including the Notes, when due, or to fund our other liquidity needs including the repayment of any and all amounts outstanding under the Revolving Credit Facility.

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

- reduce or delay our business activities and capital 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. In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. Furthermore, we may be unable to find alternative financing, and even if we

could obtain alternative financing it might not be on terms that are favorable or acceptable to us. If we are 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 Revolving Credit Facility, may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Notes, the Revolving Credit Facility and any future debt may limit our ability to pursue any of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our debt, including under the Indenture, restrict our ability to transfer or sell assets. In addition, there can be no assurance that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

The Floating Rate Notes bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

The Floating Rate Notes will bear interest at floating rates of interest per annum equal to LIBOR, as adjusted periodically, plus a spread. These interest rates could rise significantly in the future. Although we may enter into hedging arrangements designed to fix a portion of these rates in the future, there can be no assurance that hedging will continue to be available on commercially reasonable terms. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, thereby reducing our cash flow.

Risks related to the Notes and the Note Guarantees

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

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

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

The holders of the Notes may not control certain decisions regarding the Collateral.

Pursuant to the voting provisions set forth in the Intercreditor Agreement, the lenders under the Revolving Credit Facility Agreement and counterparties to certain hedging agreements (the “**Super Senior Creditors**”) will have effective control with respect to the Collateral. The Intercreditor Agreement provides that a common security agent will serve as Security Agent for the secured parties under the Revolving Credit Facility and the Notes with respect to the shared Collateral. In the event that the shared Collateral has become enforceable, the Security Agent shall enforce or refrain from enforcing such Collateral on the instructions of (a) the majority (more than 66 $\frac{2}{3}$ % by value) of the Super Senior Creditors and (b) the majority (more than 50% by value) of the holders of the Notes and other *pari passu* creditors (if any).

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

The creditors under our Revolving Credit Facility may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies in respect of the shared Collateral at a time and in a manner which would otherwise be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells Collateral comprising the shares of any of our subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees and the liens over any other assets securing the Notes and the Guarantees may be released. See “*Description of certain financing arrangements—Intercreditor Agreement*” and “*Description of Senior Secured Notes—Collateral—Release of the Collateral.*”

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

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

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

The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations under the Notes.

The Collateral will secure on a first-ranking basis our obligations under the Revolving Credit Facility, the Notes and certain hedge agreements. The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement. The rights of holders of the Notes to the Collateral may be diluted by any increase in the first-ranking debt secured by the Collateral.

No appraisals of any Collateral have been prepared in connection with the offering of the Notes. The value of the Collateral and the amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, whether or not the business is sold as a going concern and the general economic conditions of and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the pledges, shares and ownership interests of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding.

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

The Security Documents allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, certain of the Collateral. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Guarantors, may, among other things, subject to the terms of the Security Documents, without any release or consent by the applicable Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral such as selling, modifying, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

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

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

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

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

Under English 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 and/or the grantor of the security. The liens in the Collateral 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. In addition, English law provides that a security interest over certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

The Trustee and the Security Agent will not monitor, and we may not comply with our obligations to inform the Trustee or Security Agent of, any future acquisition of property and rights by us, and the necessary action may not be taken to properly perfect the security interest in such after acquired property or rights. Such failure may result in the invalidity of the relevant security interest in the Collateral or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral.

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

The granting of security interests to secure the Notes and the Guarantees may create hardening periods for such security interests in certain jurisdictions. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, as the Indenture will permit the release and retaking of security granted in favor of the Notes in certain circumstances including in connection with the incurrence of future indebtedness. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or

ineffective and/or it may not be possible to enforce it. 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 “*Certain insolvency law and local law limitations on guarantees and security.*” 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 Senior Secured Notes—Security.*”

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

Under various circumstances, the Collateral will be released, including:

- other than with respect to any liens over the capital stock of the Issuer, in connection with any sale or other disposition of Collateral to (a) a person that is not (either before or after giving effect to such transaction) the Company or a restricted subsidiary, if such sale or other disposition does not violate the “Asset Sale” provisions of the Indenture or is otherwise permitted in accordance with the Indenture or (b) any restricted subsidiary, provided that this clause (b) shall not be relied upon in the case of a transfer to a restricted subsidiary unless the relevant property and assets remain subject to, or otherwise become subject to, a lien in favor of the Notes on the same priority as the lien so released following such sale or disposition;
- other than with respect to any liens over the capital stock of the Issuer, in connection with any sale or other disposition of capital stock of a Guarantor or any holding company of a Guarantor to a person that is not (either before or after giving effect to such transaction) the Company or a restricted subsidiary, if the sale or other disposition does not violate the “Asset Sale” provisions of the Indenture and the Guarantor ceases to be a restricted subsidiary as a result of the sale or other disposition;
- 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 Company designates any restricted subsidiary to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and capital stock of such unrestricted subsidiary;
- as permitted under the Intercreditor Agreement or any Additional Intercreditor Agreement as described under “*Description of Senior Secured Notes—Intercreditor Agreement*” or “*Description of Senior Secured Notes—Additional Intercreditor Agreements*”;
- as described under the captions “*Description of Senior Secured Notes—Amendment, Supplement and Waiver*” and “*Description of Senior Secured Notes—Certain Covenants—No Impairment of Security Interest*”;
- upon release of the lien that resulted in the creation of the lien under the covenant described under the caption “*Description of Senior Secured Notes—Certain Covenants—Liens*”;
- upon legal defeasance, covenant defeasance or satisfaction or discharge of the Indenture as provided under the captions “*Description of Senior Secured Notes—Legal Defeasance and Covenant Defeasance*” and “*Description of Senior Secured Notes—Satisfaction and Discharge*”;
- 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; or
- as otherwise permitted in accordance with the Indenture.

In addition, under various circumstances, the Guarantees of a Guarantor other than the Company will be released, including, but not limited to:

- in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a person that is not (either before or after giving effect to such transaction) the Company or a restricted subsidiary, if the sale or other disposition does not violate the “Asset Sale” provisions of the Indenture;
- in connection with any sale or other disposition of capital stock of that Guarantor or any holding company of such Guarantor to a person that is not (either before or after giving effect to such transaction) the Company or a restricted subsidiary, if the sale or other disposition does not violate the “Asset Sale” provisions of the Indenture and the Guarantor ceases to be a restricted subsidiary as a result of the sale or other disposition;

- if the Company designates any restricted subsidiary that is a Guarantor to be an unrestricted subsidiary in accordance with the applicable provisions of the Indenture;
- upon release of the guarantee or indebtedness that resulted in the creation of the Guarantee under the covenant described in “*Description of Senior Secured Notes—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness*” so long as no default or event of default would arise as a result;
- upon the voluntary liquidation or dissolution of such Guarantor that is made on a solvent basis, provided that to the extent such Guarantor has any properties or assets, such Guarantor has transferred all or substantially all of its properties and assets to the Issuer or another Guarantor and no default or event of default has occurred or is continuing;
- as permitted under the Intercreditor Agreement or any Additional Intercreditor Agreement as described under “*Description of Senior Secured Notes—Intercreditor Agreement*” or “*Description of Senior Secured Notes—Additional Intercreditor Agreements*”;
- as described under “*Description of Senior Secured Notes—Amendment, Supplement and Waiver*”;
- with respect to any Guarantor which is not the continuing or surviving person or transferee in the relevant transaction, as a result of a transaction permitted under the caption “*Description of Senior Secured Notes—Certain Covenants—Merger, Consolidation or Sale of Assets*”;
- 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; or
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions “*Description of Senior Secured Notes—Legal Defeasance and Covenant Defeasance*” and “*Description of Senior Secured Notes—Satisfaction and Discharge*”.

In addition, the Guarantee by the Company will be released in the circumstances described in the last four bullet points above.

See “*Description of Other Indebtedness—Intercreditor Agreement*” and “*Description of Senior Secured Notes*”.

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

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

While the Indenture and the Revolving Credit Facility Agreement limit the ability of our subsidiaries to incur contractual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain significant qualifications and exceptions. We cannot assure you that arrangements with our subsidiaries, the funding permitted by the agreements governing existing and future indebtedness of our subsidiaries and our results of operations and cash flow generally will provide us with sufficient dividends, distributions or loans to fund payments on the Notes. In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on the Notes. We do not expect to have any other sources of funds that would allow us to make payments to holders of the Notes.

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

The interests of our principal shareholders, in certain circumstances, may conflict with your interests as holders of Notes. Our principal shareholders 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, our

principal shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends distributions, in each case, so long as the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement so permit. The interests of our principal shareholders could conflict with interests of holders of Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholders 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, our principal shareholders may come to own businesses that directly compete with our business.

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

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

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

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

The Notes will be structurally subordinated to the creditors of non-Guarantor subsidiaries.

Not all of our subsidiaries will guarantee the Notes. Generally, claims of creditors (both secured and unsecured) of a non-Guarantor subsidiary, including trade creditors of the subsidiary, will have priority with respect to the assets and earnings of the non-Guarantor subsidiary over the claims of creditors of its parent entity. In the event of a bankruptcy, liquidation or reorganization or other bankruptcy proceeding of any of these non-Guarantor subsidiaries, the holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those non-Guarantor subsidiaries before any assets are made available for distribution. As a result, the holders of the Notes may receive less than, or a pro rata basis as, the creditors of our non-Guarantor subsidiaries.

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

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

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

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

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

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

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

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

The grant of a guarantee or security must satisfy certain legal requirements. More specifically, such a transaction must be properly authorized and allowed by the respective company's memorandum and articles of association. To the extent that the above do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with the Issuer or Guarantor (as relevant) in good faith, however the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for the Issuer or Guarantor (as relevant) in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit (for example giving a third-party guarantee), they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

The payment of dividends, or principal and interest on the intercompany loan, to the Issuer will reduce the distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents. We are under no obligation to maintain a specific level of distributable profits and reserves, and, if we have distributable profits and reserves, we may make dividend payments or payments of principal and interest on the intercompany loan that reduce our distributable profits and reserves to zero. We intend to make dividends and enter into intercompany loans to service indebtedness and for tax planning purposes. There can be no assurances that we will have distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents, whether or not we distribute dividends or enter into intercompany loans. The payment of dividends or principal or interest on the intercompany loan to service our debt obligations (including under the Notes) will deplete the distributable reserves available to satisfy the obligations under the Guarantees.

There is a possibility that a court could find that the fixed security interests expressed to be created by the security documents governed by English law could take effect as floating charges as the description given to them as fixed charges is not determinative. Where a Guarantor is free to deal with the secured assets without the consent of the chargee, the court would be likely to hold that the security interest in question constituted a floating charge, notwithstanding that it may be described as a fixed charge. Certain Guarantors are expected to grant security over shares and bank accounts. Such expected share security will be by way of equitable charge and any security document granting security over bank accounts will purport to grant fixed charges over such accounts upon the conversion (or "**crystallization**") of the relevant charges into fixed charges in accordance with the provisions of such security document. Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the Security Agent has the requisite degree of control over the Guarantor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the Security Agent in practice. If the fixed security interests are recharacterized as floating security interests, the claims of (i) the unsecured creditors of the relevant Guarantor in respect of the prescribed Guarantor's net property (see explanation regarding ring fencing above and also "*Certain insolvency law and local law limitations on guarantees and security—England and Wales—Prescribed part*"); and (ii) certain statutorily defined preferential creditors of the Guarantor may have priority over the rights of the Security Agent to the proceeds of enforcement of such security. In addition, as mentioned above, the expenses of a liquidation or administration would also rank ahead of the claims of the Security Agent as floating charge holder.

The fixed charges over shares granted by certain Guarantors are equitable charges, not legal charges. An equitable charge arises where a chargor transfers the beneficial interest in the shares to the chargee but retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

With respect to the charges over cash deposits (each an "**Account Charge**") granted by a Guarantor over certain of its bank accounts, the banks with which some of those accounts are held (each an "**Account Bank**") may have reserved their right at any time (whether prior to or following a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling arrangements with that Guarantor. As a result, the collateral constituted by any such bank accounts will be subject to the relevant Account Bank's netting and set-off rights with respect to the bank accounts charged under the relevant Account Charge.

English insolvency laws may provide you with less protection than U.S. bankruptcy law.

The Issuer and all of the Guarantors are incorporated under the laws of England and Wales. As such, insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed

by, English insolvency law. Insolvency laws in England and Wales may not be as favorable to your interests as creditors as the bankruptcy laws of the United States or other jurisdictions with which investors are familiar, in particular with respect to priority of creditors, ability to obtain post-petition interest and the duration of the insolvency proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive. See also "*Certain insolvency law and local law limitations on guarantees and security*" for additional information on the insolvency laws of England and Wales.

Investors in the Notes may have limited recourse against the independent auditors.

Please see "*Independent auditors*" for a description of the independent auditors' reports, including language limiting the auditors' scope of duty in relation to such reports and the consolidated financial statements to which they relate. In particular, the audit reports of Grant Thornton UK LLP relating to the annual financial statements reproduced herein, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include a statement to the effect that Grant Thornton UK LLP does not accept or assume responsibility for any other purpose or to anyone other than the members of Iceland Topco Limited and its subsidiaries, as a group, for its audit reports or the opinions it has formed. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a report filed under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). If a U.S. court (or any other court) were to give effect to this limiting language, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited.

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

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

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

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

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

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

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody's and a rating of BBB- or better by S&P and no default or event of default has

occurred and is continuing, then beginning that day and continuing until such time, if any, at which such Notes cease to have such ratings, certain covenants will cease to be applicable to such Notes. See “*Description of Senior Secured Notes—Certain Covenants—Suspension of Covenants When Notes Rated Investment Grade.*” If these covenants were to cease to be applicable, the Group would be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

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

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

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

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

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

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

Withholding under the EU Savings Directive may adversely affect your investment in the Notes.

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

On March 24, 2014, the Council of the EU adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from January 1, 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in

which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

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

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

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

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

We cannot assure you as to:

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

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all. Although an application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF thereof, we cannot assure you that the Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes, as applicable, from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

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

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

Use of proceeds

The gross proceeds from the issuance of the Notes will be £950.0 million.

We intend to use proceeds from this Offering, together with cash on hand, for the Refinancing.

The following table describes the anticipated sources and uses for the Refinancing. Actual amounts will vary from estimated amounts depending on several factors including differences from our estimate of fees and expenses.

| <u>Sources</u> | <u>(£ millions)</u> | <u>Uses</u> | <u>(£ millions)</u> |
|--------------------------------|-----------------------|--|-----------------------|
| Notes offered hereby | 950.0 | Refinance Existing Term Loans ⁽¹⁾ | 715.3 |
| Cash on hand | 77.2 | Pay mark-to-market on foreign exchange swaps ⁽²⁾ | 12.1 |
| | | Pay mark-to-market on interest rate swaps ⁽³⁾ | 4.3 |
| | | Refinance Vendor Loan Note | 275.5 |
| | | Estimated fees and expenses ⁽⁴⁾ | 20.0 |
| Total Sources | <u>1,027.2</u> | Total Uses | <u>1,027.2</u> |

(1) We estimate that on the Issue Date, the aggregate principal amount under our existing Term Loan A, Term Loan B1 and Term Loan B2 to be repaid is £715.3 million, excluding accrued and unpaid interest. We expect the accrued and unpaid interest will amount to approximately £1.5 million assuming an Issue Date of July 17, 2014.

(2) Represents the mark-to-market value of the foreign exchange swap on the Euro-denominated Term Loan B2 on March 28, 2014. As of July 10, 2014, the mark-to-market value of this swap was approximately £19.4 million.

(3) Represents the mark-to-market value of the interest rate swaps on March 28, 2014. As of July 10, 2014, the mark-to-market value of these swaps was approximately £4.0 million.

(4) Represents estimated fees and expenses incurred in connection with the Refinancing, including underwriting fees and commissions, financial advisory costs, other transaction costs and professional fees.

Capitalization

The following table sets out the consolidated capitalization and cash and cash equivalents for Iceland Topco Limited as of March 28, 2014 on an actual and on a *pro forma* basis to give effect to the Refinancing as described in “*Use of proceeds*,” as if these events had occurred on such date. This information has been derived from our consolidated balance sheet as of March 28, 2014 included elsewhere in this Offering Memorandum. You should read this table in conjunction with “*Use of proceeds*,” “*Selected historical consolidated financial information*,” “*Management’s discussion and analysis of financial condition and results of operations*” and Consolidated Financial Statements and the related notes thereto included elsewhere in this Offering Memorandum.

| (£ in millions) | Actual | Adjustments | As adjusted for the Refinancing (unaudited) |
|--|----------------------|---------------|--|
| | As of March 28, 2014 | | |
| Cash and cash equivalents | 152.1 | (77.2) | 74.9 |
| Existing Term Loans ⁽¹⁾ | 715.3 | (715.3) | — |
| Senior Secured Notes offered hereby ⁽²⁾ | — | 950.0 | 950.0 |
| Existing Vendor Loan Note ⁽³⁾ | 277.0 | (277.0) | — |
| Total Borrowings | 992.3 | (42.3) | 950.0 |
| Total Equity | 438.4 | — | 438.4 |
| Total Capitalization⁽⁴⁾ | 1,430.7 | — | 1,388.4 |
| Total Net Borrowings | 840.2 | 34.9 | 875.1 |

- (1) Represents the aggregate principal amount under our existing Term Loan A, Term Loan B1 and Term Loan B2, excluding accrued and unpaid interest. The swaps we use to hedge our foreign exchange and interest rate exposure are off-balance sheet contingent liabilities. As of March 28, 2014 the aggregate mark-to-market value of our existing foreign exchange swaps was £12.1 million and interest rate swaps was £4.3 million. We intend to repay all of our swaps in connection with the Refinancing.
- (2) Represents the aggregate principal amount of the 2024 Fixed Rate Notes, 2021 Fixed Rate Notes and Floating Rate Notes, excluding fees and expenses incurred in connection with the Refinancing.
- (3) Represents the aggregate principal amount of the Vendor Loan Note of £250.0 million as of March 9, 2012, plus accrued interest equal to approximately £27.0 million as of March 28, 2014.
- (4) Aside from the foregoing, as of the date of this Offering Memorandum there have been no material changes to our capitalization since March 28, 2014.

Selected historical consolidated financial information

The following tables present our summary consolidated financial information and should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this Offering Memorandum and the sections entitled “*Presentation of financial and other information*”, “*Capitalization*” and “*Management’s discussion and analysis of financial condition and results of operations*”.

The summary consolidated income statement, balance sheet and cash flow statement set forth below as of and for each of the 53-week period ended March 30, 2012, the 52-week period ended March 29, 2013 and the 52-week period ended March 28, 2014 were derived from our audited consolidated financial statements, prepared in accordance with UK GAAP and included elsewhere in this Offering Memorandum. The summary consolidated income statement, balance sheet and cash flow statement set forth below as of and for each of the 52-week period ended March 26, 2010 and the 52-week period ended March 25, 2011 were derived from our audited consolidated financial statements, prepared in accordance with UK GAAP, and are not included in this Offering Memorandum.

Summary consolidated income statement

| (in £ millions) | 52-week period ended March 26, <u>2010</u> | 52-week period ended March 25, <u>2011</u> | 53-week period ended March 30, <u>2012</u> | 52-week period ended March 29, <u>2013</u> | 52-week period ended March 28, <u>2014</u> |
|---|---|---|---|---|---|
| | Turnover | 2,264.9 | 2,388.4 | 2,613.7 | 2,639.5 |
| Cost of sales | (2,038.5) | (2,146.7) | (2,334.0) | (2,367.8) | (2,455.6) |
| Gross profit | 226.3 | 241.7 | 279.6 | 271.7 | 255.0 |
| Administrative expenses before exceptional items | (98.5) | (111.8) | (118.0) | (163.3) | (174.7) |
| Exceptional administrative expenses | (5.1) | — | (17.6) | — | (8.0) |
| Discontinued operations | (1.2) | — | — | — | — |
| Administrative expenses | (104.9) | (111.8) | (135.6) | (163.3) | (182.7) |
| Operating profit | 121.4 | 129.8 | 144.1 | 108.4 | 72.3 |
| Profit on disposal of fixed assets | 1.1 | — | 2.8 | 0.4 | — |
| Profit on disposal of a business | 1.2 | — | — | 3.1 | — |
| Profit on ordinary activities before interest and taxation | 123.8 | 129.8 | 146.7 | 111.9 | 72.3 |
| Interest receivable and similar income | 0.9 | 0.5 | 1.1 | 2.1 | 7.0 |
| Interest payable and similar charges | (14.6) | (1.0) | (0.4) | (70.0) | (55.8) |
| Profit on ordinary activities before taxation | 110.1 | 129.3 | 147.5 | 44.0 | 23.5 |
| Taxation on profit on ordinary activities | (40.4) | (47.6) | (51.9) | (28.1) | (19.8) |
| Profit for the financial period | 69.7 | 81.7 | 95.6 | 15.9 | 3.7 |

Summary consolidated balance sheet (selected line items)

| (in £ millions) | As of | | | | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | <u>March 26, 2010</u> | <u>March 25, 2011</u> | <u>March 30, 2012</u> | <u>March 29, 2013</u> | <u>March 28, 2014</u> |
| Cash at bank and in hand | 52.8 | 67.3 | 85.1 | 127.5 | 152.1 |
| Total fixed assets | 609.7 | 576.2 | 543.9 | 1,589.8 | 1,520.6 |
| Total current assets | 199.7 | 242.9 | 279.0 | 300.1 | 354.5 |
| Creditors: amounts falling due within one year | (385.6) | (415.5) | (399.9) | (421.0) | (460.8) |
| Net current liabilities | (185.9) | (172.6) | (120.9) | (120.9) | (106.3) |
| Total assets less current liabilities | 423.8 | 403.6 | 423.0 | 1,468.9 | 1,414.3 |
| Creditors: amounts falling due after more than one year | (1.0) | (0.7) | (0.4) | (1,008.7) | (957.0) |
| Provisions for liabilities | (16.0) | (14.4) | (27.5) | (25.5) | (18.9) |
| Net assets | 406.8 | 388.6 | 395.1 | 434.7 | 438.4 |
| Total shareholders’ funds | 406.8 | 388.6 | 395.1 | 434.7 | 438.4 |

Consolidated statement of cash flows (selected line items)

| (in £ millions) | 52-week period ended March 26, | 52-week period ended March 25, | 53-week period ended March 30, | 52-week period ended March 29, | 52-week period ended March 28, |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Net cash inflow from operating activities . . . | 193.9 | 190.7 | 235.9 | 240.1 | 196.1 |
| Returns on investments and servicing of finance | (14.1) | (0.3) | 0.6 | (53.4) | (33.4) |
| Taxation | (39.6) | (41.8) | (46.0) | (34.3) | (26.3) |
| Capital expenditure and financial investment | (52.9) | (23.9) | (22.2) | (35.3) | (45.2) |
| Acquisitions and disposals | (1.1) | — | — | 2.1 | (5.0) |
| Cash inflow/(outflow) before financing | 86.2 | 124.8 | 168.2 | 119.1 | 86.2 |
| Net debt repayments ⁽¹⁾ | (270.4) | (10.0) | (50.0) | (82.2) | (60.0) |
| Other financing | (0.3) | (0.3) | (0.3) | 2.2 | (1.6) |

(1) During the financial period from 2010 to 2014, our debt repayment consisted entirely of voluntary prepayments of debt. Our voluntary prepayments in the financial years 2010, 2011, 2012, 2013 and 2014 were £330.3 million, £60.0 million, £100.0 million, £82.5 million and £60.0 million, respectively. The amounts shown reflect principal only.

Management's discussion and analysis of financial condition and results of operations

You should read the following discussion of our financial condition and results of operations in conjunction with the sections entitled "Presentation of financial and other information", "Selected historical consolidated financial information" and with our consolidated financial statements and the related notes for the periods discussed included elsewhere in this Offering Memorandum. Our consolidated financial statements are prepared in accordance with UK GAAP. The following discussion and analysis contains forward-looking statements including statements relating to our plans, strategies, objectives, expectations, intentions and resources. Although based on assumptions we consider reasonable, our actual results could differ materially from those expressed or implied in such forward-looking statements. For a discussion of those risks and uncertainties, please see the sections entitled "Forward-looking statements" and "Risk factors".

Overview

We are a national UK food retailer specializing in frozen food with 833 stores in the UK as well as stores in Ireland, the Czech Republic and Iceland as of March 28, 2014. We are the third largest player in the UK frozen food category, with a market share of 14.1% in the 12-week period ending May 25, 2014, and have a total share of the UK food retail market of 2.0% in the 20-week period ended May 25, 2014. For the 2014 financial year, sales in our UK retail network accounted for 98.8% of our total sales, with sales in Europe and the rest of the world accounting for 1.1% and 0.1%, respectively. Since the current executive management team returned to the business in 2005 we have achieved nine years of consistent sales growth, generating a CAGR of 7.3%. Over the same period we have grown operating profit (excluding amortization) from an operating loss of £59.4 million to an operating profit of £158.8 million despite significant economic challenges. We achieved our sales and operating profit growth by both increasing turnover from our existing stores and increasing the number of stores in our network, from 748 stores in the 2005 financial year to 844 stores in the 2014 financial year. We are a highly cash generative business, characterized by a strong cash conversion profile supported by strong operating performance, disciplined capital expenditure, favorable working capital and conservative financial policies.

Key factors affecting our results of operations

Overview

Sales in the periods under review have been driven principally by the opening of new stores and like-for-like sales growth. We added 16 net new stores in financial year 2012, 35 in financial year 2013 and 51 in financial year 2014 (including international stores), totaling 102 net additional stores over the three financial year period. Like-for-like sales grew by 6.0% in 2012, 1.1% in 2013 and were flat in 2014, a three year cumulative increase of 7.1%.

Our Adjusted EBITDA margin decreased slightly during the period under review, reflecting our investment in margin described in more detail below, from 8.8% in financial year 2012 to 8.6% in financial year 2013 and 7.5% in financial year 2014. The decline in Adjusted EBITDA from £226.3 million in financial year 2013 to £202.2 million in financial year 2014 reflects increased investments in our international operations (£7.5 million), investment in our online service (£7.1 million), increased annual pay awards to our store staff (£5.6 million), investments in margin (£5.0 million) as well as increased utility costs and other overheads, which were only partially offset by increased sales volumes. We believe that these recent investments will leave us well positioned to benefit from the structural changes taking place within the UK food retail market. There have been no major acquisitions or disposals that have affected our results over the last three financial years apart from the management buyout in March 2012, which resulted in a substantial increase in interest costs in 2013 and 2014 compared with 2012. See "*—Key factors affecting our results of operations—Management buyout*".

Our business has remained highly cash generative throughout the periods under review. Our free cash flow before exceptional items was £215.3 million, £198.0 million and £151.4 million in the 2012, 2013 and 2014 financial years, respectively, and totaled £564.7 million over the three financial year period.

We believe that the following factors have had, and will continue to have, a material effect on our business, financial condition and results of operations. As many of these factors are beyond our control and certain are volatile by nature, past performance will not necessarily be indicative of future performance, and it is difficult to predict future performance with any degree of certainty. In addition, important factors that could cause our actual operations or financial conditions to differ materially from those expressed or implied below include, but are not limited to, factors indicated in this Offering Memorandum under "*Risk factors*".

Expansion of store network

As of March 28, 2014, we had 833 stores in the UK, 11 owned stores outside of the UK and 23 franchised stores outside of the UK. For the 2014 financial year, 98.8% of total sales stemmed from our network of stores in the UK. In the 2014 financial year, we opened 43 net new stores in the UK and two in the Czech Republic and expanded our online service to 280 stores. The following table sets forth our number of UK stores as of the dates indicated.

| | As of | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | March 26, 2010 | March 25, 2011 | March 30, 2012 | March 29, 2013 | March 28, 2014 |
| Number of stores in the UK | 730 | 742 | 757 | 790 | 833 |

We expect to continue our strategic expansion into locations that meet our demographic and other commercial criteria. We believe that this strategic expansion will help increase turnover and EBITDA for the Group, and any capital expenditure related to our expansion will be funded from our cash flow.

Intense margin competition in the UK

We believe the UK food retail market is undergoing a period of significant structural change, characterized by strong growth and aggressive pricing on the part of discount grocers. The result has been substantial pressure on profit and EBITDA margins across the industry, which has led to intense short-term promotional activity, particularly through coupons and selective price cuts. Though we believe we have withstood this intense competition and even outperformed some of our competitors through innovation in both products and services while also maintaining our competitive edge on price relative to the Big 4, we expect continued investment in our margins and the expansion of our online service to remain competitive. See “*Our business—Our strategy*”.

Seasonality and comparability of results

Sales and cash flows are affected by seasonal variations. Sales of frozen food, including seafood, frozen vegetables and complete frozen meals tend to be higher during the winter months, with December sales being approximately double those of other months due to Christmas and New Year’s celebrations. We offer a particularly varied and innovative range of festive products during this period and generally experience significantly higher sales for such period (with increases in both average basket and number of transactions). Sales also typically increase during the Easter holiday season and decrease during the summer months as declines in sales in urban areas due to summer travel are only partially offset by increases at summer vacation destinations. At the end of the summer vacation period, sales increase slightly as customers tend to restock their freezers upon returning home. In addition, because Easter falls on a different date each year between March 22 and April 25 and since our financial year ends in late March, some of our financial years may include two Easter holidays while others may not include an Easter holiday at all. As a result of these variations, sequential interim period comparisons may not be a good indication of our performance while the calendar effects we experience may bias year-on-year comparisons.

The sensitivity of our cost structure

Excluding purchases of goods sold, we have a largely fixed cost base, though a proportion of our store labor and distribution costs is flexible and can increase or decrease in response to weekly turnover. Our costs generally increase from period to period due to new store openings as part of our store network expansion strategy and the sensitivity of certain costs, in particular the cost of the food products we purchase from suppliers, to inflation. Given this general increase in costs from period to period, we must maintain sufficient sales growth to maintain or improve our profit margins. Moreover, as we expand internationally, we will experience higher costs in the absence of economies of scale derived from existing common platforms and shared resources. We seek to proactively manage our cost base through various measures, including entering into forward purchase electricity and diesel fuel contracts to protect us against major fluctuations in the price for these goods. However, even after taking such actions certain expenses, such as rents, raw material prices, energy costs, energy taxes and other direct and indirect taxation are outside our control. See “*Risk factors—Risks related to our business—We are vulnerable to fluctuations in the availability and price of food ingredients and packaging material, as well as to the price of electricity*”.

Comparability of financial years

Iceland Topco Limited was a shelf company incorporated in December 8, 2011 and became the Group’s new holding company as part of the management buyout in March 2012. See “*Our business—History*”.

Consequently, audited consolidated financial statements have been prepared for Iceland Topco Limited as of and for the 52-week periods ended March 29, 2013 and March 28, 2014 but not for any preceding period. We have presented the audited consolidated financial statements of Iceland Food Group Limited, the Group's former holding company, as of and for the 53-week period ended March 30, 2012 as well as certain additional information for Iceland Foods Group Limited as of and for the 52-week periods ended March 26, 2010 and March 25, 2011.

In addition, certain financial years presented in this Offering Memorandum were for periods of differing lengths and are consequently not directly comparable. In particular, the 2012 financial year included 53 weeks, as opposed to 52 weeks in the 2013 and 2014 financial years. This extra week in the 2012 financial year occurred in April 2011. Our turnover and EBITDA during this one week period were £50.8 million and £5.3 million, respectively.

Because of these differences in the comparability of financial years, investors are cautioned not to place undue reliance on our comparative results of operations or our assets and liabilities for any previous or future period or as of any past or future date.

Management buyout

On March 9, 2012, Iceland Acquico Limited, a new company formed by the current owners of Iceland Topco Limited, became the sole shareholder of Iceland Foods Group Limited by acquiring all the outstanding shares of Iceland Food Group Limited held by Landsbanki Islands hf, Glitnir hf and the management shareholders for cash and the issue of the Vendor Loan Note. The acquisition was funded by the issue of the £250.0 million Vendor Loan Note by the Company to Landsbanki Islands hf and Glitnir hf, a drawdown of debt of approximately £860.0 million by Iceland Acquico Limited under the Existing Term Loans, exchange of the shares in Iceland Foods Group Limited held by the Executive Directors for shares in Iceland Topco Limited and the issue of new shares by Iceland Topco Limited to our current institutional investors, the Landmark Group, Brait SE and Lord Graham Kirkham.

This resulted in goodwill amortization charges of £75.0 million in the 2013 financial year and an increase in interest payments beginning in the 2013 financial year in connection with the new debt incurred under the Existing Term Loans and the Vendor Loan Note.

Recent developments, current trading and prospects

Certain statements in this section are forward-looking. They are based upon our expectations and assumptions regarding our strategies and the environment in which we operate, which may prove not to be accurate. Actual results and market developments may differ materially from those described below. See "Forward-looking statements" and "Risk factors" herein for a description of factors that may cause these statements not to materialize.

Since the beginning of the 2015 financial year we have begun implementing our online service, which was available through 280 stores as of March 28, 2014, in additional stores with the aim of achieving coverage of all major population centers in the UK by the year-end. Since the beginning of the 2015 financial year we have opened four new stores in the UK and a seventh store in Ireland.

As of the date of this Offering Memorandum, our internal management reports and preliminary financial data regarding our results for the first three months of the 2015 financial year indicate an increase in turnover of approximately 3% compared to the same period in the prior financial year, which was driven primarily by new store openings. On a like-for-like basis, we experienced negative sales growth year on year, due primarily to weak performance over Easter and the effect of new stores in our network attracting business from existing stores. For the three month period from March to May 2014, total food sales in the UK market fell by approximately 0.2% (source: British Retail Consortium). During this same period, we outperformed the market.

During the first three months of the 2015 financial year, our EBITDA performance was impacted by Easter trading and a slower post Easter sales return.

We expect a year-on-year decrease in like-for-like turnover in the first half of the 2015 financial year, although we expect our full year results will show a slight increase in like-for-like sales compared to the 2014

financial year. We expect to continue to invest in margin during the 2015 financial year. As a result, we expect our EBITDA and EBITDA margin to decrease year-on-year compared to the 2014 financial year while we expect cash conversion as a percentage of EBITDA to remain consistent with our historic average. Consequently, we do not expect an increase in our outstanding debt in the 2015 financial year. We expect our capital expenditure in the 2015 financial year will be approximately £30 million (primarily for investing in new stores and refurbishing existing stores) and we expect our capital expenditure in new stores to lead to further turnover and EBITDA growth.

The preliminary information for the first three months of the 2015 financial year presented in the preceding paragraphs has been prepared by, and is the responsibility of our management, and is based solely on preliminary internal information used by management, and our unaudited interim condensed consolidated financial statements as of and for the three months ended June 20, 2014 have not been completed. Because this information is preliminary, it could change and the preliminary results for the three months ended June 20, 2014 may not be indicative of any other period. See “*Forward-looking statements*”. Grant Thornton UK LLP has not audited, reviewed, compiled or performed any procedures with respect to this preliminary management information. Accordingly, Grant Thornton UK LLP does not express an opinion or any other form of assurance with respect thereto.

Description of Key Income Statement Line Items

Below is a summary description of the key elements of the line items of our income statement.

Turnover. Turnover consists of total revenues from sales of products through our network of stores and online sales.

Cost of sales. Cost of sales consists principally of our costs for the food products we purchase from suppliers. This line item also includes costs for the delivery of products from suppliers to our distribution centers, which is included in the product price, as well as packaging costs and insurance. In addition, cost of sales includes rent for our leased stores, distribution centers and home delivery vans, payments for the operation of our logistics platform (which is outsourced), marketing, store maintenance, transportation of our products from our distribution centers to our stores and from our stores to our customers, energy and other utilities, credit card fees, costs related to temporary employees and consulting fees. Cost of sales also include base salaries and bonuses, payroll charges as well as legal.

Administrative expenses before exceptional items. Administrative expenses before exceptional items include amortization, depreciation, personnel costs for our corporate and regional support offices, costs for professional support services and other central overheads.

Exceptional administrative expenses. Exceptional administrative expenses incurred in the 2012 financial year related to the restructuring of the business following the management buyout in March 2012. The exceptional administrative expenses incurred in the 2014 financial year relate to international expansion costs, specifically the refurbishment and configuration of ex-franchise stores acquired in the Republic of Ireland, ensuring they are legally compliant and bringing them up to the standards of our UK stores, and the impairment of goodwill relating to the acquisition of our franchise business in the Republic of Ireland.

Interest receivable and similar income. Interest receivable and similar income includes income on receivables and income on short-term investments.

Interest payable and similar charges. Interest payable and similar charges include interest expense on debt and finance leases.

Taxation on profit on ordinary activities. Taxation on profit on ordinary activities is taxes paid on income.

Results of operations

The following table sets out our income statement data for each of the periods indicated.

| (in £ millions) | 53-week period ended March 30, | 52-week period ended March 29, | 52-week period ended March 28, |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| | 2012 | 2013 | 2014 |
| Turnover | 2,613.7 | 2,639.5 | 2,710.6 |
| Cost of sales | (2,334.0) | (2,367.8) | (2,455.6) |
| Gross profit | 279.6 | 271.7 | 255.0 |
| Administrative expenses before exceptional items | (118.0) | (163.3) | (174.7) |
| Exceptional administrative expenses | (17.6) | — | (8.0) |
| Administrative expenses | (135.6) | (163.3) | (182.7) |
| Operating profit | 144.1 | 108.4 | 72.3 |
| Profit on disposal of fixed assets | 2.8 | 0.4 | — |
| Profit on disposal of a business | — | 3.1 | — |
| Profit on ordinary activities before interest and taxation | 146.7 | 111.9 | 72.3 |
| Interest receivable and similar income | 1.1 | 2.1 | 7.0 |
| Interest payable and similar charges | (0.4) | (70.0) | (55.8) |
| Profit on ordinary activities before taxation | 147.5 | 44.0 | 23.5 |
| Taxation on profit on ordinary activities | (51.9) | (28.1) | (19.8) |
| Profit for the financial period | 95.6 | 15.9 | 3.7 |

Financial year 2014 compared with financial year 2013

Turnover

The following table sets forth our turnover by region for the periods indicated.

| (in £ millions) | 52-week period ended March 29, | 52-week period ended March 28, |
|-----------------------|--------------------------------------|--------------------------------------|
| | 2013 | 2014 |
| UK | 2,605.8 | 2,677.7 |
| Europe | 29.9 | 30.1 |
| Rest of World | 3.8 | 2.8 |
| Turnover | 2,639.5 | 2,710.6 |

Turnover in the UK in the 2014 financial year was £2,677.7 million, which was an increase of £71.9 million or 2.8% compared with £2,605.8 million in the 2013 financial year. Excluding the contribution of Cooltrader, which was sold on September 29, 2012, from turnover in the 2013 financial year, the underlying year-on-year increase in turnover was 3.8% during this period. The increase was primarily attributable to the annualization of stores opened in the 2013 financial year and new stores opened in the 2014 financial year. Like-for-like sales were relatively flat due to the heavy competition in the market during the period, which have been partially offset by the opening of new stores.

Turnover in Europe in the 2014 financial year was £30.1 million, which was a slight increase compared with £29.9 million in the 2013 financial year, due to the acquisition of franchise stores in Ireland offset by declining sales to the Iceland franchise in Spain.

The following table sets forth our turnover by product type for each of the periods indicated.

| | 52-week period ended March 29, | 52-week period ended March 28, |
|---------------|--------------------------------------|--------------------------------------|
| | 2013 | 2014 |
| Frozen | 35.2% | 34.9% |
| Grocery | 31.2% | 31.7% |
| Chilled | 33.6% | 33.4% |

Turnover by product type as a percentage of our turnover remained largely the same in the 2014 financial year as the 2013 financial year.

Cost of sales

Cost of sales in the 2014 financial year was £2,455.6 million, which was an increase of £87.8 million or 3.8% compared with £2,367.8 million in the 2013 financial year. The increase was largely in line with the 2.8% year on year increase in turnover. Cost of sales as a percentage of turnover increased to 90.6% in the 2014 financial year, as compared to 89.7% in the 2013 financial year, which was partly due to increased costs from our suppliers that we did not pass to our customers in connection with our investment in margin during the financial year. The remainder of the increase relative to turnover was due to an increase in store wages, utilities and additional depreciation costs from new stores.

Gross profit

Gross profit in the 2014 financial year was £255.0 million, which was a decrease of £16.7 million or 6.1% compared with £271.7 million in the 2013 financial year. The decrease is primarily due to investment in margin as well as increases in store wages, expenses associated with delivered sales and other store overheads.

Administrative expenses before exceptional items

Administrative expenses before exceptional items in the 2014 financial year was £174.7 million, which was an increase of £11.4 million or 7.0% compared with £163.3 million in the 2013 financial year, and was primarily attributable to the introduction of the online business, increased marketing spend, international expansion and the inclusion of a full year of manufacturing costs following the acquisition of Iceland Manufacturing Limited on June 30, 2012. This increase has been offset by a reduction in administrative expenses associated with Cooltrader, following its disposal in the 2013 financial year.

Exceptional administrative expenses

Exceptional administrative expenses in the 2014 financial year totaled £8.0 million. The expenses relate to international expansion costs, specifically the refurbishment and configuration of ex-franchise stores acquired in the Republic of Ireland, ensuring they are legally compliant and bringing them up to the standards of our UK stores, and the impairment of goodwill relating to the acquisition of these stores. There were no exceptional administrative expenses in the 2013 financial year.

Interest receivable and similar income

Interest receivable and similar income was £7.0 million in the 2014 financial year, which was a substantial increase of £4.9 million compared with £2.1 million in the 2013 financial year. This increase was primarily attributable to a foreign currency exchange gain on the Euro denominated Term Loan B2 as well as the impact of additional cash in the business year on year.

Interest payable and similar charges

Interest payable and similar charges was £55.8 million in the 2014 financial year, which was a decrease of £14.2 million or 20.3% compared with £70.0 million in the 2013 financial year. The movement is due to a debt re-pricing exercise in February 2013 and the reduction of interest expense due to the repayment of £60.0 million of debt under the Term Loan A.

Taxation on profit on ordinary activities

Taxation on profit on ordinary activities was £19.8 million, which was a decrease of £8.3 million or 29.5% compared to £28.1 million in the 2013 financial year. This decrease was due to a reduction in profits, a decline in the corporation tax rate from 24.0% to 23.0% and the utilization of group losses.

Financial year 2013 compared with financial year 2012

Turnover

The following table sets forth our turnover by region for the periods indicated.

| (in £ millions) | 53-week period ended March 30, | 52-week period ended March 29, |
|-----------------------|--------------------------------------|--------------------------------------|
| | 2012 | 2013 |
| UK | 2,581.1 | 2,605.8 |
| Europe | 31.4 | 29.9 |
| Rest of World | 1.2 | 3.8 |
| Turnover | 2,613.7 | 2,639.5 |

Turnover in the UK in the 2013 financial year was £2,605.8 million, which was an increase of £24.7 million or 1.0% compared with £2,581.1 million in the 2012 financial year. The increase was primarily attributable to the annualization of stores opened in the 2012 financial year and new stores opened in the 2013 financial year. This increase was offset by the 2012 financial year having an additional week of trading and a full year of turnover from Cooltrader. Excluding the impact of Cooltrader and the additional trading week in the 2012 financial year, turnover increased by 4.1% in the 2013 financial year. In addition, like-for-like sales increased by 1.1%.

Turnover in Europe in the 2013 financial year was £29.9 million, which was a decrease of £1.5 million or 4.8% compared with £31.4 million in the 2012 financial year. This was primarily attributable to declining sales to our franchise business in Spain.

Turnover in the rest of world in the 2013 financial year was £3.8 million, which was an increase of £2.6 million compared with £1.2 million in the 2012 financial year. This increase in turnover related to sales to a new customer in South Africa.

The following table sets forth our turnover by product type for each of the period indicated.

| | 53-week period ended March 30, | 52-week period ended March 29, |
|---------------|--------------------------------------|--------------------------------------|
| | 2012 | 2013 |
| Frozen | 35.5% | 35.2% |
| Grocery | 30.9% | 31.2% |
| Chilled | 33.5% | 33.6% |

Turnover by product type as a percentage of our turnover remained the same in the 2013 financial year as the 2012 financial year.

Cost of sales

Cost of sales in the 2013 financial year was £2,367.8 million, which was an increase of £33.8 million or 1.4% compared with £2,334.0 million in the 2012 financial year. The increase was predominately in line with the year on year increase in turnover. Cost of sales as a percentage of turnover increased to 89.7% in the 2013 financial year, as compared to 89.3% in the 2012 financial year, as a result of investments in margin as well as increases in retail overheads related to new stores, including store wages and depreciation costs from new stores.

Gross profit

Gross profit in the 2013 financial year was £271.7 million which was a decrease of £7.9 million or 2.8% compared with £279.6 million in the 2012 financial year, due to an increase in turnover and general store overheads.

Administrative expenses before exceptional items

Administrative expenses before exceptional items in the 2013 financial year was £163.3 million, which was an increase of £45.3 million or 38.4% compared with £118.0 million in the 2012 financial year. This increase was primarily attributable to an increase in the value of goodwill and thus its amortization charge after the management buyout (£50.4 million).

Exceptional administrative expenses

In the 2012 financial year, we incurred exceptional administrative expenses of £17.6 million, related to one-off transactions in relation to the management buyout. See “—Key factors affecting our results of operations—Management buyout”.

Interest receivable and similar income

Interest receivable and similar income was £2.1 million in the 2013 financial year, which was a slight increase of £1.0 million compared with £1.1 million in the 2012 financial year which was primarily attributable to the release of an insurance reserve.

Interest payable and similar charges

Interest payable and similar charges was £70.0 million in the 2013 financial year, which was an increase of £69.6 million compared with £0.4 million in the 2012 financial year. This increase was attributable to the drawdown of approximately £1.1 billion of new debt as part of the management buyout in March 2012. See “—Key factors affecting our results of operations—Management buyout”.

Taxation on profit on ordinary activities

Taxation on profit on ordinary activities was £28.1 million, which was a decrease of £23.8 million or 45.9% compared to £51.9 million in the 2012 financial year, which was primarily due to interest paid as part of the management buyout as well as the impact of the reduction in the corporation tax rate from 26.0% to 24.0%.

Liquidity and capital resources

Our financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the indebtedness of our subsidiaries, and the interest we are obligated to pay on such indebtedness, which affects our net financial expenses;
- prevailing interest rates, which affect our debt service requirements;
- our ability to continue to borrow funds from financial institutions; and
- our capital expenditure requirements, which consist mainly of costs to build and equip additional stores, maintenance expenses (including store remodelings) and IT projects.

Our cash requirements consist mainly of the following:

- funding operating activities;
- funding capital expenditures;
- servicing our indebtedness; and
- paying taxes.

Our sources of liquidity historically consisted, and will consist after the Offering, mainly of the following:

- cash generated from our operating activities;
- structurally negative working capital inflow generated by our business model;
- borrowings under our Revolving Credit Facility;
- borrowings under debt securities, such as the Notes; and
- capital contributions from our shareholders.

We benefit from negative net working capital because our customers pay cash for our products while we benefit from suppliers’ credit terms, which allow us to pay our suppliers a number of days after receipt of goods. Changes in working capital are mainly driven by trade working capital, particularly the level of inventories and payment terms to suppliers, and overhead working capital.

Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on competition as well as general economic, financial, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed under “*Risk factors*”.

We believe that the cash generated from our operations and capacity under the Revolving Credit Facility will be sufficient to meet our liquidity requirements for the next twelve months, although this may not be the case.

Following the offering of the Notes and the application of the proceeds therefrom, our debt service obligations will consist primarily of interest payments on the Notes and principal and interest payments on any amounts drawn under the Revolving Credit Facility.

Analysis of cash flows

The following table sets out a summary reconciliation of our profit on ordinary activities before interest and taxation to Adjusted EBITDA for the periods indicated.

| (in £ millions) | <u>53-week period ended March 30, 2012</u> | <u>52-week period ended March 29, 2013</u> | <u>52-week period ended March 28, 2014</u> |
|---|--|--|--|
| Adjusted EBITDA | 230.2 | 226.3 | 202.2 |
| Profit on disposal of a business | — | 3.1 | — |
| Profit on disposal of fixed assets | — | 0.4 | — |
| One-off property income | 2.8 | — | — |
| Share of operating loss in associates | (0.1) | — | — |
| Cost of share based payments | (11.0) | — | — |
| Exceptional administrative expenses | (17.6) | — | (4.7) |
| EBITDA | 204.3 | 229.7 | 197.6 |
| Amortization of goodwill | (25.5) | (75.9) | (75.0) |
| Impairment of goodwill | — | — | (3.3) |
| Amortization of loan fees | (0.3) | (7.7) | (8.2) |
| Depreciation | (31.7) | (34.2) | (38.8) |
| Profit on ordinary activities before interest and taxation | 146.7 | 111.9 | 72.3 |

The following table sets out a summary reconciliation of our cash flows to profit on ordinary activities before interest and taxation for the periods indicated.

| (in £ millions) | 53-week period ended March 30, | 52-week period ended March 29, | 52-week period ended March 28, |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| | 2012 | 2013 | 2014 |
| Profit on ordinary activities before interest and taxation | 146.7 | 111.9 | 72.3 |
| Profit on disposal of a business | — | (3.1) | — |
| Profit on disposal of fixed assets | (2.8) | (0.4) | — |
| Operating profit | 144.1 | 108.4 | 72.3 |
| Depreciation | 31.7 | 34.2 | 38.8 |
| Amortization of goodwill | 25.5 | 75.9 | 75.0 |
| Impairment of goodwill | — | — | 3.3 |
| Amortization of debt issue costs | 0.3 | 7.7 | 8.2 |
| Share based payment contribution from ultimate parent undertaking | 11.0 | — | — |
| (Increase)/decrease in stock | (7.0) | 7.0 | (15.5) |
| Increase in debtors | (10.8) | 7.2 | (9.1) |
| Increase in creditors | 28.2 | 9.5 | 22.8 |
| Increase/(decrease) in provisions | 12.9 | (10.0) | 0.3 |
| Net cash inflow from operating activities | 235.9 | 240.1 | 196.1 |
| Returns on investments and servicing of finance | 0.6 | (53.4) | (33.4) |
| Taxation | (46.0) | (34.3) | (26.3) |
| Capital expenditure and financial investment | (22.2) | (35.3) | (45.2) |
| Acquisitions and disposals | — | 2.1 | (5.0) |
| Cash inflow/(outflow) before financing | 168.2 | 119.1 | 86.2 |
| Dividends | (100.0) | — | — |
| New loans in the period | 50.0 | — | — |
| Loan repayments in the period | (100.0) | (82.1) | (60.0) |
| Capital element of finance lease payments | (0.3) | 2.2 | (1.6) |
| Cash from (used in) financing | (50.3) | (80.0) | (61.6) |
| Increase in cash in the period | 17.9 | 39.2 | 24.6 |

Net cash inflow from operating activities

Net cash inflow from operating activities was £196.1 million in the 2014 financial year, which was a decrease of £44.0 million or 18.3% compared with £240.1 million in the 2013 financial year. This decrease was primarily attributable to a reduction in operating profit of £36.1 million (including the £8.0 million movement in exceptional administrative expenses) and adverse working capital associated with stock build-up in connection with seasonal sales due to Easter falling outside the 2014 financial year.

Net cash inflow from operating activities was £240.1 million in the 2013 financial year, which was an increase of £4.2 million or 1.8% compared with £235.9 million in the 2012 financial year. This increase was primarily attributable to a decrease in working capital and an increase in operating profit (when adjusted for amortization) in the 2013 financial year from the 2012 financial year due in part to the exceptional costs associated with the management buyout incurred in the 2012 financial year.

Returns on investments and servicing of finance

Returns on investments and servicing of finance was an outflow of £33.4 million in the 2014 financial year, which was a decrease of £20.0 million or 37.5% compared with £53.4 million in the 2013 financial year. This decrease was primarily attributable to the benefits from a debt re-pricing exercise in February 2013 and lower borrowings in the 2014 financial year.

Returns on investments and servicing of finance was an outflow of £53.4 million in the 2013 financial year, which was a substantial decrease compared to an inflow of £0.6 million in the 2012 financial year. This decrease was primarily attributable to the drawdown of the Existing Term Loans and the Vendor Loan Note in March 2012 in connection with the management buyout.

Taxation

UK corporation tax paid was £26.3 million in the 2014 financial year, which was a decrease of £8.0 million or 23.3% compared with £34.3 million in the 2013 financial year. This decrease was primarily attributable to a reduction in profits, a decline in the corporation tax rate from 24.0% to 23.0% and the utilization of group losses.

UK corporation tax paid was £34.3 million in the 2013 financial year, which was a decrease of £11.7 million or 25.5% compared with £46.0 million in the 2012 financial year, which was due to interest paid as part of the management buyout, declining underlying taxable profits and a reduction in the corporation tax rate from 26.0% to 24.0%.

Capital expenditure and financial investment

Capital expenditure and financial investment was £45.2 million in the 2014 financial year, which was an increase of £9.9 million or 28.0% compared with £35.3 million in the 2013 financial year. This was primarily attributable to 43 net new UK stores that opened in the 2014 financial year, which accounted for £25.6 million of capital expenditure, compared with 36 new UK stores that opened in the 2013 financial year, which accounted for £17.7 million of capital expenditure.

Capital expenditure and financial investment was £35.3 million in the 2013 financial year, which was an increase of £13.1 million or 59.0% compared with £22.2 million in the 2012 financial year. This increase was primarily attributable to the opening of 36 new UK stores in the 2013 financial year compared with the opening of 16 new UK stores in the 2012 financial year, which accounted for £8.3 million of capital expenditure.

Acquisitions and disposals

Cash outflow from acquisitions and disposals was £5.0 million in the 2014 financial year and was related to the acquisition of six franchise stores in Ireland.

Cash inflow from acquisitions and disposals was £2.1 million in the 2013 financial year, and was related to the disposal of the Cooltrader business and the acquisition of Iceland Manufacturing Limited.

Cash from (used in) financing

Cash used in financing was £61.6 million in the 2014 financial year, which was a decrease from cash used in financing of £80.0 million in the 2013 financial year. This decrease relates to lower debt repayments due to a decrease in the amount of debt outstanding in the 2014 financial year.

Cash outflow from financing was £80.0 million in the 2013 financial year, which was a substantial increase from an outflow of £50.3 million in the 2012 financial year, and again relates to debt repayments.

Working capital

We define changes in working capital as the sum of changes in subcontractor and supplier payables and other creditors, accrual, debtors and prepayments, resulting from the cash flow statement.

The following table sets forth our calculation of changes in working capital for each of the dates indicated.

| (in £ millions) | As of | | |
|---|---------------------------------|---------------------------------|---------------------------------|
| | <u>March 30,</u> <u>2012</u> | <u>March 29,</u> <u>2013</u> | <u>March 28,</u> <u>2014</u> |
| Changes in stock | (7.0) | 7.0 | (15.5) |
| Changes in debtors | (10.8) | 7.2 | (9.1) |
| Changes in creditors | <u>28.2</u> | <u>9.5</u> | <u>22.8</u> |
| Changes in working capital | 10.4 | 23.8 | (1.8) |

We benefit from negative net working capital because our customers pay cash for our products while we benefit from suppliers credit terms. As sales increase, working capital generally tends to improve as well.

Stock levels move in line with sales and are impacted by the timing of Easter in relation to our year end.

Changes in debtors are driven by the timing of receipt of supplier monies.

Changes in creditors are driven by the timing of payments to suppliers.

In the 2012 and 2014 financial years, Easter fell after the financial year end. In these years, the movement in working capital reflects the pre-Easter stock (inventory) build and corresponding increase in creditors / payables.

Capital expenditure

Capital expenditure relates mainly to the opening of new stores, the remodeling and refurbishment of existing stores and IT related capital expenditure. In the 2014 financial year capital expenditure increased by £9.9 million, from £35.3 million in 2013, mainly as a result of adding 43 net new stores in the UK in financial year 2014 compared to 33 net new stores in financial year 2013.

We typically spend approximately £0.6 million to fit out each new store (an investment of £120 per square foot), and have achieved an average payback period on our stores of approximately 1.5 years (the amount of time for a new store to recover the capital expenditure spent to fit out the store). We believe that our stores have a capital expenditure structure that requires minimal ongoing maintenance expenditure. The frequency of our store refurbishment depends on the amount of customer traffic in any given store, which varies from store to store.

Contractual obligations and commitments

The following table summarizes our contractual obligations and commitments as of March 28, 2014.

| (in £ millions) | <u>Total</u> | <u>Less than 1 year</u> | <u>Years 1-5</u> | <u>More than 5 years</u> |
|--|----------------|-----------------------------|------------------|------------------------------|
| Finance lease obligations ⁽¹⁾ | 1.8 | 1.0 | 0.8 | — |
| Operating lease obligations ⁽²⁾ | 95.7 | 5.6 | 26.3 | 63.8 |
| Long-term debt ⁽³⁾ | 992.3 | — | 715.2 | 277.1 |
| Total | 1,089.8 | 6.6 | 742.3 | 340.9 |

(1) Finance lease obligations are obligations in association with our information systems and manufacturing business.

(2) Operating lease obligations are obligations in association with land and buildings and plant and machinery.

(3) Long-term debt includes the Vendor Loan Note and the Existing Term Loans, which will be repaid and cancelled as part of the Refinancing.

The following table summarizes our contractual obligations and commitments as of March 28, 2014, after giving *pro forma* effect to the Refinancing, including estimated interest payments.

| (in £ millions) | <u>Total</u> | <u>Less than 1 year</u> | <u>Years 1-5</u> | <u>More than 5 years</u> |
|--|----------------|-----------------------------|------------------|------------------------------|
| Notes interest ⁽¹⁾ | 401.0 | 40.8 | 221.5 | 138.7 |
| Notes principal amount | 950.0 | — | — | 950.0 |
| Finance lease obligations ⁽²⁾ | 1.8 | 1.0 | 0.8 | — |
| Operating lease obligations ⁽³⁾ | 95.7 | 5.6 | 26.3 | 63.8 |
| Total | 1,448.5 | 47.4 | 248.6 | 1,152.5 |

(1) Includes interest on the Notes based on an assumed interest rate.

(2) Finance lease obligations are obligations in association with our information systems and manufacturing business.

(3) Operating lease obligations are obligations in association with land and buildings and plant and machinery.

Off balance sheet commitments

We have not used special purpose vehicles or similar financing arrangements on a historical basis. In addition, we have not had and do not have off balance sheet arrangements with any of our affiliates.

We have historically used foreign exchange and interest rate swaps to hedge our exposure to our Euro-denominated and other debt, which had fair values of £12.1 million and £4.3 million, respectively, as of March 28, 2014. In connection with the Refinancing, we expect to close out these swaps. See “*Use of proceeds*”.

Market risks

We use various financial instruments including loans, cash, trade debtors and trade creditors that arise directly from our operations. The main purpose of these financial instruments is to raise finance for our operations.

The existence of these financial instruments exposes us to a number of financial risks, which are described in more detail below. In order to manage our exposure to those risks, in particular our exposure to interest rate risk, we enter into a number of derivative transactions including interest rate swaps as considered necessary.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from our financial instruments are liquidity risk, interest rate risk and credit risk. Our directors review and agree on policies for managing each of these risks and they are summarized below.

Liquidity risk

We seek to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Our policy throughout the year is to ensure that cash balances are maintained and ensure that a sufficient return is earned on these.

We expect to meet our working capital needs from cash generated from our operations.

Interest rate risk

We finance our operations through a mixture of retained profits and borrowings. Our exposure to interest rate fluctuations on our Euro-denominated borrowings has historically been managed by the use of interest rate swaps as considered necessary. See “—*Off balance sheet commitments*”. In connection with the Refinancing, we expect to close out the interest rate swaps hedging fluctuations on our Euro-denominated borrowings.

Credit risk

Our principal financial asset is cash and our business predominately generates cash rather than relying on customer credit. Therefore we have very limited credit risk.

Currency risk

Less than half of the bank loans we hold are denominated in Euros. We have forward exchange contracts in place to cover the whole principal amount of the Euro-denominated bank loan. The currency risk associated with interest repayments is, in part, mitigated through Euro cash flows into the business associated with our overseas ventures. We expect to repay such Euro-denominated bank loans and close out the related swaps in connection with the Refinancing. See “*Use of proceeds*”.

Critical accounting policies

Our *pro forma* and consolidated financial statements have been prepared in accordance with UK GAAP. Our principal critical accounting policies are set forth below.

Provisions

Provisions are recognized in line with FRS12, when there is a present obligation as a result of a past event, a transfer of economic benefits is probable to settle the obligation and a reliable estimate can be made. Provisions are reviewed on a regular basis.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration over the fair value of the net assets acquired) arising on business combinations is capitalized.

Purchased goodwill is amortized over its estimated useful economic life up to a maximum of 20 years. The length of time is presumed to be the maximum useful life of purchased goodwill as it is difficult to make projections beyond this point. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently, if circumstances indicate that the carrying value may not be recoverable.

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavorable conditions.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Debt issue costs are offset against the debt and amortized over the term of the loan.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Industry overview

Unless stated otherwise, the statements on markets and competition provided below are based on our beliefs and estimates, some of which were, in turn, derived from various sources it believes to be reliable, including industry publications and surveys or studies conducted by third party sources, including Kantar Worldpanel and the Institute of Grocery Distribution (“IGD”). We compiled our projections for the market and competitive data beyond 2014 in part on the basis of such historical data and in part on the basis of assumptions and methodology which we believe to be reasonable, as well as on various sources we believe to be reliable. In light of the absence of publicly available information on a significant proportion of participants in the industry, many of whom are small and/or privately owned operators, the data on market sizes and projected growth rates should be viewed with caution. Additional factors, which should be considered in assessing the usefulness of the market and competitive data and, in particular, the projected growth rates, are described elsewhere in this Offering Memorandum, including those set out in the section entitled “Risk factors”.

Overview

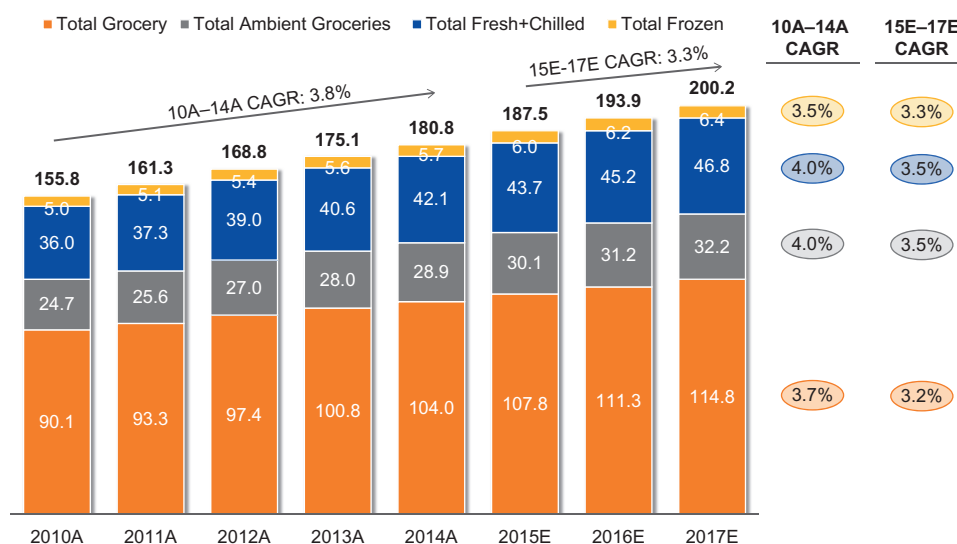
We operate in the UK food retail market with a particular focus on frozen food, an attractive niche segment within the food retail market. The UK frozen food market totaled £5.7 billion of sales and represented 3.2% of the total UK food retail market in 2014. Within the frozen segment, we are the third largest retailer in the UK with a 14.1% market share by total sales as of May 2014.

We believe that the frozen food segment represents an attractive market with a number of key advantages. Frozen food has a longer shelf-life and is less perishable than fresh foods due to the deep freezing process, with the ability to defrost or be cooked from frozen and prepared on an “as-needed” basis, thereby reducing food wastage and over-consumption. Frozen food also tends to be packaged in larger sizes and is perceived to offer greater value for money in comparison to other food categories. In addition, since frozen products do not generally require any added preservatives, they typically represent a healthier proposition for consumers.

The UK food retail market

In 2014, the UK food retail market was valued at £180.8 billion on a total sales basis, and between 2010 and 2014, the UK food retail market grew at an annualized rate of 3.8%, driven largely by inflation with limited volume growth. The growth in the overall market is expected to continue over the next three years albeit at a slightly lower rate than previously.

Evolution of market size of the total UK food retail market (£billion)



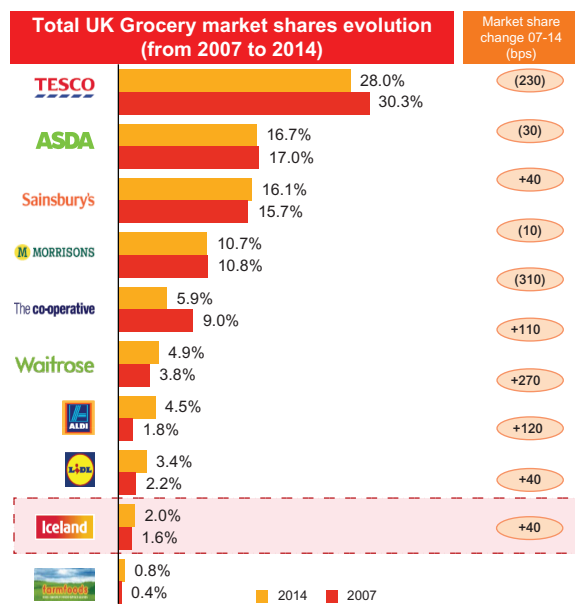
Source: Kantar Worldpanel

Key trends in the UK food retail market

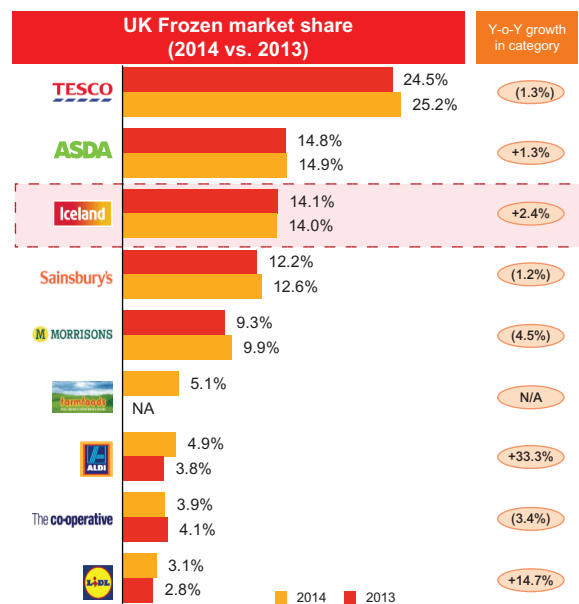
There are three key trends that are shaping the future of the UK food retail market: discounters, convenience and online.

Growing acceptance of shopping at discounters

According to Kantar Worldpanel, discount food retailers such as Aldi and Lidl have continued to gain market share over the last seven years (from January 2007 to May 2014), gaining market share from the Big 4 traditional supermarket food retailers. On a calendar year till roll market share basis over this time period, Aldi has increased its market share by 2.7% (from 1.8% to 4.5%) and Lidl has increased its market share by 1.2% (from 2.2% to 3.4%), while at the same time, the Big 4 food retailers have collectively lost 2.2% market share (from 73.8% to 71.6%). These changes in competitive positions are largely as a result of a structural shift in consumer behavior towards value. The challenging economic conditions experienced by the average UK consumer over the last five years, notably the reduction in real incomes due to the higher inflation relative to wage growth, has resulted in significant pressure on disposable incomes. This in turn has resulted in many consumers trading down from more traditional supermarket retailers to value-focused discounters such as Aldi and Lidl. These companies have responded to this trend by re-inventing their range architecture, increasing the quality of their predominantly private label offering and reducing prices, thereby attracting an even wider socio-demographic group of customers.



Source: Kantar Worldpanel. 52-week data for 2007. 2014 data is year to date as of 20 weeks to May 25, 2014

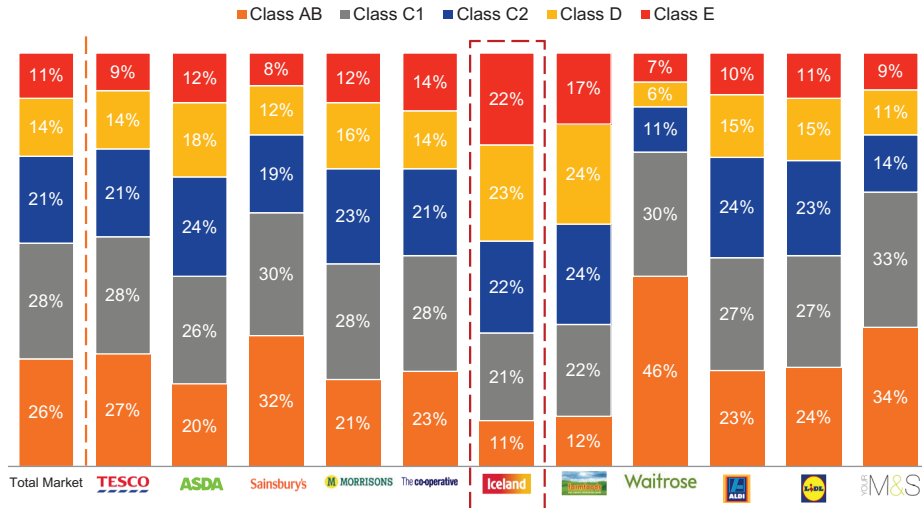


Source: Kantar Worldpanel. Till roll 12 weeks ending May 25, 2014

While the challenging macroeconomic conditions have helped attract customers to the discount segment, research suggests that the change in consumer behavior towards value is likely to persist, and that shopping at discount retailers is becoming increasingly socially acceptable and customers of discount retailers are no longer limited to consumers from lower income demographic categories. This is further demonstrated by the increasing penetration among affluent customers shopping at discount food retailers such as Aldi and Lidl, with approximately 50% of Aldi and Lidl's customer base now comprising individuals in the ABC1 demographic categories.

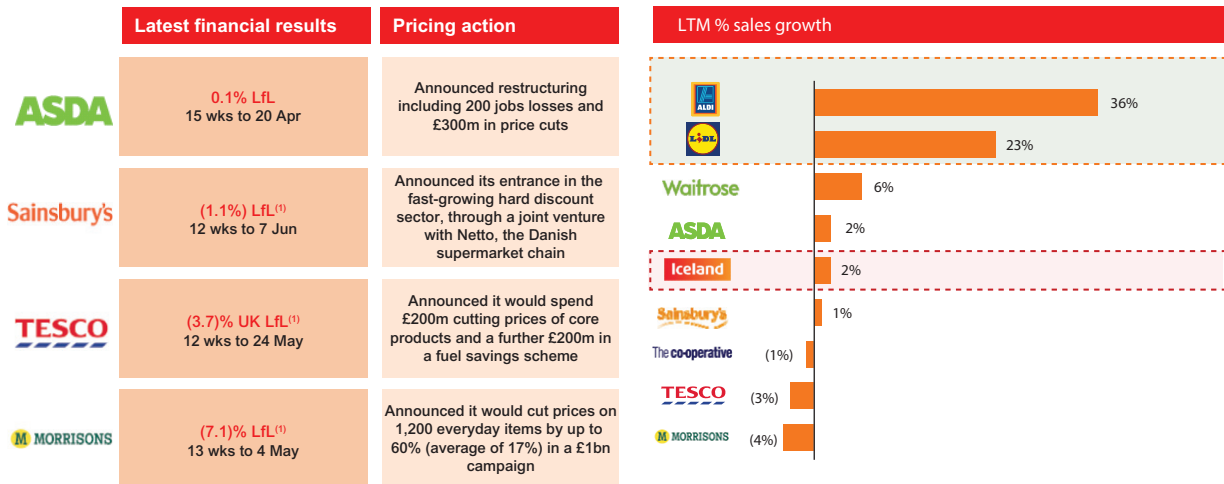
The Iceland core customer base consists primarily of the C2DE demographic, with 67% of our customers within this group. This is partly due to the location of our stores targeting locations with a high proportion of lower income consumers, resulting in many ABC1 customers not having the benefit of an Iceland within reasonable proximity. The ability of the discount retailers to reach the higher income demographics demonstrates the potential opportunity for us to exploit this structural change towards discount, and target a more affluent customer base with our focus on quality products and value for money.

Split of spend profile by customer base for the key UK food retail market competitors



Source: Kantar Worldpanel: Till Roll 12 weeks ending May 25, 2014

The increasing strength of the discounters has put significant pressure on recent like-for-like results from the Big 4 retailers (with Tesco reporting like-for-like sales (excluding fuel) down 3.7% for the 12 weeks to 24 May 2014, and Morrisons reporting like-for-like sales (excluding fuel) down 7.1% for the 13 weeks to 4 May 2014) and the Big 4 are responding with price cuts in selected products to drive customer traffic and maintain market share. The growth of value focused discounters and “price wars” among the Big 4 are driving down overall food inflation levels, as outlined in the graph below.

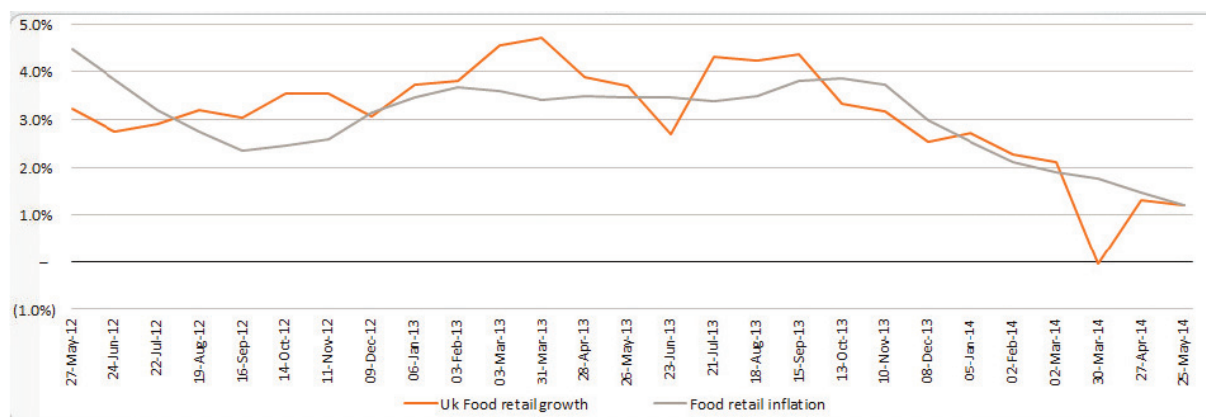


(1) Excluding fuel.

Source: company filings, management earnings announcements and broker reports

Source: Kantar Worldpanel. Based on till roll data for 12 weeks ending May 25, 2014 as compared to the 12 weeks ended May 26, 2013

UK retail inflation and market growth continues to decrease



Source: Kantar Worldpanel, IGD

Customers prefer convenience

Another significant consumer trend shaping the UK food retail market is that consumers are tending to make fewer major weekly grocery shopping trips and instead prefer to make more frequent smaller grocery shopping trips with numerous top-ups over the week in smaller, more conveniently located stores, further supplemented by a growing number of orders placed online. This trend can be partly explained by the difficult economic environment and the pressure on disposable incomes, since smaller shopping trips result in less food waste. In addition, the rising price of fuel has made large trips to out-of-town/edge-of-town superstores/hypermarkets less appealing to consumers.

This change in consumer behavior has had a particularly negative impact on the Big 4 due to the fact that their estates are weighted towards large, out-of-town/edge-of-town stores, while consumer behavior is increasingly favoring smaller convenient shopping locations.

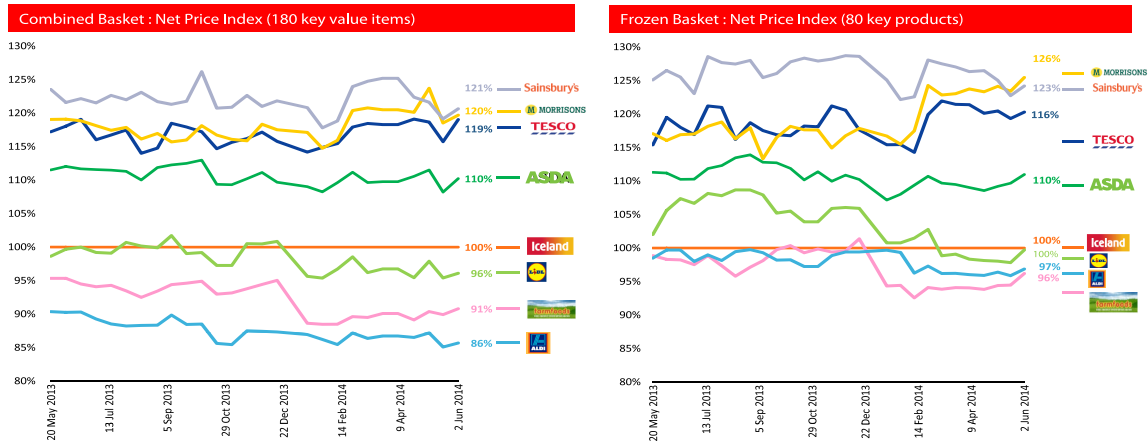
Growing shift towards online

In parallel and in combination with the shift towards value and convenience, there is an ongoing structural shift in the food retail market towards online, largely mirroring the overall shift in the broader retail market. This growth has been driven by the advantages of convenience for the average consumer (for example the ability to receive deliveries directly at home or pick up orders from a store on the way home), as well as the increasing adoption of e-commerce amid rapidly growing smart phone / tablet usage. The shift towards the online channel is expected to gather significant pace within the UK food retail market, with IGD forecasting online penetration to increase from 3.8% in 2013 to 7.1% in 2018.

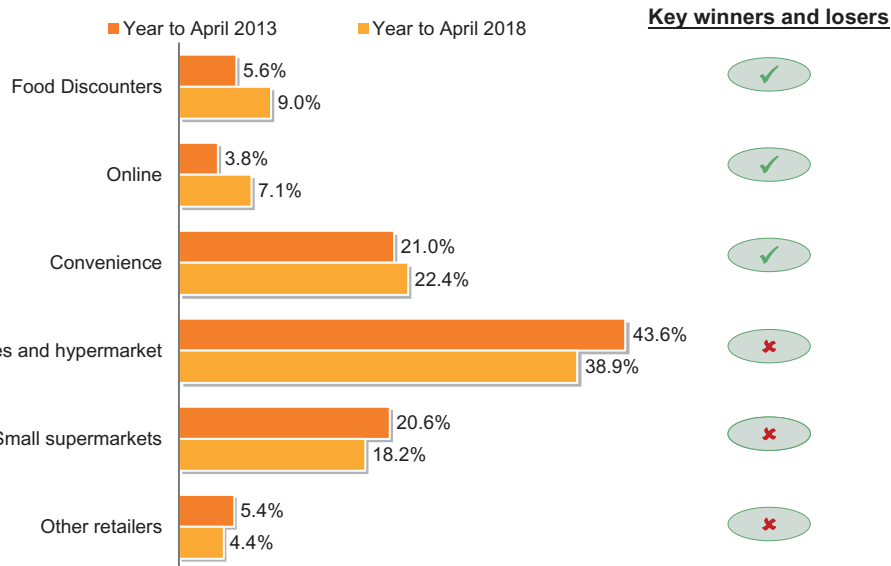
A transformational change in the UK food retail market landscape

These trends are changing the shape of the UK food retail market and, according to IGD, are forecast to result in retailers with a focus on value, convenience and an online offering taking significant market share at the expense of traditional out-of-town/edge-of-town supermarkets and other retailers which are slow to adapt to these differentiating factors.

The graphs below show net price indexes and the market share evolution for market participants within the UK food retail market.



Market share evolution within UK food retail market



Source: IGD data, as of August 2013

Overview of market competitors

Total UK food retail market

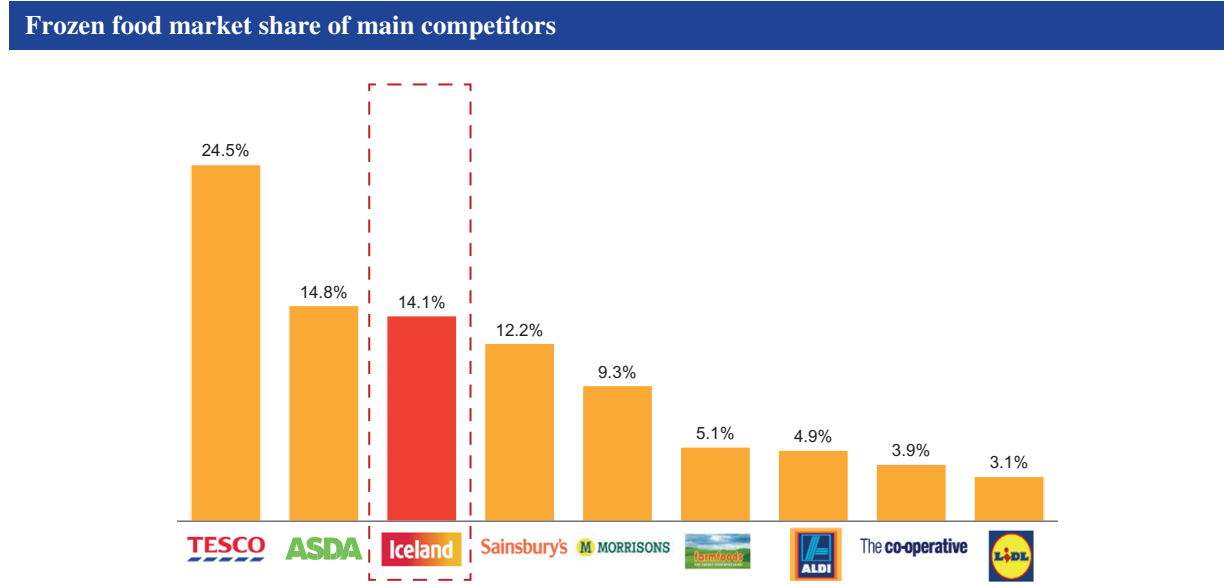
The UK food retail market is highly concentrated with the top four players accounting for approximately 70% of the market by total sales as of May 2014, according to Kantar Worldpanel. These players are referred to as the Big 4, where, according to Kantar Worldpanel, Tesco has a market share of 28.0%, Asda has a market share of 16.7%, Sainsbury's has a market share of 16.1% and Morrisons has a market share of 10.7% as of May 2014. We also compete with other major supermarket retailers such as Waitrose and M&S at the premium end, as well as value-led discount retailers such as Aldi and Lidl.

The only other specialist frozen food led competitor is Farmfoods, a Scottish frozen food grocery chain with over 300 stores in the UK. Farmfoods has a market share of 0.8% as of May 2014, and has significantly increased its market share from January 2007 to May 2014, from 0.4% to 0.8%. Its strategy has been particularly focused on prioritizing market share gains over profits. In particular, for the financial year 2013, while Farmfoods' sales increased by 21% compared to the prior year, EBITDA declined by 32% and EBITDA margin declined by 2.7% to 3.5%. This provides further evidence that the market is increasingly price competitive and against this backdrop, we believe that our differentiated value proposition, well-invested infrastructure and convenient high-street locations leave us well positioned to benefit from the structural changes taking place in the market, while maintaining a strong financial profile.

In addition to the Big 4 and discounters, we also compete with traditional convenience retailers such as Spar, Costcutter and Nisa which are typically operated by independents affiliated to symbol group wholesale suppliers.

UK frozen food market

The UK frozen food market is also highly concentrated, with the top four players comprising 66% of the total market value by sales. We are the third largest player in the UK frozen food market, and the largest specialist frozen-food led retailer in the UK as outlined in the chart below.



Source: Kantar Worldpanel till roll 12 week ending May 25, 2014

The structural changes in the UK food retail market have seen value-led retailers such as Aldi and Lidl, as well as Farmfoods, demonstrate superior sales growth relative to the Big 4 food retailers. In particular, based on Kantar Worldpanel till roll data for the last twelve month sales growth for the 12 week period ending May 2014 versus May 2013, the sales growth levels of Aldi (+36%), Farmfoods (+27%) and Lidl (+23%) have been superior to that of Tesco (3% decline) and Morrison’s (4% decline), with Asda (+2%) and Sainsbury’s (+1%) showing modest increases in sales along with ourselves (+2%).

This trend is similar within the frozen food category, where, in terms of year-on-year growth for the 12 week period ending May 2014 vs. May 2013, Aldi (+33%) and Lidl (+15%) continue to outperform the Big 4 food retailers. Against this backdrop, we have also been able to grow our sales by 2% over the same time period and to increase our market share by 0.1% to 14.1%.

Our business

Overview

We are a national UK food retailer specializing in frozen food with 833 stores in the UK as well as stores in Ireland, the Czech Republic and Iceland as of March 28, 2014. We are the third largest player in the UK frozen food category, with a market share of 14.1% in the 12-week period ended May 25, 2014, and have a total share of the UK food retail market of 2.0% in the 20-week period ended May 25, 2014. For the 2014 financial year, sales in our UK retail network accounted for 98.8% of our total sales, with sales in Europe and the rest of the world accounting for 1.1% and 0.1%, respectively. Since the current executive management team returned to the business in 2005 we have achieved nine years of consistent sales growth, generating a CAGR of 7.3%. Over the same period we have grown operating profit (excluding amortization) from an operating loss of £59.4 million to an operating profit of £158.8 million despite significant economic challenges. We achieved our sales and operating profit growth by both increasing turnover from our existing stores and increasing the number of stores in our network, from 748 stores in the 2005 financial year to 844 stores in the 2014 financial year. We are a highly cash generative business, characterized by a strong cash conversion profile supported by strong operating performance, disciplined capital expenditure, favorable working capital and conservative financial policies.

History

We were established in 1970 by Malcolm Walker, our current CEO, and became a public company in 1984. Between 1984 and 2000, Malcolm Walker and his senior management team, including Tarsem Dhaliwal and Nigel Broadhurst, turned us from a regional frozen food chain into a leading UK food retailer. Between 2001 and 2005, after the departure of the incumbent management team, the new management team increased our non-core activities and tried to reposition the business as a convenience format. This proved unsuccessful, as it put us in direct competition with the big grocers and sent a confusing message to customers, which alienated our core customer base and failed to attract higher-end consumers.

In 2005, Malcolm Walker and his senior management team returned to the business. Within 12 months of returning to the Iceland business, they had stabilized the business, turning a double-digit like-for-like sales decline into double-digit sales growth. This was the beginning of a sustained recovery which has seen total sales increase from £1,439.1 million to £2,710.6 million over the last eight financial years to March 2014.

In March 2012, our senior management team, led by CEO Malcolm Walker, together with co-investors Brait SE, Lord Graham Kirkham and the Landmark Group, acquired 77% of Iceland Foods Group Limited (the previous holding company) from our previous shareholders.

Our competitive strengths

Iconic frozen-led brand with a differentiated and compelling value proposition

We offer a focused, differentiated customer proposition targeting value-seeking families with our unique frozen food offering and iconic brand strength in our private label. Our proposition is primarily focused on frozen food, with a majority of total space in our stores allocated to frozen food and 56.0% of our transactions including at least one frozen item. Our stores are typically located in convenient high-street locations in predominately lower income demographic areas. Our store locations, product offering and focus on value for money fulfill specific shopping missions for our target consumers, primarily a frozen-led secondary shopping experience, with more than half of sales generated from customers on such “cherry picking” or “top-up” shopping missions. As of March 28, 2014, our store network generated an average of 4.9 million transactions per week with an average basket of £11.05 (compared to an industry average basket of £15.25). We also cater to frozen stock-up and convenience missions which represented approximately 30.0% of our sales in financial year 2014.

The compelling value proposition to our customers is supported by our private label offering with high penetration among our frozen and chilled categories. For financial year 2014, 67.9% of our frozen sales and 61.6% of our chilled sales arose from private label products, which achieved higher margins than the branded products we sell. Our brand enjoys a longstanding association with value-for-money based on the quality and innovation of our products in conjunction with a sharp focus on price, reinforced through our round sum pricing strategy.

Highly profitable store footprint across convenient high street locations suited to the target consumer demographic

As of March 28, 2014 we operated a nationwide store network consisting of 833 well-invested Iceland branded stores in the UK, with an additional 11 stores internationally. Our stores are generally located in convenient, high street or neighborhood locations in predominantly lower income demographic areas. We focus on providing our customers with an attractive shopping experience through our well laid out stores featuring big ticket displays and clear-cut round sum pricing. The locations of our stores as well as the products we offer are well suited to our targeted customer demographics, as 67.0% of our customer base is within the lower income demographic C2DE group in the UK; see “*Industry overview—Key trends in the UK food retail market—Growing acceptance of shopping at discounters*”. Our product offering is developed to meet the requirements of the C2DE customer demographic group, which notably include the desire for larger pack sizes with increased value, the appeal of round sum pricing that provides a simplified shopping experience and higher perception of value, centrally located stores to cater to customers who do not own a car and the value inherent in the longer shelf life of frozen food compared to chilled and non-frozen products.

Our stores have highly attractive financial characteristics, evidenced by the fact that 99% of stores in our total portfolio generate positive contribution (measured as store EBITDA less variable distribution costs). New stores typically generate positive contribution within the first week of operation due to our well-optimized procurement system and operational efficiencies. Currently, the average payback period (the amount of time for a new store to recover the capital expenditure spent to fit out the store) on a new store is approximately 1.5 years, on an average initial investment of £0.6 million.

Strong market position within the attractive value-end segment of UK food retail

We are the third largest participant in the UK frozen food category, with a 14.1% market share for the 12-week period ended May 25, 2014 (Kantar Worldpanel). Combined with our relative market positions in fresh food (1.9%), chilled food (1.9%), ambient grocery (1.6%) and produce (0.9%), our total share within the UK food retail market is 2.0%. Our share of the overall UK food retail market has increased by 0.4% from 1.6% in 2007 to 2.0% in 2014. This reflects the successful implementation of our business strategy and structural changes within the UK food retail market, where a shift in consumer behavior towards value and convenience focused food retailers has resulted in market share losses for traditional supermarket food retailers such as the Big 4, who have collectively lost 2.2% of market share (from 73.8% to 71.6%) over the same time period.

In particular, our ability to increase market share is driven by our focus on frozen food, where our objective is to provide a secondary “cherry-pick” or “top-up” shopping experience for value-seeking families. This secondary shopping generated over half of our total sales for financial year 2014 and is a key differentiating factor in comparison to other market competitors who are focused on providing the main weekly food shopping experience. Of the £12.4 billion our customers spend on groceries per year, approximately 80.0% is spent outside of our stores, with the Big 4 and other market participants competing for this share. We believe through targeted focus on investment in margin and offering a larger range of products across selected categories within the confines of our one-in-one-out SKU policy, we have a significant opportunity to increase the frequency and spend of our customer’s purchases at our stores, which has the potential to gain market share and achieve higher growth versus our competitors. Our focus on convenience and the ability to cater to the requirements of secondary shoppers has resulted in our continued market share gains within the UK food retail market and, as the third largest participant in the UK frozen food category, we are well positioned to continue to gain market share and benefit from the structural shifts in the overall market.

Proven track record of innovation and new product development

We have a proven track record of innovation, as demonstrated by being a pioneer in banning genetically modified ingredients and artificial colors, flavorings and non-essential preservatives from our private label ranges, and we continue to launch new private label products without genetically modified or artificial ingredients. We believe our decision to ban these ingredients, colors, flavorings and preservatives has enhanced our reputation as a retailer of food that customers can trust. In financial year 2014, we launched over 130 new frozen products under the Iceland brand, and over the last 18 months we have launched a number of exclusive new products to the market including a new snacking range, noodle bowls, limited edition curries, Italian wood-fired pizzas, “Jim Beam” flavored meat products and a partnership offering a range of “Greggs” branded products. We believe that our innovative product ranges attract customers to shop with us and differentiate our products from those of competitors.

Highly effective, streamlined business model

Our ability to provide a compelling value proposition is based on a highly effective, streamlined business model. We have a limited product range of approximately 2,500 SKUs, with frozen food being the most developed category. We maintain a one-in-one-out policy for new products whereby we remove a product with the introduction of a new product. We believe this policy enables us to concentrate purchasing from our suppliers, thereby improving our supplier terms and providing us with buying scale to ensure the lowest prices. In addition, a consistent layout across all stores creates a high level of operational efficiency and reduces costs. Our distribution system is fully outsourced to DHL and is based on an incentive system that allows for continuous improvement and efficiency savings, while our strict inventory management policies are focused on reducing the rate of re-stocking without compromising product availability.

Another key element of our business model is our round sum pricing, which we introduced eight years ago. It is a competitive pricing model with a round sum format, providing a clear and simple value proposition with an emphasis on everyday low prices, enabling consumers to understand more consistently the precise cost of their overall basket spend. For financial year 2014, approximately 84% of our SKUs were listed with round sum pricing, up from approximately 29% as of the end of the 2005 financial year.

In addition, our unique Home Delivery service, offered at a majority of our stores nationwide, allows our customers to buy items in our stores and then have their purchases delivered to their homes, providing free home delivery if an order for over £25 is placed in-store. Furthermore, our online service offers free delivery for orders over £35 that are placed online. This service significantly benefits our customer base as approximately two-thirds of our customers do not own a car and approximately two-thirds of our stores do not have a car park. We believe this is a key differentiating factor compared to other value-focused food retailers and we currently make over 200,000 home deliveries per week at a current average basket of over £50 compared to the our overall average basket of £11.05.

Strong financial performance and proven track record of high cash generation and deleveraging

We have a strong financial track record of growth in sales and profit. Our total sales have grown at a CAGR of 4.6%, from £2,264.9 million for financial year 2010 to £2,710.6 million for financial year 2014. In addition, our total Adjusted EBITDA has grown at a CAGR of 2.4%, from £184.2 million for financial year 2010 to £202.2 million for financial year 2014, with the business consistently generating EBITDA margins greater than 7% over this period. We have also demonstrated like-for-like sales growth over the last five financial years, having outperformed total like-for-like sales in the UK grocery market over the same period.

Combined with our strong profitability track record, we have consistently generated strong free cash flow, with free cash flow equal to or exceeding £151.4 million in the last five financial years, with cash flow conversion averaging 84.8% over the same period, driven by our simple, streamlined business model, structurally negative working capital position and efficient capital expenditure profile benefitting from low ongoing capital expenditure requirements due to upfront investments in our high quality store base. Our robust cash flow generation has subsequently supported strong liquidity and a consistent track record of deleveraging through debt repayments.

Experienced and accomplished management team that retains a significant shareholding within the Group

Our longstanding and accomplished management team is one of the most important factors that has contributed to the success of the Group due to its long track record and depth of expertise. The management team is led by Malcolm Walker, who founded the business in 1970 and, along with CFO Tarsem Dhaliwal and Executive Directors Nigel Broadhurst and Nicholas Canning, has been instrumental in delivering the successful turnaround of the business since 2005.

Our management team retains day to day operating control of the Group and brings a strong vision and direction to the business backed by an in-depth knowledge of the business model, the market and its customers. With a combined ownership stake of 42.9%, the management team has demonstrated its ongoing support and commitment to the long-term development of the business.

Furthermore, our management team retains the ongoing support of the Group's co-investors, as the combination of our private ownership structure and all of our shareholders' vision and direction of the business, enables our management team to react quickly and make incisive decisions for the business against the backdrop

of a structurally changing UK food retail market. Our principal shareholders, including our management team, have entered into shareholder lock-up agreements, restricting their ability to transfer their ownership prior to March 2019. See “*Principal shareholders*”. This strength and commitment of our management team and co-investors have resulted in our strong financial track record in sales and profitability.

Our strategy

Focus on the traditional strengths of the business model taking advantage of the structural changes in the UK food retail market

We will focus on the traditional strengths of our business model to ensure that we are able to continue to compete successfully within the UK food retail market. Our traditional strengths are our focus on frozen food, providing a frozen-led secondary or “top-up” shopping experience in our convenient store locations and our commitment to customer value.

With regards to our focus on frozen food, while only £2.5 billion (approximately 20%) of the £12.4 billion our customers spend on groceries per year is spent at our stores, 35% of the total spend at our stores is within the frozen category compared to a market average of 17%. This demonstrates the level of focus on frozen food among our customers and the fact that these customers choose us in recognition of our value offering, which is a proposition that we will continue to enhance in order to take advantage of the structural shift in consumer behavior towards value.

With regards to our focus on value, we monitor the cost of a combined basket of 180 key items containing frozen, grocery and chilled products, where direct comparison with other UK food retailers demonstrates that the cost of our combined basket of these 180 key items has been consistently less than the Big 4 retailers since May 2013. As a result, we believe that our frozen-led, differentiated value proposition will enable us to continue to grow our market share within both the UK frozen food market and the overall UK food retail market.

Invest in margin to maintain and grow market share and increase price competitiveness

We will continue to invest in margin, whereby we decrease prices in order to gain market share, and implement pricing initiatives in order to maintain and grow market share and offer a compelling and differentiated value proposition to consumers. This will include price reductions on items such as fresh produce (such as bananas) and key competitive items (such as eggs). Pricing initiatives have already resulted in a significant increase in overall sales of these products measured by both volume and value. For example, a reduction in the price of bananas from £1 to £0.68 in February 2014 resulted in a sales volume increase of 83% and overall sales value increase of 25%, demonstrating the strong consumer response to our investment in margin. Similarly, a reduction in the price of a frozen product from £1 to £0.89 in February 2014 also resulted in a sales volume increase of 30% and overall sales value increase of 15%. Furthermore, we believe that the provision of a greater number of promotions on certain fresh produce and other key items (such as “50p off” and “2 for £2”) as well as additional extra free offers (such as “50% Extra Free”) will continue to complement our round sum pricing policy and further increase sales volumes.

Continue store roll out and offer a wider product range in current store portfolio

We have a strong track record of successfully opening new stores, achieving strong returns and a short average payback period of approximately 1.5 years. We have increased our total store portfolio from 730 stores in financial year 2010 to 844 stores in financial year 2014 (including international stores), representing a CAGR of 3.7%. We opened 43 net new stores in financial year 2014 and expect to open up to 40 new stores in the UK in the current financial year and 25 new stores per year over the next four years. We believe our current distribution network has sufficient excess capacity to service at least another 250-300 new stores within the UK.

The capital required to fund the store roll-out program has historically been funded from internal cash generated within our business. The high standard of initial store fit-out means that we expect limited further maintenance capital expenditure will be required to maintain these stores at the aesthetic standard we strive to uphold.

In addition, within our current store footprint we expect to increase customer spend by offering a larger range of products across selected categories within the confines of our one-in-one-out SKU policy; see “*Our business—Our products*”. The range will include bigger pack sizes within specified categories, and expand into

product categories such as healthcare, baby, baking, toiletries and pet food products. Furthermore, we also intend to improve our fresh produce selection with an even more competitive offer, which delivered a meaningful increase in sales in early trials.

Focus on product innovation and new product development

Product innovation is, and will continue to be, a key differentiating factor to our product offer, and is integral in maintaining our competitive position going forward. We intend to increase our innovation in frozen foods in order to drive growth in our private label products. New product development is key to our business and we have launched over 130 new frozen products under the Iceland brand in financial year 2014. In addition, our recently acquired Iceland Manufacturing Limited manufacturing capability allows us to accelerate the rate of product innovation while safeguarding the integrity and improving the quality of our food and protecting our operating profit margins.

Continue to invest in our online service

We already have a successful Home Delivery service for purchases made in store and subsequently delivered to customers' homes, with free delivery for purchases above £25. Since 2010, Home Delivery has contributed to our sales growth, with Home Delivery sales growing by 56.3% during the financial period from 2010 to 2014, equivalent to a CAGR of over 10%. Rather than using our stores for "top-up" or secondary shopping trips, customers who use our Home Delivery service generally use our stores as their primary food shop, thereby generating higher basket sales for us.

Building on the success of our Home Delivery service, we plan to further invest in our online service, which was launched in May 2013. This service enables customers to order purchases online for next day delivery or delivery within the next six days to locations within an approximate five mile radius from our participating stores, with free delivery for order values of £35 and above. By the end of financial year 2014, 280 of our stores offered online capabilities, representing approximately 34% of the total store base and providing coverage to approximately 50% of the UK population. We intend to further roll out our online service to approximately 600 stores by the end of financial year 2015, providing coverage to approximately 80% of the UK population. We believe that our online service represents a significant advantage over other value-focused competitors who do not currently offer an online sales platform (such as Aldi, Lidl and Farmfoods) and a natural cost-effective extension of our existing Home Delivery service. Similarly to customers who use Home Delivery, we expect that customers who use our online service will generally use us as their primary food shop, thereby generating higher basket sales as we roll out our online service to a greater number of our stores nationwide (as the current average online order is over £50 in comparison to the company average of £11.05).

Selective, low risk, capital-light approach to international expansion

Our approach to international growth has historically been focused on wholesale supply of our iconic Iceland branded products and on franchise operations, both requiring minimal capital outlay. We believe that the strong local knowledge of our co-investors, the Landmark Group and Brait SE, will enable us to expand our wholesale operations in key target markets, notably in the Middle East and in South Africa / Sub-Saharan Africa respectively, with minimal operating risk. In terms of our franchise operations, we operate through local partners in Spain, Portugal, the Channel Islands and the Isle of Man, and we will continue to look for appropriate franchise partners across new geographies.

We also intend to selectively consolidate and expand our existing international retail footprint. As of March 28, 2014 we operated six ex-franchise stores in the Republic of Ireland acquired in 2013, three stores in the Czech Republic (with negotiation for a fourth store in progress) and two stores in Iceland.

Continue to generate strong cash flows and delever the balance sheet

We believe that the underlying strengths of the Group and the outlined strategic initiatives will leave us well positioned to continue to generate strong free cash flow from our operations, which has historically enabled us to successfully delever the balance sheet and repay £472.8 million of debt since the 2010 financial year. Despite the level of operational and capital investment required to fulfill our strategic initiatives, we believe that our streamlined capital expenditure and favorable negative working capital dynamics will continue to support our strong cash flow profile and enable us to further grow our store base while continuing to delever the balance

sheet. As of March 28, 2014, the ratio of our *pro forma* total net debt to Adjusted EBITDA, *pro forma* for the Refinancing, would have been 4.3x. Our strategy is to reduce net leverage to approach 3.0x in the medium term, in line with our historic leverage profile up to the 2012 financial year.

Our products

We offer a range of approximately 900 frozen food SKUs, including both leading brands and less expensive private label products within each product category we offer, which is designed to both simplify our customers' shopping experience and to draw a clear distinction among our products for our value-conscious consumers. We also offer a focused value range of grocery brands and a limited range of chilled and fresh products. We differentiate ourselves from our industry competitors by offering products in family value-oriented pack sizes, through our quick and easy-to-shop presentation, and by round sum pricing and innovation in private label frozen products.

Our stores generally feature a focus on frozen products, with a majority of retail space in our stores allocated to frozen food. However, despite this emphasis on frozen products, turnover from this product category accounted for only approximately 34.9% of our total turnover in the 2014 financial year. The following table sets forth a breakdown of our turnover by product category for the 2014 financial year.

| | <u>% of turnover</u> |
|--------------------|----------------------|
| Frozen | 34.9% |
| Grocery | 31.7% |
| Chilled | <u>33.4%</u> |
| Total | 100.0% |

We review and update our range of products on an ongoing basis to keep up with our customers' changing needs and preferences. We maintain approximately 2,500 SKUs and maintain a one-in-one-out policy for new products whereby we remove a product when we introduce a new product, which we believe allows us to concentrate our purchasing and provides buying scale with more attractive supplier terms.

The following table sets forth the sales of our ten top-selling products for the 2014 financial year, which further illustrates the diversity of our product sales mix:

| | <u>% of total sales</u> |
|--------------------|-------------------------|
| Product 1 | 3.5% |
| Product 2 | 2.9% |
| Product 3 | 1.9% |
| Product 4 | 1.5% |
| Product 5 | 1.3% |
| Product 6 | 1.2% |
| Product 7 | 1.1% |
| Product 8 | 0.9% |
| Product 9 | 0.9% |
| Product 10 | <u>0.4%</u> |
| Total | 15.6% |

We believe our competitors perceive us as a frozen food retailer and consequently we can compete directly on selected grocery lines without creating a price war.

Private label

Our private label products represented a significant portion of frozen sales and chilled sales, comprising 68.0% of our turnover from frozen, 62.0% of our turnover from chilled and 44.4% of our total turnover in financial year 2014. Our focus is on further developing our private label chilled and frozen product ranges because our private label products have historically achieved higher margins than the branded products we sell. In addition, we believe our private label products give rise to greater opportunities for product innovation in response to customer needs.

The table below sets forth the breakdown of our 2014 financial year turnover by our private label and branded products:

| | <u>% of turnover</u> |
|---------------------|----------------------|
| Private label | 44.4% |
| Branded | 55.6% |
| Total | 100.0% |

We believe we differentiate ourselves from our peers through the quality and value of our private label products, which we regularly benchmark against the Big 4’s private labels with the aim of ensuring that we offer the same quality at a lower price, or higher quality at a matching price. We constantly seek to add innovative products to our product range which are available exclusively in our stores. Examples of recent innovations include our “Jim Beam” range of meat products, our range of stuffed crust and rising crust pizzas (mirroring the success of the fast food chains) and the successful transformation of the “Greggs” retail food-to-go brand into our frozen food range. We do not sell “cheap” food. We sell high quality private label frozen food that is of good value and we have never sold “white pack” economy products.

Furthermore, our ownership of one of our private label suppliers, Iceland Manufacturing Limited, gives us full visibility over the manufacturing process (from ingredient sourcing to packaging), enabling us to negotiate more favorable terms with our third-party suppliers.

Product pricing

Our customers expect us to provide them with high quality products that are a good value. In order to remain competitive, while developing our products we pay attention not only to the quality of our ingredients and the taste of our products, but to potential pricing levels as well. We separate our products into three price categories: basic, mid-level and premium. Having products in each of these categories allows us to cater to a broad range of customers and their budgets.

Due to our large share of the frozen food market, we believe that we are able to negotiate with our suppliers more effectively than other retailers. Our products are more expensive than those of hard discounters, but frequently less expensive than those sold by other specialists, in supermarkets or in fresh alternatives. We also believe that our products are typically of a higher quality than those sold by our competitors. Our aim is to ensure that our private label products offer the same quality as the Big 4’s private labels at a cheaper price, or better quality at the same retail selling price.

Round sum pricing

The majority of our products are offered at competitive “round sum” prices (prices ending in .00 or .50), which provide our largely value-driven customers with a strong perception of value and emphasize our “everyday” low prices rather than prices driven by promotions. Round sum pricing allows customers to know consistently the precise cost of the products and baskets of products that they buy regularly. Given the importance of round sum pricing to our customer base, we manage our relationship with suppliers to maintain “round sum” price points and to adopt bespoke packaging sizes as necessary to maintain preferred pricing.

Innovation

We believe we are a market-leader in innovation, being among the first retailers in the UK to launch a store-based Home Delivery service, as well as an online service. In addition, we were the first to ban genetically modified ingredients and a pioneer in the removal of artificial colors, flavorings and non-essential preservatives from our private label ranges.

We constantly seek to add innovative products to our product range which are available exclusively in our stores. For example, we worked with the national retail food-to-go brand “Greggs” to transform its products into part of our frozen food offering. We also worked with “Jim Beam” and used its sourcing network to develop our own range of “Jim Beam” frozen meat products. On average, we introduce approximately 200 new SKUs annually. We have launched over 130 new frozen products under the Iceland brand in financial year 2014, and our ownership of Iceland Manufacturing Limited enables us to accelerate the rate of product innovation while protecting the integrity and improving the quality of our food without materially impacting our operating profit margins. Our market leadership in innovation has been recognized by the industry, as we were the top retail performer for innovation in the 2013 and 2014 British Frozen Food Awards.

Home delivery and online services

Our store-based Home Delivery service, which we launched nationwide in 1999, allows our customers to select items in our stores and then have their selections delivered to their homes. This allows our customers who may not have cars to make larger purchases that they would not otherwise be able to carry home. As of March 28, 2014, our Home Delivery service makes more than 200,000 deliveries per week. The average customer spend through the service is more than £50, twice the threshold required for the in-store based service. The service is designed to enhance the customer shopping experience by addressing the constraints imposed by the low level of car ownership among our target customer demographic.

Beginning in May 2013, we began implementing an online service available to customers within an approximate five-mile radius of a store offering the service. Customers are able to order products online for delivery from their local store as soon as next day or up to six days after ordering and delivery is free with a minimum order of £35. The launch of the online service was supported by a £250,000 investment to create a Centre of Excellence at our head office in Deeside, which provided training to home delivery drivers, in-store pickers, and store managers. In conjunction with the launch, we also signed a five-year lease agreement with Mercedes-Benz Road Range Limited to replace our home delivery fleet of 1,300 vehicles with state-of-the-art Mercedes-Benz Sprinter vans.

As of March 28, 2014, the online service was offered from approximately 280 stores, which we believe covers approximately 50.0% of the UK population. We intend to add approximately 320 more stores to the service by the end of the 2015 financial year, which we believe would increase our online service coverage to approximately 80.0% of the UK population. We believe that the online service is appealing to new customers since it is generating incremental sales. The cost of implementing the online service was approximately £4.9 million in the 2014 financial year.

Bonus card

Our Iceland Bonus card was launched nationwide in 2008, and is now the UK's second biggest grocery loyalty card after Tesco Clubcard, with over 4 million customers in the database and approximately 2.5 million active customers. Approximately 35.0% of our customers use their card with every transaction. Our customer database is primarily used for promotional campaigns consisting of money-off coupons, to incentivize our customers to increase spending. We are seeking to further utilize customer data in our Bonus card database.

Customers

We seek to position ourselves as a value food retailer, targeting the value conscious end of the market. Our customers are typically:

- low-income and value-seeking;
- large families, less likely to own a car, with grocery spend below the average UK consumer;
- seeking volume purchases for the family (“bigger pack, better value”); and
- price sensitive and budget conscious while retaining a desire for quality and well-known brands.

Based on these characteristics, we believe our “round sum” price policy appeals to our target demographic and provides them with a simplified shopping experience and a perception of better value. Our customers have a similar set of shopping criteria to shoppers in general with slightly more importance placed on price, frozen range and customer service. Our customers consider the wide selection of frozen products and “cheap prices” as crucial criteria for their choice of grocery retailer more often than our competitors' customers.

Suppliers

We work with over 400 suppliers, which supply us with prepared foods and unprocessed frozen and chilled food products. Typically, supplier contracts are renewed on an annual basis. We select our suppliers based on strict specifications related to product quality. Currently, we have exclusivity arrangements in place with Jim Beam (in the UK, Ireland, Czech Republic, Spain, Portugal) and KP Snacks (in the UK, Ireland, Czech Republic, Spain, Portugal, Romania, Cyprus, Germany and Malta). In addition, we own Iceland Manufacturing Limited, our wholly-owned supplier dedicated to producing frozen ready meals. Approximately 34% of our frozen ready meals are produced by Iceland Manufacturing Limited. See “*Risk factors—Risks related to our business—We are dependent on one of our subsidiaries to produce a large proportion of our frozen ready meals.*”

We do not believe that we are dependent on any one supplier or that the loss of any one supplier would have a material adverse effect on our business. Our supplier base is characterized by numerous stable, long term relationships, especially with our top 10 suppliers, who together accounted for approximately 25.0% of purchases in the 2014 financial year. However, no single supplier represented more than 5.0% of our purchases in the 2014 financial year. Of the top 10 suppliers, four are private label suppliers and six are suppliers of branded goods. We actively search worldwide for suppliers, both from European nations as well as the U.S., Thailand, Brazil, China and India.

Quality control

We are strongly committed to the quality and safety of our products. We sell high quality private label food that is of good value. Approximately 34.0% of our frozen ready meals sold are manufactured in our own factory at Iceland Manufacturing Limited and we also operate our own meat processing plant.

As long ago as 1986 we were among the first UK supermarkets to remove artificial colorings, flavorings, and non-essential preservatives, as well as monosodium glutamate from our private label products. In 1990 we banned mechanically recovered meat from all Iceland brand products. In 1998 we became the first national food retailer anywhere in the world to ban genetically modified ingredients from all our private label products. In 2006 we removed hydrogenated fats (man-made trans fats) from all Iceland brand products.

Quality control is the responsibility of a central technical team that, as of March 28, 2014, consisted of six full time staff, seven food technologists and ten full-time equivalent employees responsible for quality assurance in our distribution centers. The team applies stringent quality control standards to our private label products, conducting rigorous quality control checks against our specifications on delivery and undertaking regular supplier audits including factory visits. Suppliers of branded products are subject to the brand's own due diligence.

Our quality control team:

- monitors international sanitary conditions and developments in order to anticipate issues with respect to the use or origin of certain products;
- institutes and enforces strict guidelines which our suppliers must follow, in addition to food legislation, and performs random spot checks each year of our suppliers' production plants;
- attends the first production run of each new Iceland private label product and commissions an accredited laboratory, ILS, to test each new private label product to ensure that the new product complies with our nutrition and micro specifications, and re-test these products annually thereafter;
- performs additional internal controls such as testing deliveries at our distribution centers; and
- commissions DNA tests on meat and fish products and laboratory analyses geared at detecting, for example, genetically modified traces.

In the 2014 financial year, we performed over 12,500 tests covering 11.4% of our deliveries, in addition to systematic analyses performed by our suppliers. We test our products for bacteria, genetically modified organisms, weight, ingredients, taste and texture, and as a result of these tests, we reject, on average, approximately 5.0% of processed products delivered to our distribution centers. With effect from June 2014, we introduced additional unannounced audits for supplier sites using or supplying meat, fish or poultry to monitor compliance with specifications, supply chain integrity and traceability. We plan to audit approximately 160 suppliers over a 12 month period and the audits will be performed by fully qualified, independent food auditors.

Furthermore, Cambridge Market Research tests our top 100 products, currently over a period of six months, on a repeat basis to measure both product performance and the influence of price and brand on Iceland products and those of its key competitors over time. The research is based on quantitative metrics with some qualitative elements in the form of consumer comments.

Store overview

UK store overview

We distribute our products in the UK exclusively through our retail network of stores. At the 2014 financial year-end we had a portfolio of 833 stores across the United Kingdom, with stores varying between approximately

4,000 to 6,000 square feet in size and with an average store size of 4,900 square feet. We believe that our stores are well designed, with big ticket displays and clear cut pricing. Our average sales density in the 2014 financial year was approximately £700 per square foot.

Our stores are predominantly located on high streets in urban areas that have a concentration of low-income households, which represent our target consumer demographic. Only 16% of stores are located outside urban centers. We are planning to pilot a warehouse concept, offering a more primary rather than “top-up” shopping experience based on wider fresh produce selection, larger grocery sections, larger packs, expanded alcohol offering and more optimal presentation of frozen and chilled products.

We currently have relatively lower geographical store density than other market participants. We believe that our distribution network has the capacity to serve at least an additional 250-300 stores and we aim to open up to 40 additional stores in the 2015 financial year and 25 new stores per year over the next four years. We currently use standardized criteria to determine whether to open a store in a given location: high footfall, high street locations, 4,000—6,000 square feet floor space, ideally over one floor.

We maintain a consistent format and layout for our stores, which are branded with our iconic red and orange colors. Although stores undergo regular renovations, changes to the format are rare and renovations are made on a case by case basis. When formatting smaller stores, we offer fewer selected SKU’s.

We spend approximately £0.6 million to fit out each new store (an investment of £120 per square foot), and have achieved an average payback period on our stores of approximately 1.5 years (the amount of time for a new store to recover the capital expenditure spent to fit out the store). We believe that our stores have a capital expenditure structure that requires little ongoing maintenance expenditure, and the frequency of our store refurbishment depends on the amount of customer traffic in any given store, which varies from store to store.

The following table sets forth the lease expiration profile of our store network:

| <u>Lease expiration profile</u> | <u>Number of leases</u> | <u>% of total leases</u> |
|---------------------------------|-------------------------|--------------------------|
| 0-5 years | 262 | 31.5% |
| 5-10 years | 242 | 29.1% |
| 10-15 years | 183 | 22.0% |
| 15-20 years | 120 | 14.4% |
| 20 + years | 26 | 3.1% |

Generally, commercial leases in the UK contain rent reviews every five years to open market rate at that time. However, 108 of our stores have a rent review every five years based on the higher of 2.5% per annum compounded over 5 years or open market rate. We also hold 16 properties where the rent is increased by 3% per annum every year.

International store overview

As of March 28, 2014 we had six owned stores in the Republic of Ireland, three in the Czech Republic and two in Iceland. In addition, we have granted franchises in the Channel Islands, the Isle of Man, Spain and Portugal; those in Iberia primarily serve the British expatriate population. We also export our products to more than 30 countries worldwide for sale to local retailers. With the support of our shareholders based in South Africa and Dubai, we have recently focused on the development of new export opportunities in Africa and the Middle East. We have opened offices in Dubai and South Africa and have begun to export our products to South Africa, Ghana, Angola, Nigeria, Namibia and Malawi.

Supply chain

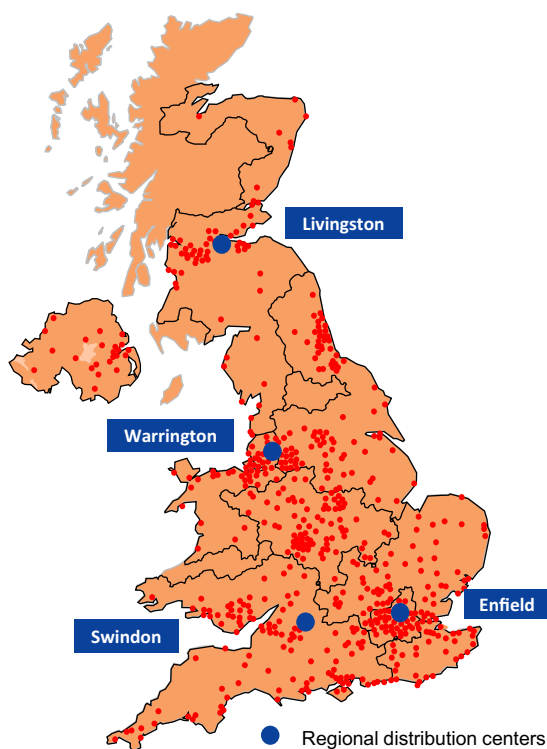
Supply chain functions include forecasting, sourcing of products, storage of goods in outsourced distribution centers and transportation to our stores. The entirety of our logistics operations is outsourced (except for the final delivery of our products from stores to customers as part of our Home Delivery and online services, where we lease the delivery vans and hire the delivery drivers as full time employees), providing us with greater flexibility. Orders to suppliers are centrally managed by our in-house supply chain department based on historic data, sales trends and other information for each product. Store orders are generated by our sales-based ordering system, which is managed by our in-house supply chain department.

Cold chain

We believe that the strength and quality of our logistics network is critical to the freshness of our products, quality control and customer satisfaction. To this end, we have established a high-standard cold chain to keep our products at temperatures of -20°C or less (below the minimum regulation requirement of -18°C), with an ambient temperature in trucks of -22°C . These requirements apply at all stages of our logistics operations, including during the preparation and transport of our products by our suppliers. We monitor compliance with our cold chain standards by checking the temperatures of our frozen and chilled products both when they arrive at our distribution centers from our suppliers, and when they leave our distribution centers en route to our stores. See “Risk factors—A failure in our cold chain could lead to unsafe food conditions and increased costs.”

Logistics

Our distribution system comprises four multi-temperature distribution centers located in Enfield, Livingston, Swindon and Warrington. We believe we run a highly efficient distribution system as a result of our limited SKU range. The following map illustrates the locations of our distribution centers.



Our distribution system is outsourced to DHL, which operates our four leased distribution centers, as well as a fleet that, as of March 28, 2014, consisted of 318 tractors, 436 trailer units, 12 shunters and 22 rigid vehicles, all leased by us. We have an agreement with DHL to manage both our distribution centers and our fleet, which has been in place since 2007. The contract with DHL is an innovative gain-share contract, which we believe drives year on year performance improvements. Financial incentives for DHL to achieve continuous improvement and efficiency savings have resulted in a tenfold improvement in distribution accuracy over the last five years and a gross error rate of approximately 0.05%, giving us industry-leading inventory accuracy.

We estimate our space utilization in our distribution centers is currently at 75%, calculated as the proportion of pallet spaces used to total pallet spaces in our distribution centers. As volumes continue to rise, our supply chain is well equipped to absorb the extra volume and support increasing store numbers accounted for in the business plan.

The following table sets forth certain data with respect to our distribution centers for the 2014 financial year.

| <u>Distribution center</u> | <u>Number of stores supported</u> | <u>Size in thousands of square feet</u> | <u>Cases delivered (in millions)</u> |
|----------------------------|-----------------------------------|---|--------------------------------------|
| Enfield | 218 | 220 | 53.0 |
| Livingston | 154 | 150 | 32.8 |
| Swindon | 228 | 240 | 52.8 |
| Warrington | 233 | 350 | 49.1 |
| Total | 833 | 960 | 187.7 |

Transport

We have three principal transport needs: (i) from our suppliers to our leased distribution centers, (ii) from our distribution centers to our stores and (iii) “last mile transport” to our Home Delivery customers. The frequency of deliveries from distribution centers to stores is determined according to the turnover of the store and on the physical capacity of the storage cold room, from daily frequency for bigger stores to three times a week for smaller stores. Delivery frequency increases during peak periods, such as December.

Transportation costs from suppliers to our distribution centers are generally borne by the suppliers. Transportation of products between our distribution centers or from our distribution centers to our stores is outsourced to DHL Supply Chain Ltd. In addition, last-mile transport for our Home Delivery service is handled by 1,330 delivery vans that we operate ourselves, all of which are leased.

Publicity and marketing

Marketing is an integral part of our promotion of our products, our stores and our brand.

The marketing of the business is split between traditional media advertising and direct marketing to customers. Media advertising is dominated by TV, which accounts for nearly 80% of our publicity and marketing spend. The remaining 20% consists of a mix of radio, press and regional flyers. Direct marketing to customers is dominated by mailings to customers’ homes. These will be seasonal and will have targeted vouchers included with the aim of persuading customers to shop more frequently or try new products. Our level of expenditure on mainstream media advertising (TV, press and radio) is significantly lower than that of the Big 4 and discount food retailers.

We have sponsored the successful ITV show “I’m a Celebrity...Get me Out of Here” for the last eight years. It is one of ITV’s longest running partnerships and the show continues to rank as one of ITV’s most popular shows. We also currently sponsor ITV’s Paul O’Grady Show.

Internationally, we market each business according to the local market conditions, employing local channels relevant to the location of each store.

Employees

The breakdown of our annual average of full-time equivalent employees in the UK by activity as of March 30, 2012, March 29, 2013 and March 28, 2014 was as follows:

| | <u>March 30, 2012</u> | <u>March 29, 2013</u> | <u>As of March 28, 2014</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------------|
| Sales and distribution | 23,264 | 23,911 | 23,711 |
| Office and administration | 722 | 751 | 859 |
| Total | 23,986 | 24,662 | 24,570 |

Approximately 97% of our employees work in our store network. We pay our front line store employees one of the highest hourly rates of pay (just behind Tesco), and have among the best paid home delivery drivers, on the high street. We also operate bonus schemes to incentivize our buyers and store managers, and other incentive schemes linked to mystery shopper and level of staff engagement. We believe that competitive pay has led to high levels of job satisfaction for our employees. The 2012 and 2014 Sunday Times “Best Companies to Work For” survey ranked us as the UK’s “Best Big Company to Work For”. The survey also highlighted that we offer employees good pay and conditions, in addition to a friendly work environment and high levels of job satisfaction. In our own staff survey, 92.0% of our staff responded they are proud to work for us and would recommend us as a good place to work. Our workforce is not unionized.

Information systems

We have a centralized IT system, which is geographically separated from our retail stores. Our retail stores are configured as islands with direct connectivity to our centralized IT system and with the capability to trade offline to the center if required.

Each retail store is equipped with a Toshiba EPOS solution which encompasses all peripherals and back office technology to manage sales and inventory. Each store receives pricing and other information for a given PLU from our central IT system and uploads the store's commercial information to our centralized IT system on a daily basis.

Our central IT system is based upon software which is accessible through our network. We use SAP software for general accounting purposes, recording our assets' depreciation and tracking our transactions with suppliers. We use JDA replenishment solution for managing inventory fulfillment and Infor WM2000 for the management of our distribution centers.

Intellectual property

We use a variety of trade names, service marks and trade marks in our business. Except for the denominative trade mark "Iceland", which enjoys high brand recognition in the UK, we do not believe that any of our other trade names, service marks or trademarks is material to our business. "Iceland" is currently registered as a trade mark in the UK in various classes and styles. We have a pending Community Trade Mark application for Iceland filed with the Office for Harmonization in the Internal Market and trade mark registrations for Iceland in Ireland, Spain and the Czech Republic as well as a number of trade mark applications or registrations in countries where we could do business in the future including United Arab Emirates and Saudi Arabia.

Regulation

Plastic bag charge legislation

On September 14, 2013, the UK government announced a five pence charge for single-use carrier bags due to come into effect in the fourth quarter of 2015. We believe that we will benefit once this legislation comes into effect because we expect it will reduce consumption of such bags and the associated cost of procurement for us.

Insurance

We maintain insurance covering various risks related to our business. This includes employer's liability, public/product liability, motor, combined property damage and business interruption policies as well as directors' and officers' liability coverage. We consider our policies adequate to cover the major risks of our business, however we cannot assure you that all losses and liabilities that we may incur would be recoverable.

Legal proceedings

At any given time, we may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of our business. We do not expect any liability arising from any of these legal proceedings to have a material impact on our results of operations, liquidity, capital resources or financial position.

Management

The Issuer

The Issuer is a company incorporated under the Companies Act 2006 and was registered in England and Wales on June 12, 2014. The Issuer's registered office is located at Second Avenue, Deeside Industrial Park, Deeside, Flintshire, CH5 2NW, United Kingdom. The Issuer is registered with Companies House under number 9084053. The Issuer has been established as a special purpose vehicle for the purposes of issuing the Notes. The Issuer has not previously carried on any business or activities other than those connected with its incorporation. The Board of Directors of the Issuer currently consists of the following four members: Malcolm Walker, Tarsem Dhaliwal, Nicholas Canning and Nigel Broadhurst.

Iceland Topco Limited and Iceland Foods Limited

The following paragraphs summarize the management structure of (i) Iceland Topco Limited, our ultimate parent and (ii) Iceland Foods Limited, the main operating company in the Group.

The strategic direction of the Group is determined by our ultimate parent. The Board of Directors of our ultimate parent is made up of ten members, four of whom are the executive directors and who hold a majority of votes on matters decided by a vote of the board in the ordinary course, and six of whom are appointed by the three institutional investors. Our ultimate parent's Board of Directors has the power to determine a number of matters, including the strategy of the Group, budget approval and new market entry.

Responsibility for day to day operations of the Group rests with the Board of Directors of Iceland Foods Limited and its senior managers. Iceland Foods Limited has three main divisions, each headed by an executive director, Finance and Administration, Retail Stores and Sales & Marketing; however, all major decisions are made by the entire Board of Directors. The business is managed by regular trading and operational meetings chaired and attended by executive directors, enabling our executive directors to run the day to day business of the Group.

The business address of the Board of Directors of our ultimate parent is Second Avenue, Deeside Industrial Park, Deeside, Flintshire, CH5 2NW, United Kingdom, and our telephone number at that address is +44 (0)1244 830 100.

The business address of the Board of Directors of Iceland Foods Limited is Second Avenue, Deeside Industrial Park, Deeside, Flintshire, CH5 2NW, United Kingdom and our telephone number of that address is +44 (0)1244 830 100.

Board of Directors of our ultimate parent

The Board of Directors of our ultimate parent currently consists of ten members. The following table sets out the name, date of birth, position and the year of appointment for each of the directors:

| <u>Name</u> | <u>Date of birth</u> | <u>Position</u> | <u>Year of appointment</u> |
|-----------------------|----------------------|-----------------|----------------------------|
| Malcolm Walker | February 11, 1946 | Director | 2012 |
| Tarsem Dhaliwal | October 17, 1963 | Director | 2012 |
| Nigel Broadhurst | July 28, 1959 | Director | 2012 |
| Nicholas Canning | March 2, 1969 | Director | 2012 |
| John Gnodde | January 15, 1965 | Director | 2012 |
| Alan Jacobs | January 13, 1962 | Director | 2012 |
| Anuraag Malhotra | March 13, 1967 | Director | 2012 |
| Dr. Christoffel Wiese | September 10, 1941 | Director | 2012 |
| Lord Graham Kirkham | December 14, 1944 | Director | 2012 |
| Renuka Jagtiani | March 11, 1955 | Director | 2012 |

Malcolm Walker founded the Iceland Foods business in 1970. He acted as chief executive of the business for 30 years, becoming chairman in 2000. In 2001, Malcolm resigned as chairman and left the business. Between 2001 and 2004 Malcolm co-founded and managed the Cooltrader discount frozen food business. In 2005, following the takeover and break-up of The Big Food Group, Malcolm became chief executive of Iceland Foods again, a role he continues to hold.

Tarsem Dhaliwal qualified as an accountant in 1989. He joined Iceland in 1985 and held numerous roles, including five years as Finance Director of the retail business and leader of the Iceland Group M&A team. He left Iceland Foods in 2001 and worked with Malcolm Walker in various businesses. In 2005, following the takeover and break-up of The Big Food Group, Tarsem became Chief Financial Officer of Iceland Foods, a role he continues to hold.

Nigel Broadhurst joined Iceland Foods in 1983. In 1992 he was promoted to the board of the Group as Buying Director. He left Iceland Foods in 1998 to become CEO of Hibernia Frozen Foods UK. He held the roles of Commercial Director of Somerfield between 2000 and 2004 and Commercial Director of Hibernia Prepared Foods between 2004 and 2005. In 2005, Nigel became Buying Director of Iceland Foods, a role he continues to hold.

Nicholas Canning became marketing director of KP Foods in 2000. Between 2000 and 2003 he held the role of marketing director of the UK newspapers The Sun and The News of the World. In 2003, he joined Iceland Foods as Marketing Director, a role he continues to hold and also has responsibility for the retail stores and human resources functions of the company.

John Gnodde is an executive director of Brait, one of the institutional shareholders in Iceland Topco Limited. He has overall responsibility for the private equity business of Brait. Prior to joining Brait in 1995, he worked for Goldman Sachs International in London for six years.

Alan Jacobs is the founder and principal of London based investment and advisory firm, Jacobs Capital. He qualified as a solicitor with Slaughter and May and then joined the investment bank J. Henry Schroder and became a Managing Director of Citigroup. He is currently a non-executive director of Austin Reed and Reiss.

Anuraag Malhotra is general counsel and strategic investment advisor to the Landmark Group, one of the institutional shareholders in Iceland Topco Limited.

Christoffel Wiese is a director of Brait, one of the institutional shareholders in Iceland Topco Limited. He is currently chairman and majority shareholder of the South African businesses Pepkor Holdings Limited, Shoprite Holdings Limited, Tradehold Limited and Invicta Holdings Limited.

Lord Graham Kirkham is an English businessman who founded the UK retailer DFS. DFS is a vertically integrated manufacturing and retailing company in the upholstered furniture industry. In 2010 Lord Kirkham and the other shareholders of DFS sold the business to Advent International. Lord Kirkham is a significant shareholder in Iceland Topco Limited.

Renuka Jagtiani is the vice chairperson of the Landmark Group, one of the institutional shareholders in Iceland Topco Limited.

Board Committees

There is an audit committee of the board of Iceland Topco Limited. This is the only board committee.

The role of the audit committee is to deal with all material questions concerning auditing and accounting policy of the Group and its financial controls and systems.

The members of the audit committee are Tarsem Dhaliwal, Alan Jacobs, Anuraag Malhotra and Alastair Walker (as alternate for John Gnodde).

Termination and compensation benefits of Board members

Other than the Executive Directors (being Malcolm Walker, Tarsem Dhaliwal, Nigel Broadhurst and Nicholas Canning), the members of the Board of Directors of Iceland Topco Limited serve on the Board as representatives of the shareholders by whom they are employed and they do not receive remuneration or benefits for serving on the Board. The Executive Directors serve on the boards of Iceland Topco Limited, Iceland Foods Limited and the Issuer by virtue of their employment agreements and are not entitled to remuneration or termination benefits for serving on such boards. The aggregate compensation paid to the members of the Board of Iceland Topco Limited and Iceland Foods Limited was £8.6 million for the year ended March 28, 2014.

We also maintain a director's and officer's insurance policy with respect to the members of each of our Board of Directors.

Principal shareholders

Ownership

Following the management buyout of Iceland Foods in 2012, the principal shareholders of Iceland Topco Limited, our ultimate parent, include: the Executive Directors (and their related parties) (42.9%), Milestone Resources Group Limited (an affiliate of the Landmark Group) (18.9%), Lord Graham Kirkham (18.1%), Brait CM1 Limited (an affiliate of Brait SE) (18.7%) and others (1.4%).

The *Executive Directors* are Malcolm Walker (CEO), Tarsem Dhaliwal (CFO), Nigel Broadhurst (Buying Director) and Nicolas Canning (Marketing Director).

Landmark Group was founded in 1973 in Bahrain. It has grown into an international retail and hospitality business with operations in the Middle East, Africa, Turkey, India, Pakistan and Sri Lanka.

Brait SE is an investment company with a primary listing on the Euro MTF Market of the Luxembourg Stock Exchange and a secondary listing on the Johannesburg Stock Exchange.

Lord Graham Kirkham is an English businessman who founded the UK retailer DFS. DFS is a vertically integrated manufacturing and retailing company in the upholstered furniture industry. In 2010 Lord Kirkham and the other shareholders of DFS sold the business to Advent International.

The following table presents information about the ownership of the shares of our ultimate parent as of March 28, 2014:

| | <u>Number of shares</u> | <u>% of total shares</u> |
|--|-------------------------|--------------------------|
| Executive Directors ⁽¹⁾ | 183,005,068 | 42.9% |
| Landmark Group ⁽²⁾ | 80,690,349 | 18.9% |
| Brait CM1 Limited | 79,690,349 | 18.7% |
| Lord Graham Kirkham | 77,130,832 | 18.1% |
| Others ⁽³⁾ | 6,059,518 | 1.4% |
| | 426,576,116 | 100% |

(1) Including related parties of each Executive Director: Malcolm Walker (19.9%), Tarsem Dhaliwal (14.1%), Nicholas Canning (4.5%), Nigel Broadhurst (4.5%).

(2) Milestone Resources Group Limited is the shareholder for the Landmark Group.

(3) The other shareholders each acted as advisors to the principal shareholders in respect of the management buyout in 2012.

On March 9, 2012, the Executive Directors, the Landmark Group, Brait SE and Lord Graham Kirkham entered into a shareholders agreement to regulate their ownership of shares in Iceland Topco Limited. Iceland Topco Limited adopted articles of association on April 23, 2013 to reflect the agreed arrangements. The transfer restrictions in the articles of association provide that, aside from a limited category of permitted transferees specified in the articles of association, the shares in Iceland Topco Limited may not be transferred to a third party prior to March 9, 2019 unless the consent of each shareholder who holds more than 10% of the shares in Iceland Topco Limited is obtained.

Certain relationships and related party transactions

Iceland Foods Limited charges As Nature Intended Limited an annual fee of £10,000 for accounting services and recharges amounts to As Nature Intended Limited (in financial year 2014 £45,717 and financial year 2013 £26,009). 10% of the ordinary shares in As Nature Intended Limited are owned by Malcolm Walker, a director of the Issuer, Iceland Topco Limited and Iceland Foods Limited.

Iceland Foods Limited makes donations to The Iceland Foods Charitable Foundation (in financial year 2014 £2,138,873 and in financial year 2013 £86,207). The trustees of the Iceland Foods Charitable Foundation are Malcolm Walker, Tarsem Dhaliwal, Nicholas Canning, each of whom are directors of the Issuer, Iceland Topco Limited and Iceland Foods Limited, and Jayne Burrell, who is the company secretary of the Issuer, Iceland Topco Limited and Iceland Foods Limited.

Iceland Topco Limited has agreed to underwrite potential liabilities of Malcolm Walker in respect of the C Shares Malcolm Walker holds in Iceland Topco Limited up to a maximum amount of £10,000,000.

Description of certain financing arrangements

The following is a summary of the material terms of our principal financing arrangements after giving effect to the Refinancing. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements.

Revolving Credit Facility

On or prior to the Issue Date, the Company, together with the Issuer and Guarantors, will enter into the Revolving Credit Facility Agreement, which provides for up to £30.0 million of committed financing and up to £20.0 million of uncommitted financing. The entire £30.0 million of committed financing can be drawn by way of loans or by way of Ancillary Facilities (as defined in the Revolving Credit Facility Agreement), from and including the date on which all conditions precedent to signing and first utilization under the Revolving Credit Facility Agreement are satisfied.

Amounts drawn under the Revolving Credit Facility may be used for working capital and other general corporate purposes of the Restricted Group (including capital expenditure and acquisitions of companies and businesses (as defined in the Revolving Credit Facility Agreement) but not for (i) the payment of principal or interest under the Notes Documents (as defined in the Revolving Credit Facility Agreement) or any replacement debt replacing the Notes Documents for the payment, prepayment, purchase, defeasement, redemption, acquisition or retirement of the Notes Documents or any replacement debt replacing the Notes Documents or (ii) the payment of any dividend, redemption, repurchase, defeasement, retirement, repayment, premium or any other distribution in respect of the share capital of the Company or the repayment of shareholder debt to the direct or indirect shareholders of the Company. The initial borrower of the Revolving Credit Facility will be the Company and Iceland Foods Limited. Other members of the Group may also accede to the Revolving Credit Facility as borrowers (each a “**Borrower**” and together with the Issuer the “**Borrowers**”). The Revolving Credit Facility will be guaranteed by the Company, the Guarantors and the Issuer. The facility agent (the “**Agent**”) under the Revolving Credit Facility will be HSBC Bank plc.

Ancillary facilities

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

Repayments and prepayments

The Revolving Credit Facility will terminate on the date falling 60 months after the Issue Date. Any amount still outstanding at that time will be immediately due and payable. Subject to certain conditions, the Borrowers may voluntarily prepay their utilizations or permanently cancel all or part of the available commitments under the Revolving Credit Facility by giving three business days’ prior written notice to the Agent. Amounts prepaid or repaid may (subject to the terms of the Revolving Credit Facility Agreement) be re-borrowed.

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

- (1) with respect to any lender, if it becomes unlawful for such lender to perform any of its obligations under the Revolving Credit Facility;
- (2) immediately following a sale of all or substantially all of the assets of the Group (as defined in the Revolving Credit Facility Agreement) whether in a single transaction or a series of related transactions;
- (3) following the occurrence of a “**Change of Control**” (as defined in the Revolving Credit Facility Agreement); and
- (4) upon a Notes Repurchase (as defined in the Revolving Credit Facility Agreement) and on a pro rata basis where the Notes Repurchase (when taken together with all other Notes Repurchases) exceeds 50% of the original aggregate principal amount of the Initial Notes (as defined in the Revolving Credit Facility Agreement) (unless such Notes Repurchase is funded directly or indirectly from. (i) any replacement debt replacing the Notes Documents, (ii) any Additional Shareholder Funding (as defined in the Revolving Credit Facility Agreement) or (iii) by an amount that could have been paid out of the Restricted Group as a Restricted Payment).

Interest and fees

The Revolving Credit Facility will initially bear interest at a rate per annum equal to LIBOR or, in relation to any loan in euro, EURIBOR plus a margin of 1.0% per annum. Each interest period will be one, two, three or six months (as selected by the Company) or such other period as may be agreed between the Agent (acting on the instruction of all of the Lenders) and the Company. We are also required to pay a commitment fee in arrears on the last day of each successive three month period during the availability period, on available but unused commitments under the Revolving Credit Facility at a rate of 35% of the applicable margin under the Revolving Credit Facility.

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

Security and guarantees

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

The Revolving Credit Facility also provides on the Issue Date (the “**Initial Test Date**”), (i) the aggregate consolidated EBITDA of the guarantors (excluding any guarantor with negative earnings before interest, tax, depreciation and amortization (calculated on the same basis as consolidated EBITDA) (without double counting)) is required to exceed 85% of the Restricted Group’s consolidated EBITDA (the “**EBITDA Test**”), (ii) the aggregate turnover of the guarantors (without double counting) is required to exceed 85% of the turnover of the Restricted Group (the “**Turnover Test**”) and (iii) the aggregate gross assets of the guarantors (without double counting) is required to exceed 85% of the gross assets of the Restricted Group (the “**Gross Asset Test**”), provided that, if any of these requirements are breached solely by reason of a newly acquired company becoming a member of the Group, there shall be no breach if (subject to the Agreed Security Principles) the relevant member of the Group accedes as a guarantor and provides transaction security by no later than 30 Business Days following the relevant acquisition.

Covenants

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

Incurrence covenants

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

Affirmative covenants

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

Negative covenants

The Revolving Credit Facility contains certain negative covenants which include, among others, restrictions with respect to: (i) substantially changing the general nature of the business of the Group; (ii) changes of center of main interests; (iii) limitation on activities of certain holding companies; (iv) restrictions (subject to certain exceptions) on entering into certain hedging transactions; (v) restrictions on intra group dealings of assets subject to transaction security and (vi) restrictions on members of the Group (other than the Issuer) being the issuer or borrower of the Notes and on members of the Group (other than the Issuer) being the issuer or borrower of any High Yield Notes (as defined in the Revolving Credit Facility Agreement).

Draw-stop condition

Under the Revolving Credit Facility, a minimum Consolidated EBITDA financial covenant (as determined in accordance with the Revolving Credit Facility Agreement) must be complied with as a further condition to utilizing a loan under the Revolving Credit Facility

The draw-stop condition requires that Consolidated EBITDA for the Relevant Period ending on the most recent Quarter Date (as defined in the Revolving Credit Facility Agreement) in respect of which a Quarterly Financial Statement or an Annual Financial Statement (each as defined in the Revolving Credit Facility Agreement) has been delivered shall not be less than £120,000,000 (the Minimum EBITDA Test). The draw-stop condition shall only apply to the extent that the aggregate amount of all outstanding loans under the Revolving Credit Facility on the date of the proposed utilization of the Revolving Credit Facility and pro forma for the proposed utilization is equal to or greater than 30% of the Total Commitments (as defined in the Revolving Credit Facility Agreement).

In the event that the draw-stop condition is not satisfied cash proceeds of Additional Shareholder Funding (as defined in the Revolving Credit Facility Agreement) may be invested into the Group and applied to increase consolidated EBITDA to meet the Minimum EBITDA Test. There shall be no more than four equity cures over the life of the Revolving Credit Facility and no equity cures may be made in consecutive quarters. The draw-stop condition referred to above reflects the Revolving Credit Facility Agreement as of the date of this offering circular and may be amended or waived in whole or in part in accordance with the terms of the Revolving Credit Facility Agreement.

Events of default

The Revolving Credit Facility contains customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications) including, among others, non-payment; a cross acceleration with respect to indebtedness above £5 million of any member of the Group; misrepresentation; breach of the financial covenant; breach of other obligations; unlawfulness and repudiation, and events of default that are substantially the same as those applicable to the Notes, the occurrence of which would allow the lenders to accelerate all or part of the outstanding utilizations and/or terminate their commitments and/or declare all or part of their utilizations payable on demand and/or declare that cash cover in respect of letters of credit and ancillary facilities is immediately due and payable.

Governing law

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

Intercreditor Agreement

In connection with entering into the Revolving Credit Facility Agreement and the Indenture, we and certain of our other subsidiaries will enter into the Intercreditor Agreement to govern the relationships and relative priorities among: (i) the creditors of the Revolving Credit Facility and the facility agent (the “**RCF Facility Agent**”) on behalf of the creditors under the Revolving Credit Facility and, after their accession) creditors of any other Credit Facilities (as defined below) and the facility agent on behalf of the creditors under any other Credit Facilities (as defined below); (ii) the Trustee on behalf of the Noteholders of the Notes; (iii) (following their

accession) hedge counterparties under certain hedging agreements; (iv) the arranger of the Revolving Credit Facility; (v) the Security Agent named therein; (vi) certain intra group creditors and debtors; and (vii) certain direct or indirect shareholders of the Issuer (or subsidiaries thereof which are not members of the Restricted Group or subsidiaries of the Issuer) (“**Shareholder Creditors**”) in respect of certain structural debt that the Issuer has or may incur in the future (including the shareholder loans provided to the Issuer).

We and each of our subsidiaries that incurs any liability or provides any guarantee, indemnity or other assurance against loss in respect of liabilities to those creditors regulated under the Intercreditor Agreement are referred to in this description as “**Debtors**” (and any documents evidencing such liabilities, the “**Debt Documents**”).

The Intercreditor Agreement will set out, among other things:

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

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

The Intercreditor Agreement will also contain provisions relating to future high yield notes, exchange notes, securities or other debt instruments (including loans, credit and guarantee facilities) (the “**High Yield Notes**”) that maybe incurred by the Issuer or, at the option of the Issuer, any holding company of the Company or any subsidiary of that holding company (not a member of the Restricted Group or a subsidiary of the Issuer) (a “**High Yield Issuer**”) ranking with the priority set out below under “—*Ranking and priority*”. The High Yield Notes and the documents evidencing any High Yield Notes being the “High Yield Documents”.

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

The Creditors of the *Pari Passu* Debt (the “**Pari Passu Creditors**”) and the holders of the High Yield Notes (the “**High Yield Noteholders**”) and together with the trustee of such High Yield Notes, the “**High Yield Creditors**”) will have rights under the Intercreditor Agreement which are summarized below.

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

Ranking and priority

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

- **first**, all present and future Credit Facility Lender Liabilities, Creditor Representative Liabilities, Super Senior Hedging Liabilities, Security Agent Liabilities, Arranger Liabilities, Notes Liabilities and *Pari*

Passu Debt Liabilities and all present and future liabilities and obligations of the Parent to the extent it is a guarantor or provides an indemnity to the High Yield Creditors under the High Yield Documents, *pari passu* and without any preference between them;

- **second**, all present and future liabilities and obligations of a member of the Restricted Group (where the Issuer is the High Yield Issuer, other than the Parent) that is a guarantor or provides an indemnity to the High Yield Creditors under the High Yield Documents (each, a “**High Yield Guarantor**” and its liabilities being “**High Yield Guarantee Liabilities**”) and all present and future liabilities (“**Holdco Liabilities**”) owed by the Company to a High Yield Issuer (where the Issuer is not the High Yield Issuer) under or in connection with any debt instruments used to on loan the proceeds of the High Yield Notes from the relevant High Yield Issuer (where the Issuer is not the High Yield Issuer) to the Company (or a Subsidiary of the Company) (“**High Yield Proceeds Loan**”), *pari passu* and without any preference between them;
- **third**, certain intra group obligations to the intra group lenders (“**Intra Group Liabilities**”), *pari passu* and without any preference between them; and
- **fourth**, shareholder liabilities (which consists of liabilities owed by a Debtor to any Shareholder Creditor other than the Holdco Liabilities (the “**Shareholder Liabilities**”), *pari passu* and without any preference between them.

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

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

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

Interest rate hedging liabilities in respect of the Credit Facility Lender Liabilities, the Notes Liabilities, the *Pari Passu* Debt, the High Yield Liabilities and financial indebtedness permitted to be incurred under the Credit Facility Documents, the Indenture, the *Pari Passu* Debt Documents and the High Yield Notes Documents and currency hedging liabilities, in respect of the Credit Facility Lender Liabilities, the Notes Liabilities, the *Pari Passu* Debt, and the High Yield Liabilities, and financial indebtedness permitted to be incurred under the Credit Facility Documents, the Indenture, the *Pari Passu* Debt Documents, the High Yield Notes Documents together with interest rate and currency hedging liabilities in respect of ordinary course and commercial activities and not for speculative purposes and excluding commodity hedging (up to an aggregate notional amount at any time of £10 million), may be secured and rank *pari passu* with the Credit Facilities and receive priority to the proceeds from the Collateral in the event of any enforcement (the “**Super Senior Hedging Liabilities**”). All other interest rate and currency hedging liabilities in respect of ordinary course and commercial activities will rank *pari passu* with the Notes Liabilities in respect of enforcement proceeds (the “**Non Super Senior Hedging Liabilities**”).

Permitted payments

The Intercreditor Agreement will permit payments to be made by the Debtors under the Credit Facility Documents, the Notes Documents and the *Pari Passu* Debt Documents, (provided such payments are permitted and not prohibited under such documents). There are also restrictions on payments to Hedge Counterparties except certain specified permitted payments as described below.

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

The Intercreditor Agreement will also permit payments in respect of the High Yield Guarantee Liabilities and to Shareholder Creditors in respect of Holdco Liabilities prior to the later of the date on which all the Credit Facility Liabilities, the Creditor Representative Liabilities owed to the agent under the Credit Facility and the Super Senior Hedging Liabilities have been fully and finally discharged (the “**Super Senior Discharge Date**”), the date on which the Notes Liabilities and the Non Super Senior Hedging Liabilities will have been fully and finally discharged (the “**Senior Secured Notes Discharge Date**”) and the date on which the *Pari Passu* Debt Liabilities have been fully and finally discharged (the “**Pari Passu Discharge Date**” and the later of the Senior Secured Notes Discharge Date and the *Pari Passu* Discharge Date being (the “**Senior Secured Discharge Date**”) if:

- (a) (i) the payment is of any principal amount (including capitalised interest) of the liabilities under the High Yield Documents (the “**High Yield Liabilities**”) which is not prohibited from being paid by the Credit Facility Documents, the Notes Documents and any *Pari Passu* Debt Document or is a payment of any amount which is not an amount of principal or capitalized interest, (ii) no notice of an event of default under the Credit Facility Documents, the Indenture or the *Pari Passu* Debt Documents (a “**High Yield Stop Notice**”) has been delivered by the relevant creditor representative of such liabilities (in which case, no such payments will be made until the earlier of (a) the date falling 179 days after the delivery of that High Yield Stop Notice, (b) there is a failure to pay principal on the original final stated scheduled maturity date of the High Yield Notes, (c) if a High Yield Standstill Period is in effect, the date on which that High Yield Standstill period expires, (d) the date on which the relevant event of default ceases to be outstanding (provided no event of default has occurred and is continuing under any of the other relevant documents), (e) the date on which the relevant High Yield Stop Notice is cancelled, (f) the later of the Super Senior Discharge Date and the Senior Secured Discharge Date and (g) the date on which the High Yield Creditors are permitted to take enforcement action) and (iii) no payment default under any Credit Facility Documents, the Notes Documents and the *Pari Passu* Debt Documents (above any agreed threshold) has occurred and is continuing;
- (b) the Majority Super Senior Creditors and the creditor representatives in respect of the Noteholders and the *Pari Passu* Creditors give prior consent to that payment being made;
- (c) the payment is of amounts owing to the trustee for the High Yield Notes (the “**High Yield Notes Trustee**”);
- (d) the payment is of administrative and maintenance costs, fees, expenses and taxes of the High Yield Issuer (including in relation to any reporting or listing requirements) under the High Yield Notes, as permitted under the terms of the Credit Facility Documents;
- (e) the payment is of costs, consent fees, commissions, underwriter or lead manager fees (including OID), taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any financing or refinancing of the High Yield Notes in compliance with the Intercreditor Agreement, the Credit Facility Documents, the Indenture and the *Pari Passu* Debt Documents; or
- (f) if the payment is the principal amount of High Yield Liabilities and is paid on or after the final originally scheduled maturity date of such High Yield Liabilities (provided that such maturity date is a date not earlier than 1 year after the originally scheduled maturity date of the Notes and the Revolving Credit Facility) at the time of issuance of such High Yield Notes.

Payments to intra group lenders owed any Intra Group Liabilities (such payments, “**Intra Group Liabilities Payments**”) are permitted by the Intercreditor Agreement if at the time of payment no acceleration event has occurred. The Intercreditor Agreement permits Intra Group Liabilities Payments if an acceleration event has occurred if, among other things: (i) prior to the Super Senior Discharge Date, permitted or not prohibited by the RCF Facility Agreement, (ii) prior to the Senior Secured Discharge Date, permitted or not prohibited by the Indenture pursuant to which any Notes remain outstanding, (iii) prior to the *Pari Passu* Discharge Date, permitted or not prohibited by the *Pari Passu* Debt Documents, (iv) prior to the High Yield Discharge Date, permitted or not prohibited by the High Yield Documents pursuant to which any High Yield Notes remain outstanding, (v) that payment is made to facilitate payment of the Super Senior Liabilities, the Notes Liabilities, the *Pari Passu* Debt Liabilities and/or the Non Super Senior Hedging Liabilities or (vi) that payment is made to facilitate payment of the High Yield Liabilities that are permitted to be paid under the terms of the Intercreditor Agreement.

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

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

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

Following the occurrence of an acceleration event and subject to certain exceptions or as otherwise agreed by the creditor representative for the Credit Facility Lenders, the Noteholders and the *Pari Passu* Creditors, no Debtor, Collateral provider or any member of the Group may make payments of any Credit Facility Lender Liabilities, Arranger Liabilities, Notes Liabilities, *Pari Passu* Debt Liabilities, liabilities owed by the debtors under the High Yield Notes (the "**High Yield Liabilities**") or Creditor Representative Liabilities except from recoveries distributed in accordance with the application or proceeds set out in the paragraph "application of proceeds" below.

Limitations on enforcement by Super Senior Creditors and Senior Secured Creditors

For the purposes of enforcement:

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

The Security Agent may refrain from enforcing the Collateral or taking any other enforcement action unless instructed by the Instructing Group (as defined below). If any of the Super Senior Creditors or the Senior Secured Creditors wish to enforce the Collateral, either (a) the majority Super Senior Creditors (being 66 $\frac{2}{3}$ % by value of the Super Senior Creditors) (the "**Majority Super Senior Creditors**") or (b) the majority Senior Secured Creditors (being more than 50% in value of the Senior Secured Creditors entitled to vote as described in the Intercreditor Agreement) (the "**Majority Senior Secured Creditors**") (in each case acting through their respective creditor representative) whichever at the relevant time is entitled to give instructions in accordance with the terms of the Intercreditor Agreement as described below (each an "**Instructing Group**") must give notice of the proposed enforcement instructions to the creditor representatives for the other creditor classes and the Security Agent.

If the Security Agent receives instructions from an Instructing Group, it may enforce or refrain from enforcing the Collateral in accordance with the instructions of the Instructing Group, provided such instructions are consistent with certain Security Enforcement Principles (as defined below) and failure to give instructions will be deemed to be an instruction not to take enforcement steps.

If the Super Senior Liabilities have not been fully discharged within six months of the date on which (“Time Period Start Date”) a Revolving Agent or representative for each of the Senior Secured Creditors delivers a copy of its proposed enforcement instructions to the other representatives and the Security Agent including instructions not to enforce) (the “Proposed Enforcement Instructions”) or if no enforcement or Relevant Enforcement Action has commenced within three months of the Time Period Start Date, then the Majority Super Senior Creditors will become the Instructing Group. “Relevant Enforcement Action” means either (i) the determination by the Instructing Group of the method of enforcement of the Collateral or (ii) the appointment of a financial advisor by the Instructing Group to assist in such determination.

If at any time the Security Agent has not taken any Relevant Enforcement Action notwithstanding the Collateral having become enforceable, a representative acting on behalf of the Majority Super Senior Creditors or the Majority Senior Secured Creditors, may at any time provide immediate instructions as to enforcement to the Security Agent notwithstanding any instructions given as set out in the immediately preceding paragraph if the Majority Super Senior or the Senior Secured Creditors determine in good faith that the delay in taking enforcement action over the Collateral could reasonably be expected to have a material adverse effect on the security agent’s ability to enforce the Collateral or the realization proceeds of any enforcement of Collateral and the Security Agent will only act in accordance with the first such notice of determination.

If at any time an insolvency event has occurred with respect to a provider of Collateral (other than an insolvency event which is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Majority Senior Secured Creditors), the Security Agent shall act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from such Majority Super Senior Creditors, provided that in the event the Security Agent has previously received Proposed Enforcement Instructions from the representative for the Majority Senior Secured Creditors and has commenced Relevant Enforcement Action pursuant to such instructions, the Security Agent shall continue to act in accordance with the instructions of the representative for the Majority Senior Secured Creditors until such time as the representatives for Majority Super Senior Creditors issue enforcement instructions to the Security Agent and such instructions shall override and supersede any such prior instructions given by the representative for the Majority Senior Secured Creditors.

Other than where the preceding two paragraphs above apply, if, prior to the Super Senior Discharge Date, the Majority Super Senior Creditors or the Majority Senior Secured Creditors (in each case acting reasonably) consider that the Security Agent is enforcing the Collateral in a manner which is not consistent with the Security Enforcement Principles (as defined below), the representatives for the Super Senior Creditors, the *Pari Passu* Debt Representatives or the Trustee shall give notice to the representatives for the other Super Senior Creditors, and the *Pari Passu* Debt Representatives and the Trustee (as appropriate) after which the representatives for the other Super Senior Creditors, the *Pari Passu* Debt Representatives and the Trustee shall consult with the Security Agent for a period of 15 days (or such lesser period as the relevant representatives may agree) with a view to agreeing the manner of enforcement provided that such representatives shall not be obliged to consult as described under this paragraph more than once in relation to each enforcement action.

After the Super Senior Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Collateral in accordance with the instructions provided by the Majority Senior Secured Creditors.

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

- to achieve the collateral enforcement objective, namely to maximize, to the extent consistent with a prompt and expeditious realization of value from enforcement of the Collateral, the recovery by all of the Super Senior Creditors and the Senior Secured Creditors (the “**Security Enforcement Objective**”);
- either all enforcement proceeds will be received in cash by the Security Agent or, in the case of enforcement by the Majority Senior Secured Creditors, sufficient enforcement proceeds will be received in cash by the Security Agent to ensure that after distribution in accordance with the Intercreditor Agreement, the Super Senior Liabilities will be repaid in full (unless the Majority Super Senior Creditors agree);

- to the extent that the enforcement is over Collateral with an aggregate book value exceeding £1,000,000, or the enforcement is over Collateral over some or all of the shares in a member of the Restricted Group, the Security Agent shall, if requested by an Instructing Group, and at the expense of the Instructing Group (unless it is incompatible with enforcement proceedings in a relevant jurisdiction) appoint an internationally recognized investment bank or any internationally recognized accounting firm or, if not practicable, from another reputable independent third party professional firm that is regularly engaged in providing valuations of the relevant type of assets, to opine that the consideration received for any disposal is fair from a financial point of view taking into account all relevant circumstances (the “**Financial Advisor’s Opinion**”);
- the Security Agent will be under no obligation to appoint a financial advisor or to seek the advice of a financial advisor, unless expressly required to do so by any provision of the Intercreditor Agreement;
- the Financial Advisor’s Opinion will be conclusive evidence that the Security Enforcement Objective has been met;
- in the absence of written notice from a creditor or group of creditors that are not part of the relevant Instructing Group that such creditor(s) object to any enforcement of the Collateral on the grounds that such enforcement action does not aim to achieve the Security Enforcement Objective, the Security Agent is entitled to assume that such enforcement of the Collateral is in accordance with the Security Enforcement Objective;
- if the Security Agent is unable to obtain a Financial Advisor’s Opinion after attempting to do so (and after considering making such modifications to the enforcement process as may be reasonably available and consistent with the Security Enforcement Principles to obtain such opinion) because such opinions are not generally available in the market in such circumstances, the Security Agent may proceed to enforce the Collateral without needing to demonstrate that such enforcement is aiming to achieve the Security Enforcement Principles; and
- if any enforcement action of collateral is conducted by way of public or private auction or other competitive sale process, which is conducted with the advice of an independent investment bank or intentionally recognized firm of accountants or a reputable independent third party professional firm which is regularly engaged in such sale processes (a “**Competitive Sales Process**”), no Financial Advisor needs to be appointed in respect of such enforcement action.

Limitations on enforcement by High Yield Creditors

Until the Senior Secured Discharge Date, except with the prior consent of or as required by the Instructing Group, no High Yield Creditor shall take or require the taking of any enforcement action in relation to the High Yield Guarantee Liabilities, except if:

- a default under any High Yield Documents is continuing and a period (the “**High Yield Standstill Period**”) ending on the earlier of (a) 179 days from the date of service of notice in writing of such default from the relevant High Yield Notes Trustee to each of the relevant creditor representatives with respect to the Super Senior Creditors and Senior Secured Creditors, (b) the date the relevant High Yield Guarantor against whom enforcement action is taken is subject to a insolvency event, (c) the date on which any other standstill period expires in respect of such default, and at the end of such period such default is continuing, (d) the date on which the creditor representative for the Credit Facility Lenders, the Noteholders and the *Pari Passu* Creditors consent to enforcement in respect of such default, (e) the date the Super Senior Creditors or the Senior Secured Creditors take any enforcement action in respect of a High Yield Guarantor provided that a High Yield Creditor may only take the same enforcement action in relation to that High Yield Guarantor as the enforcement action taken by the Super Senior Creditors and/or the Senior Secured Creditors against that Guarantor (and not against any other member of the Restricted Group) and that enforcement action for these purposes shall not include action solely taken to preserve or protect any Collateral as opposed to release it, and has elapsed (f) a failure to pay the principal amount outstanding at the final stated maturity of the High Yield Notes; and
- the creditor representatives for the Credit Facility Lenders, the Noteholders and the *Pari Passu* Creditors have received notice of such default,

provided that, if the Security Agent has notified the High Yield Notes Trustee (or any creditor representative in respect of High Yield Creditors) that it is enforcing security over the shares of a High Yield Guarantor, no High Yield Creditor may take enforcement action in relation to such High Yield Guarantor while the Security Agent is taking steps to enforce that security on the instructions of an Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Limitation on Enforcement of Intra Group Liabilities and Shareholder Liabilities

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

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

Turnover

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

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

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

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

Application of proceeds

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

- **first**, (i) *pari passu* and pro rata any sums owing to the Security Agent, any receiver, attorney or agent of the Security Agent, any *Pari Passu* Debt representative in respect of any *Pari Passu* Debt issued in the form of notes and, any fees, costs, charges, expenses or sums payable to the Trustee for the Notes or the High Yield Notes Trustee; then (ii) *pari passu* and pro rata to each creditor representative (to the extent not included in (i) above and excluding any Hedge Counterparty in its capacity as its own creditor representative) of the unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant Debt Documents) of each such creditor representative and any receiver, attorney or agent appointed by such creditor representative under any collateral document or the Intercreditor Agreement (to the extent that the collateral concerned has been given in favor of such obligations);
- **second**, *pari passu* and pro rata, in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the collateral documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;
- **third**, *pari passu* and pro rata in or towards payment between (i) the RCF Agent on its own behalf and on behalf of the creditors under the Revolving Credit Facility Agreement, each creditor representative in respect of a Credit Facility on its own behalf and on behalf of the Arrangers and Credit Facility Lenders under that Credit Facility for application towards the discharge of the liabilities owed to the RCF Agent, the Arranger Liabilities, the liabilities under the Revolving Credit Facility Agreement, Credit Facility Lender Liabilities, the Creditor Representative Liabilities owed to the creditor representatives in respect of each Credit Facility and the Credit Facility Lender Liabilities and the related Arranger Liabilities (in accordance with the terms of the relevant Credit Facility Documents) and (ii) the Hedge Counterparties to the extent they are owed Super Senior Hedging Liabilities;
- **fourth**, *pari passu* and pro rata in or towards payment to the Trustee on behalf of the Noteholders, the *Pari Passu* Debt representatives on behalf of the *Pari Passu* Creditors and each of the Non-Super Senior Hedge Counterparties for application towards any unpaid costs and expenses incurred by or on behalf of any Noteholders, *Pari Passu* Creditors and the Hedge Counterparties in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the collateral documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;
- **fifth**, *pari passu* and pro rata in or towards payment to the Trustee on behalf of the Noteholders for application towards the discharge of the Notes Liabilities (in accordance with the Indenture), to the *Pari Passu* Debt representatives on behalf of the *Pari Passu* Creditors for application towards the discharge of the *Pari Passu* Debt (in accordance with the relevant *Pari Passu* Debt Documents) and to each of the Hedge Counterparties for application towards any Non-Super Senior Hedging Liabilities; and
- **sixth**, after the Final Discharge Date, in payment of the surplus (if any) to the Debtors or other person entitled to it.

Option to purchase

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

Following an acceleration event in relation to any Super Senior Liabilities, Notes Liabilities, *Pari Passu* Debt Liabilities or High Yield Liabilities or enforcement of the Collateral (a “**Distress Event**”), and subject to various conditions set out in the Intercreditor Agreement (including the grant of an acceptable indemnity against clawback to such Credit Facility Lender, Hedge Counterparty, Senior Secured Creditor or *Pari Passu* Creditor), one or more of the High Yield Noteholders may, at the expense of such purchasing High Yield Noteholder, acquire or procure the acquisition of all (but not part only) of the rights and obligations of the Credit Facility Lenders, the Hedge Counterparties, the Senior Secured Creditors and the *Pari Passu* Creditors in connection with the Credit Facility Lender Liabilities under the Credit Facility Documents, the Hedging Liabilities under the Hedging Documents, the Notes Liabilities under the Indenture and the *Pari Passu* Debt Liabilities under the *Pari Passu* Debt Documents.

Release of collateral and guarantees—non-distressed disposals

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

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

provided that (i) in the case of a disposal to another member of the Restricted Group, to the extent replacement Collateral is required from the transferee under the relevant Debt Documents, any required replacement collateral is granted by the transferee before or at the same time as the release and, (ii) if required by the terms of the relevant Debt Documents, any proceeds from the disposal are applied in mandatory prepayment of the relevant debt.

Release of collateral and guarantees—distressed disposals

In circumstances where a distressed disposal is being effected, the Intercreditor Agreement will provide that the Security Agent is authorized and instructed:

- (a) to release the Collateral or any other claim over the relevant asset;
- (b) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (i) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities as described in the Intercreditor Agreement and certain guaranteeing liabilities and other liabilities as described in the Intercreditor Agreement, (ii) any Collateral granted over that Debtor's assets and the assets of any of its subsidiaries and (iii) any other claim of a Debtor or intra group lender over that Debtor's assets or over the assets of any subsidiary of that Debtor;
- (c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (i) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities as described in the Intercreditor Agreement, certain guaranteeing liabilities as described in the Intercreditor Agreement and certain other liabilities as described in the Intercreditor Agreement, (ii) any Collateral granted over the assets of any subsidiary of that holding company and (iii) any other claim of a Debtor or intra group lender over that Debtor's assets or over the assets of any subsidiary of that holding company;
- (d) if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to dispose of all or any part of that Debtor's or the holding company of that Debtor's borrowing liabilities (other than those liabilities owed by the Issuer to the Super Senior Creditors, Noteholders, *Pari Passu* Creditors and Hedge Counterparties), certain guaranteeing liabilities and certain other liabilities; and
- (e) if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to transfer intra group liabilities and debtor liabilities owed by that Debtor or holding company of a Debtor to another Debtor.

Any net proceeds of the disposal must be applied in accordance with the enforcement proceeds waterfall described above under “—*Application of proceeds.*”

Prior to the High Yield Discharge Date, a distressed disposal is being effected such that the High Yield Guarantees will be released, it being a condition of this release that:

- (a) either all or substantially all of the consideration for the relevant sale or disposal is cash or the disposal is made pursuant to any process or proceedings approved or supervised by or on behalf of any court of law where there is a determination of value by or on behalf of the court;
- (b) either the sale or disposal is made pursuant to (i) a Competitive Process, (ii) any process or proceedings approved or supervised by or on behalf of any court of law where there is a determination of value by or on behalf of the court or (iii) where the Security Agent has obtained a Financial Advisor's Opinion confirming that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances, including the method of enforcement; and

- (c) the claims of each of the Super Senior Creditors, Noteholders, *Pari Passu* Creditors, Hedge Counterparties and High Yield Noteholders against the relevant entities or assets are irrevocably and unconditionally released or sold or disposed of concurrently with such sale (and are not assumed by the relevant purchaser or by any affiliate of such purchaser) and all Collateral over such relevant entities or assets are released provided that in the event of a sale or disposal of any such claim (instead of a release or discharge) the relevant creditor representative determines acting reasonably and in good faith, that the Super Senior Creditors, Noteholders, *Pari Passu* Creditors and Hedge Counterparties will recover more than if such claim was released or discharged and the representative in respect of the relevant creditor group serves a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or to an affiliate of such purchaser).

The proceeds from the relevant sale or disposal are to be applied accordance with the enforcement proceeds waterfall described above under “—*Application of proceeds.*”

Amendment

Except for (i) amendments of a minor, technical or administrative nature which may be effected by the Security Agent and the Company, (ii) amendments made by the relevant creditor representatives (without any further instructions from the relevant creditor groups), the Company and the Security Agent to cure defects, or typographical errors, or to resolve ambiguities or reflect changes in each case of a minor or technical nature or (iii) amendments which only affects one class of the relevant creditors which could not reasonably be expected to materially and adversely affect the interests of the other classes (in which case only written agreement from that class will be required), the Intercreditor Agreement may be amended with the consent of the Majority Super Senior Creditors, the required percentage of the Noteholders (as set out in the Indenture), the required percentage of the High Yield Noteholders (as set out in the relevant High Yield Indenture) and the required percentage of *Pari Passu* Creditors (as set out in the relevant *Pari Passu* Debt documentation), the Issuer and the Security Agent unless it relates to certain specified matters such as ranking, priority, subordination, turnover, enforcement, disposal proceeds, amendments or the payment waterfall. Such amendments require consent from all of the Credit Facility Lenders, the Trustee (acting in accordance with the Indenture), the High Yield Notes Trustee (acting in accordance with the relevant High Yield Notes Indenture) or other representative or creditor of the additional tranche of high yield debt (as applicable), the *Pari Passu* Debt representative (acting in accordance with the relevant *Pari Passu* Debt Documents), each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparties), the Company and the Security Agent.

No amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party (other than, in the case of the Credit Facility Lenders, the Noteholders, the *Pari Passu* Creditors and the Hedge Counterparties) in a way which affects creditors of that party’s class generally or, in the case of the Debtors or third party creditor, to the extent consented to by the Company) to the Intercreditor Agreement without the prior consent of that party (or, in the case of the Noteholders, the *Pari Passu* Creditors and the High Yield Creditors in respect of an issue of debt securities, the relevant creditor representative).

To the extent the Debtors wish to enter into *Pari Passu* Debt or other additional or replacement indebtedness (“**Additional Indebtedness**”) which is permitted to share in the Collateral pursuant to the Credit Facilities Documents, the Notes, other *Pari Passu* Debt Documents and the High Yield Documents, then the parties to the Intercreditor Agreement may be required to enter into documentation to implement this (including without limitation a replacement intercreditor agreement on substantially the same terms as the Intercreditor Agreement).

Description of Senior Secured Notes

Stretford 79 plc (the “*Issuer*”) will issue £200.0 million aggregate principal amount of 6.750% Senior Secured Notes due 2024 (the “*2024 Fixed Rate Notes*”), £400.0 million aggregate principal amount of 6.250% Senior Secured Notes due 2021 (the “*2021 Fixed Rate Notes*” and, together with the 2024 Fixed Rate Notes, the “*Fixed Rate Notes*”) and £350.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2020 (the “*Floating Rate Notes*” and, together with the Fixed Rate Notes, the “*Senior Secured Notes*”) under an indenture (the “*Senior Secured Indenture*”) between, among others, the Issuer, Citibank, N.A., London Branch, as the trustee (the “*Trustee*”), and HSBC Corporate Trustee Company (UK) Limited, as security agent (the “*Security Agent*”), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the “*U.S. Securities Act*”). Unless the context requires otherwise, references in this “Description of Senior Secured Notes” to the Senior Secured Notes include the 2024 Fixed Rate Notes, the 2021 Fixed Rate Notes and the Floating Rate Notes issued on the Issue Date and references to “Additional 2024 Fixed Rate Notes”, “Additional 2021 Fixed Rate Notes” and “Additional Floating Rate Notes” shall be to Additional Senior Secured Notes that are 2024 Fixed Rate Notes, 2021 Fixed Rate Notes or Floating Rate Notes, respectively. The terms of the Senior Secured Notes include those set forth in the Senior Secured Indenture. The Senior Secured Indenture will not incorporate or include any of, or otherwise be subject to, 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 Senior Secured Indenture, the Senior Secured Notes and the Proceeds Loan Agreements and refers to the Intercreditor Agreement and the Security Documents. This does not restate those agreements in their entirety. We urge you to read the Senior Secured Indenture, the Senior Secured Notes, the Intercreditor Agreement and the Security Documents because they, and not this description, define your rights as holders of the Senior Secured Notes. Copies of the Senior Secured Indenture, the form of Senior Secured 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 Senior Secured Indenture. You can find the definitions of certain terms used in this description under the subheading “—Certain Definitions”. In this description, the term “*Company*” refers only to Iceland VLNco Limited and not to any of its Subsidiaries and the term “*Issuer*” refers only to Stretford 79 plc.

The registered holder of a Senior Secured Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Senior Secured Indenture.

Brief Description of the Senior Secured Notes and the Senior Secured Note Guarantees

The Senior Secured Notes:

- will be a general obligation of the Issuer;
- will be secured by first-priority Liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations that are entitled to receive such proceeds on a super-priority basis, including lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations, have been paid in full;
- will be *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not expressly subordinated to the Senior Secured Notes, including Indebtedness under the Revolving Credit Facility;
- will be senior in right of payment to any and all future obligations of the Issuer that are expressly subordinated in right of payment to the Senior Secured Notes, if any;
- will be unconditionally guaranteed by the Guarantors;
- will be effectively subordinated to the Issuer’s existing and future secured Indebtedness that is secured by property or assets that do not secure the Senior Secured Notes, to the extent of the value of such property and assets securing such Indebtedness; and
- will be structurally subordinated to all obligations of the Issuer’s subsidiaries that are not Guarantors.

The Senior Secured Note Guarantees

The Senior Secured Notes will initially be guaranteed by the Company, Iceland Midco Limited, Iceland Acquico Limited, Iceland Foods Group Limited, Bejam Group Limited and Iceland Foods Limited, each of which is an obligor under the Revolving Credit Facility.

Each Senior Secured Note Guarantee:

- will be a general obligation of that Guarantor;
- will be secured by first-priority Liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations that are entitled to receive such proceeds on a super-priority basis, including lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations, have been paid in full;
- will be *pari passu* in right of payment with all existing and future senior Indebtedness of such Guarantor that is not expressly subordinated in right of payment to its Senior Secured Note Guarantee, including its obligations under the Revolving Credit Facility;
- will be senior to all future Indebtedness of such Guarantor, if any, that is expressly subordinated in right of payment to its Senior Secured Note Guarantee;
- will be effectively subordinated to such Guarantor's existing and future secured Indebtedness that is secured by property or assets that do not secure its Senior Secured Note Guarantee to the extent of the value of such property and assets securing such Indebtedness; and
- will be structurally subordinated to all existing and future Indebtedness of any Guarantor's subsidiaries that do not guarantee the Senior Secured Notes.

Not all of the Company's Subsidiaries will guarantee the Senior Secured Notes. However, as of the Issue Date each of the Company's subsidiaries that is an obligor under the Revolving Credit Facility (other than the Issuer) will also guarantee the Senior Secured 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 a Guarantor. As of and for the 52-week period ended March 28, 2014, the Issuer and the Guarantors, together, represented 100% of our Adjusted EBITDA, 100% of our consolidated turnover and 92% of our consolidated assets.

The operations of the Company are conducted through its Subsidiaries and, therefore the Company depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under its Senior Secured Note Guarantee. The Senior Secured Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's non-guarantor Subsidiaries. Any right of the Company or any other Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Senior Secured Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Company or such other Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Company or such other Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Company or such other Guarantor. As of March 28, 2014, after giving effect to the Refinancing, on a consolidated basis, the non-guarantor Subsidiaries of the Company would not have had any third-party debt outstanding.

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries" for the purposes of the Senior Secured Indenture. However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries", the Company will be permitted to designate Restricted Subsidiaries as "Unrestricted Subsidiaries" other than the Issuer and any Parent Holdco of the Issuer. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants contained in the Senior Secured Indenture. The Company's Unrestricted Subsidiaries will not guarantee the Senior Secured Notes.

Principal and Maturity

The Issuer will issue £950,000,000 in aggregate principal amount of Senior Secured Notes in this offering, consisting of £200,000,000 in aggregate principal amount of 2024 Fixed Rate Notes, £400,000,000 in aggregate principal amount of 2021 Fixed Rate Notes and £350,000,000 in aggregate principal amount of Floating Rate

Notes. The Issuer may issue additional Senior Secured Notes under the Senior Secured Indenture from time to time after this offering (“*Additional Senior Secured Notes*”). Any Additional Senior Secured Notes will be identical in all respects to the Senior Secured Notes offered hereby (other than any one or more of their issue date, issue price, first interest payment date and amount of first interest payment); *provided* that no Additional Senior Secured Notes will utilize the same International Securities Identification Number or Common Code as Senior Secured Notes already issued unless such Additional Senior Secured Notes are fungible with such Senior Secured Notes for U.S. federal income tax purposes. The Senior Secured Notes may be issued in one or more series under the Senior Secured Indenture. Any issuance of Additional Senior Secured Notes is subject to all of the covenants in the Senior Secured Indenture, including the covenant described below under the caption “— Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”. The 2024 Fixed Rate Notes, the 2021 Fixed Rate Notes and Floating Rate Notes will each constitute a separate series of Senior Secured Notes and, except with respect to right of payment and optional redemption, and as otherwise provided for in the Senior Secured Indenture, the 2024 Fixed Rate Notes, the 2021 Fixed Rate Notes and the Floating Rate Notes issued in this offering and, if issued, any Additional Senior Secured Notes will be treated as a single class for all purposes under the Senior Secured Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Senior Secured Indenture. The Issuer will issue Senior Secured Notes in denominations of £100,000 and integral multiples of £1,000 in excess thereof. The 2024 Fixed Rate Notes will mature on July 15, 2024, the 2021 Fixed Rate Notes will mature on July 15, 2021 and the Floating Rate Notes will mature on July 15, 2020.

Interest

2024 Fixed Rate Notes

Interest on the 2024 Fixed Rate Notes will accrue at the rate of 6.750% per annum. Interest on the 2024 Fixed Rate Notes will be payable semi-annually in arrears on April 15 and October 15, commencing on October 15, 2014. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% per annum higher than the interest rate on the 2024 Fixed Rate Notes. The Issuer will make each interest payment to the holders of record on the immediately preceding April 1 and October 1.

Interest on the 2024 Fixed Rate Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2021 Fixed Rate Notes

Interest on the 2021 Fixed Rate Notes will accrue at the rate of 6.250% per annum. Interest on the 2021 Fixed Rate Notes will be payable semi-annually in arrears on April 15 and October 15, commencing on October 15, 2014. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% per annum higher than the interest rate on the 2021 Fixed Rate Notes. The Issuer will make each interest payment to the holders of record on the immediately preceding April 1 and October 1.

Interest on the 2021 Fixed Rate Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Floating Rate Notes

The Floating Rate Notes will bear interest at a rate per annum (the “*Applicable Rate*”), reset quarterly, equal to GBP LIBOR plus 425 bps, as determined by Citibank, N.A., London Branch, as calculation agent (the “*Calculation Agent*”). For the avoidance of doubt, the first quarterly reset date for the interest rate on the Floating Rate Notes will be at the end of the first quarterly period following the Issue Date.

Interest on the Floating Rate Notes will be payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year. The first interest payment date with respect to the Floating Rate Notes will be October 15, 2014. If a particular interest payment date is not a Business Day, then the payment date will move to the next Business Day. Therefore the Interest Period will be one or more days longer. The Issuer will pay interest to the holders of record on January 1, April 1, July 1 and October 1 immediately preceding the applicable interest payment date, as the case may be. The Floating Rate Notes will bear interest from the Issue Date or, if interest has already been paid, from the date it was most recently paid.

The Calculation Agent will, as soon as practicable after 11:00 a.m., London time, on each Determination Date, determine the Applicable Rate, and calculate the aggregate amount of interest payable on the Floating Rate Notes in respect of the following Interest Period (the “*Interest Amount*”). The Interest Amount will be calculated by applying the Applicable Rate to the principal amount of the Floating Rate Notes outstanding at the commencement of the Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 365.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or 0.04876545) being rounded to 4.87655% (or 0.0487655)). All pounds sterling amounts used in or resulting from such calculations will be rounded to the nearest penny sterling (with one-half penny sterling being rounded upwards). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of wilful default, bad faith or manifest error, be binding on all parties.

The Calculation Agent will, upon the written request of the holder of any Floating Rate Note, provide the interest rate then in effect with respect to the Floating Rate Notes. The rights of holders of beneficial interests in the Floating Rate Notes to receive the payments of interest on the Floating Rate Notes will be subject to applicable procedures of Euroclear and Clearstream, as applicable.

Interest will be computed on the basis of a 365-day year and the actual number of days elapsed. Interest on overdue principal and interest and Additional Amounts and premium, if any, will accrue at a rate that is 1% higher than the then Applicable Rate on the Floating Rate Notes. The Applicable Rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by applicable law.

Set forth below is a summary of certain of the provisions from the Senior Secured Indenture relating to the calculation of interest on the Floating Rate Notes.

“*Determination Date*”, with respect to an Interest Period, will be the day that is the first day of such Interest Period.

“*GBP LIBOR*”, with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in pounds sterling for a three-month period beginning on (and including) the Determination Date that appears on Reuters Page LIBOR01 as of 11:00 a.m. London time, on the Determination Date. If Reuters Page LIBOR01 does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the London interbank market, as selected by the Calculation Agent in consultation with the Issuer, to provide such bank’s offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date, to prime banks in the London interbank market for deposits in a Representative Amount in pounds sterling for a three-month period beginning on (and including) the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the rate for the Interest Period will be the arithmetic mean last determined in relation to the Floating Rate Notes in respect of the immediately preceding Interest Period.

“*Interest Period*” means the period commencing on and including an interest payment date and ending on but excluding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude October 15, 2014.

“*Representative Amount*” means the greater of (a) £1.0 million and (b) an amount that is representative for a single transaction in the relevant market at the relevant time.

“*Reuters Page LIBOR01*” means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

Paying Agent and Registrar for the Senior Secured Notes

The Issuer will maintain one or more paying agents (each, a “*Paying Agent*”) for the Senior Secured Notes in the City of London (the “*Principal Paying Agent*”). The Issuer will maintain a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC (as amended from time to time) or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Principal Paying Agent will be Citibank, N.A., London Branch in London.

The Issuer will also maintain one or more registrars (each, a “*Registrar*”). The initial Registrar will be Citibank, N.A., London Branch. The initial transfer agent will be Citibank, N.A., London Branch. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on the behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders. For so long as the Senior Secured 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 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*).

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Senior Secured Notes (whether or not in the form of Definitive Registered Notes) or any of the Guarantors with respect to any Senior Secured Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated or organized, engaged in business for tax purposes or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a “*Tax Jurisdiction*”) will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Senior Secured Notes or any of the Guarantors under or with respect to any Senior Secured Note Guarantee, including payments of principal, redemption price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the “*Additional Amounts*”) as may be necessary in order that the net amounts received in respect of such payments after such withholding or deduction (including any such withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

- (1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any actual or deemed present or former connection between the holder or the beneficial owner of the Senior Secured Notes and the relevant Tax Jurisdiction (including being a resident of such jurisdiction for Tax purposes), other than any such connection arising solely from the acquisition or holding of such Senior Secured Note, the enforcement of rights under such Senior Secured Note or under a Senior Secured Note Guarantee or the receipt of any payments in respect of such Senior Secured Note or a Senior Secured Note Guarantee;
- (2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Senior Secured Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Senior Secured Note been presented on the last day of such 30 day period);
- (3) any estate, inheritance, gift, sales, transfer or similar Taxes;
- (4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;
- (5) any Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Senior Secured Notes who would have been able to avoid such withholding or deduction by presenting the relevant Senior Secured Note to another Paying Agent in a member state of the European Union;
- (6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Senior Secured Notes or with respect to any Senior Secured Note Guarantee;
- (7) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Senior Secured Notes to comply with any reasonable written request of the Issuer

addressed to the holder or beneficial owner and made at least 90 days before any such withholding or deduction would be imposed to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally eligible to provide such certification or documentation; or

(8) any combination of items (1) through (7) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder or beneficial owner for any present or future stamp, issue, registration, court or documentary Taxes, or any other similar excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction (or by any jurisdiction, in the case of enforcement) on the execution, delivery, issuance, or registration of any of the Senior Secured Notes, the Senior Secured Indenture, any Senior Secured Note Guarantee or any other document or instrument referred to therein, or the receipt of any payments with respect thereto, or enforcement of, any of the Senior Secured Notes or any Senior Secured Note Guarantee.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Senior Secured Notes or any Senior Secured Note Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate(s) must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee (or to a holder or beneficial owner upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. Upon reasonable request, copies of Tax receipts or other evidence of payments, as the case may be, will be made available by the Trustee to the holders or beneficial owners of the Senior Secured Notes.

Whenever in the Senior Secured Indenture or in this "Description of Senior Secured Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Senior Secured Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Senior Secured Notes or any Senior Secured Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Senior Secured Indenture, any transfer by a holder or beneficial owner of its Senior Secured Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated or organized, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which any payment on the Senior Secured Notes or any Senior Secured Note Guarantee is made by or on behalf of such Person and any political subdivision thereof or therein.

The Proceeds Loans

On the Issue Date, the Issuer, as lender, and Iceland Foods Limited, as borrower, will enter into one or more proceeds loans (the "Proceeds Loans") under one or more proceeds loan agreements (the "Proceeds Loan Agreements") pursuant to which, on the Issue Date, the Issuer will loan to Iceland Foods Limited the proceeds from the issuance of the Senior Secured Notes.

Each of the Proceeds Loans will be denominated in pounds sterling in an aggregate principal amount equal to the aggregate principal amounts of the 2024 Fixed Rate Notes, the 2021 Fixed Rate Notes and the Floating Rate Notes, as applicable, issued on the Issue Date. The Proceeds Loans will bear interest at a rate at least equal to the interest rates applicable to the 2024 Fixed Rate Notes, 2021 Fixed Rate Notes and the Floating Rate Notes, as applicable. Interest on the Proceeds Loans will be payable semi-annually, in the case of the Proceeds Loans in respect of the 2024 Fixed Rate Notes and the 2021 Fixed Rates Notes, in arrears on or before each April 15 and October 15, commencing October 15, 2014 and quarterly, in the case of the Proceeds Loans in respect of the Floating Rate Notes, in arrears on or before each January 15, April 15, July 15 and October 15 and, commencing October 15, 2014. The Proceeds Loan Agreement will provide that Iceland Foods Limited will pay the Issuer interest and principal due and payable on the Senior Secured Notes and any Additional Amounts due thereunder. All amounts payable under the Proceeds Loans will be payable to such account or accounts with such person or persons as the Issuer may designate. The Proceeds Loans will mature on the same date as the 2024 Fixed Rate Notes, the 2021 Fixed Rate Notes and the Floating Rate Notes, as applicable. The Proceeds Loans will be unsecured obligations of Iceland Foods Limited, ranking *pari passu* with the obligations of Iceland Foods Limited that are not subordinated to the Proceeds Loans, including its obligations under the Revolving Credit Facility.

Except as otherwise required by law, all payments under the Proceeds Loan Agreement will be made without deductions or withholding for, or on account of, any applicable tax. In the event that Iceland Foods Limited is required to make any such deduction or withholding, it shall gross-up each 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.

The Proceeds Loans will provide that Iceland Foods Limited will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Senior Secured Notes and the Senior Secured Indenture, taking into account the administrative and timing requirements under the Senior Secured Indenture with respect to amounts payable on the Senior Secured Notes.

Security

Subject to the terms of the Security Documents and Intercreditor Agreement, the Senior Secured Notes and the Senior Secured Note Guarantees will be secured by fixed and floating charges over substantially all of the material property and assets of the Issuer and each Guarantor, subject to certain exceptions, including without limitation:

- the shares of the Issuer and the Subsidiary Guarantors;
- certain bank accounts of the Issuer and the Guarantors;
- certain fixed and current assets of the Issuer and the Guarantors;
- certain material real property of the Issuer and the Guarantors;
- receivables in respect of the Issuer and certain Guarantors (including in certain cases, assignment of rights under certain material contracts and insurance policies); and
- certain intellectual property of the Issuer and the Guarantors.

The Liens on the Collateral will secure the Obligations under the Senior Secured Notes and the Senior Secured Note Guarantees on a first ranking basis; *provided* that pursuant to the Intercreditor Agreement, the creditors under the Revolving Credit Facility and certain Hedging Obligations will be entitled to receive the proceeds from the sale of Collateral in the event of any enforcement of the same to discharge such Obligations before any amounts will be available to discharge Obligations under the Senior Secured Notes and Senior Secured Note Guarantees.

Subject to certain conditions, including compliance with the covenant described under “—Certain Covenants—No Impairment of Security Interest”, the Issuer and the Guarantors are permitted to pledge the Collateral in connection with future issuances of Indebtedness of the Company or its Restricted Subsidiaries, including any Additional Senior Secured Notes, permitted under the Senior Secured Indenture and other Indebtedness of the Company and its Restricted Subsidiaries and on terms consistent with the relative priority of such Indebtedness. The amount of such additional Indebtedness secured by the Collateral could be significant.

Any additional security interests that may in the future be granted to secure obligations under the Senior Secured Notes, any Senior Secured Note Guarantee and the Senior Secured Indenture would also constitute Collateral.

The Collateral is subject to security pursuant to the Security Documents for the benefit of the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including holders of the Senior Secured Notes, creditors under the Revolving Credit Facility and creditors under certain Hedging Obligations permitted to be secured by the Collateral pursuant to the terms of the Intercreditor Agreement.

Subject to certain exceptions, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Senior Secured Notes, to collect, invest and dispose of any income therefrom and to vote pledged shares. The Issuer and the Guarantors may, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral, including, without limitation, (1) selling or otherwise disposing of, in any transaction or series of related transactions, any property and assets subject to Liens under the Security Documents, which has become worn out, defective or obsolete or no longer used or useful in the business, and (2) selling, transferring or otherwise disposing of assets in the ordinary course of business.

No appraisal of any of the Collateral has been prepared by or on behalf of the Issuer in connection with the issuance of the Senior Secured Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after sharing with any other creditors entitled to share in such proceeds would be sufficient to satisfy the obligations owed to the holders of the Senior Secured Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral will be able to be sold in a short period of time, if at all. See “Risk Factors—Risks related to the Notes and the Note Guarantees—The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations under the Notes.”

The Senior Secured Indenture will provide that each holder, by accepting a Senior Secured Note, shall be deemed to have agreed to and accepted the terms and conditions of the Security Documents and the Intercreditor Agreement.

Priority

The relative priority among (i) the lenders under the Revolving Credit Facility, (ii) the counterparties under certain Hedging Obligations and (iii) the Trustee and the holders of the Senior Secured Notes under the Senior Secured Indenture and the security interest securing obligations under the Senior Secured Notes created by the Security Documents (the “*Security Interest*”) is established by the terms of the Intercreditor Agreement, which provides, among other things, that the obligations under the Revolving Credit Facility, certain Hedging Obligations and the Senior Secured Notes are secured equally and ratably by a first-ranking security interest granted in the Collateral; *provided* that the proceeds of any recovery from the enforcement of any security interest will be applied to satisfy obligations under the Revolving Credit Facility and such Hedging Obligations before being applied to satisfy any obligations to the holders under the Senior Secured Notes and the Senior Secured Indenture.

For a description of security enforcement and other intercreditor provisions, please see “Description of certain financing arrangements—Intercreditor Agreement”.

Release of Collateral

The Issuer and the Guarantors will be entitled to the release of the Liens over the property and other assets constituting Collateral securing the Senior Secured Notes and the Senior Secured Note Guarantees under any one or more of the following circumstances:

- (1) other than with respect to any Liens over the Capital Stock of the Issuer, in connection with any sale or other disposition of Collateral to (a) a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if such sale or other disposition does not violate the “Asset Sale” provisions of the Senior Secured Indenture or is otherwise permitted in accordance with the Senior Secured Indenture or (b) any Restricted Subsidiary, provided that this clause 1(b) shall not be relied upon in the case of a transfer to a Restricted Subsidiary unless the relevant property and assets remain subject to, or otherwise become subject to, a Lien in favor of the Senior Secured Notes on the same priority as the Lien so released following such sale or disposition;
- (2) other than with respect to any Liens over the Capital Stock of the Issuer, in connection with any sale or other disposition of Capital Stock of a Guarantor or any holding company of a Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the “Asset Sale” provisions of the Senior Secured Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

- (3) in the case of a Guarantor that is released from its Senior Secured Note Guarantee pursuant to the terms of the Senior Secured Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;
- (4) if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Senior Secured Indenture, the release of the property, assets and Capital Stock of such Unrestricted Subsidiary;
- (5) as permitted under the Intercreditor Agreement or any Additional Intercreditor Agreement as described below under “—Intercreditor Agreement” or “—Additional Intercreditor Agreements”;
- (6) as described under the captions “—Amendment, Supplement and Waiver” and “—Certain Covenants—No Impairment of Security Interest”;
- (7) upon release of the Lien that resulted in the creation of the Lien under the covenant described below under the caption “—Certain Covenants—Liens”;
- (8) upon legal defeasance, covenant defeasance or satisfaction or discharge of the Senior Secured Indenture as provided below under the captions “—Legal Defeasance and Covenant Defeasance” and “—Satisfaction and Discharge”;
- (9) upon the full and final payment of the Senior Secured Notes and performance of all obligations of the Issuer and the Guarantors under the Senior Secured Indenture and the Senior Secured Notes; or
- (10) as otherwise permitted in accordance with the Senior Secured Indenture.

The Security Agent and the Trustee will take all necessary action requested by the Issuer to effectuate any release of Collateral securing the Senior Secured Notes and the Senior Secured Note Guarantees, in accordance with the provisions of the Senior Secured Indenture, the relevant Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement. Each of the releases set forth above shall be effected by the Security Agent without the consent of the holders of the Senior Secured Notes or any action on the part of the Trustee.

Security Agent

HSBC Corporate Trustee Company (UK) Limited will act as Security Agent under the Security Documents and the Intercreditor Agreement until such time, if any, that a new Security Agent is appointed under the relevant provisions of the Security Documents and/or the Intercreditor Agreement and/or any Additional Intercreditor Agreement.

Neither the Trustee nor the Security Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any property securing the Senior Secured Notes or any Senior Secured Note Guarantee, for the legality, enforceability, effectiveness or sufficiency of the Security Documents, for the creation, perfection, priority, sufficiency or protection of any Lien, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so.

Senior Secured Note Guarantees

The Senior Secured Notes will be guaranteed by the Company and each Subsidiary Guarantor. These Senior Secured Note Guarantees will be joint and several obligations of the Guarantors. Each Senior Secured Note Guarantee is a full and unconditional guarantee of the Issuer’s obligations under the Senior Secured Notes, subject to the contractual limitations discussed below.

The obligations of the Guarantors will be contractually limited under the applicable Senior Secured Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see “Certain insolvency law and local law limitations on guarantees and security.”

The Senior Secured Notes will initially be guaranteed on a senior basis by the following Guarantors: the Company, Iceland Midco Limited, Iceland Acquico Limited, Iceland Foods Group Limited, Bejam Group Limited and Iceland Foods Limited.

Release of Senior Secured Note Guarantees

The Senior Secured Note Guarantee of a Subsidiary Guarantor will be released:

- (1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the “Asset Sale” provisions of the Senior Secured Indenture;
- (2) in connection with any sale or other disposition of Capital Stock of that Guarantor or any holding company of such Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the “Asset Sale” provisions of the Senior Secured Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;
- (3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Senior Secured Indenture;
- (4) upon release of the guarantee or Indebtedness that resulted in the creation of the Senior Secured Note Guarantee under the covenant described below under the caption “—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness” so long as no Default or Event of Default would arise as a result;
- (5) as described under “—Amendment, Supplement and Waiver”;
- (6) with respect to any Guarantor which is not the continuing or surviving Person or transferee in the relevant transaction, as a result of a transaction permitted under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets”;
- (7) upon the voluntary liquidation or dissolution of such Guarantor that is made on a solvent basis, *provided* that to the extent such Guarantor has any properties or assets, such Guarantor has transferred all or substantially all of its properties and assets to the Issuer or another Guarantor and no Default or Event of Default has occurred or is continuing;
- (8) upon the full and final payment of the Senior Secured Notes and performance of all obligations of the Issuer and the Guarantors under the Senior Secured Indenture and the Senior Secured Notes;
- (9) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Indenture as provided below under the captions “—Legal Defeasance and Covenant Defeasance” and “—Satisfaction and Discharge”; or
- (10) as permitted under the Intercreditor Agreement or any Additional Intercreditor Agreement as described below under “—Intercreditor Agreement” or “—Additional Intercreditor Agreements”.

In addition, the Senior Secured Note Guarantee by the Company will be released in the circumstances described in clause (5), (6), (8) or (9) above. Upon any occurrence giving rise to a release of a Senior Secured Note Guarantee, as specified above, the Trustee, subject to receipt of certain documents from the Issuer and/or Guarantor, will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Senior Secured Note Guarantee without the consent of the holders of Senior Secured Notes. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Senior Secured Notes to reflect any such release, discharge or termination.

Intercreditor Agreement

If the creditors or the Security Agent sell the shares of any Subsidiary Guarantor pursuant to an enforcement action, in accordance with the Intercreditor Agreement, the Senior Secured Note Guarantee of any such Guarantor (and any Guarantor that is a subsidiary of such Guarantor) will automatically release. See “Description of certain financing arrangements—Intercreditor Agreement”.

To establish the relative rights of certain creditors of the Issuer under its financing arrangements, including, without limitation, the Senior Secured Notes, the Revolving Credit Facility and certain Hedging Obligations, the

Issuer, each Guarantor, the agent under the Revolving Credit Facility, the Security Agent and the Trustee will enter into the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility and Hedging Obligations with respect to interest rate and foreign currency exchange rate hedging that are permitted to be incurred by clause (8) of the definition of “Permitted Debt” and are secured by the Collateral will receive priority with respect to any proceeds received from the sale of any Collateral in the event of any enforcement of the same. Any proceeds received upon any enforcement over any Collateral, after all Obligations under the Revolving Credit Facility and such Hedging Obligations have been repaid from such recoveries, will be applied *pro rata* in repayment of all Obligations under the Senior Secured Indenture and the Senior Secured Notes and any other Indebtedness of the Issuer and the Guarantors permitted to be secured by the Collateral on a *pari passu* basis with the Senior Secured Notes pursuant to the Senior Secured Indenture and the Intercreditor Agreement. See “Description of certain financing arrangements—Intercreditor Agreement—Application of Proceeds”.

Additional Intercreditor Agreements

The Senior Secured Indenture will provide that, at the request of the Company, in connection with the incurrence by the Company or any Restricted Subsidiary of any Indebtedness that is permitted to share the Collateral pursuant to the definition of “Permitted Collateral Liens” (other than with respect to clause (2) of such definition), the Issuer, the relevant Guarantors, the Trustee and the Security Agent (without the consent of the holders of the Senior Secured Notes) shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an additional intercreditor agreement, or a restatement, amendment or other modification of an existing intercreditor agreement (an “*Additional Intercreditor Agreement*”), on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the holders of the Senior Secured Notes); *provided, further*, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the personal rights, duties, liabilities or immunities of the Trustee and the Security Agent under the Senior Secured Indenture or the Intercreditor Agreement. For the avoidance of doubt, subject to the foregoing and the succeeding paragraph, any such Additional Intercreditor Agreement may provide for *pari passu* security interests in respect of any such Indebtedness (to the extent such Indebtedness is permitted to share the Collateral pursuant to the definition of “Permitted Collateral Liens”) or any junior security interests in respect of any such Indebtedness (to the extent such Indebtedness was permitted to be incurred under the Senior Secured Indenture). If more than one such intercreditor agreement is outstanding at any one time, the collective terms of such intercreditor agreements must not conflict and must be no more disadvantageous to the holders of the Senior Secured Notes than if all such Indebtedness was a party to one such agreement.

At the direction of the Company and without the consent of the holders of the Senior Secured Notes, the Trustee and the Security Agent will from time to time enter into one or more amendments and/or restatements to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (iii) further secure the Senior Secured Notes (including Additional Senior Secured Notes); (iv) make provision for equal and ratable grants of Liens on the Collateral to secure Additional Senior Secured Notes or to implement any Permitted Collateral Liens to the extent permitted by the Senior Secured Indenture; (v) subject to the preceding paragraph, to provide for additional Indebtedness (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Senior Secured Notes) to the extent permitted under the Senior Secured Indenture) or any other obligations that are permitted by the terms of the Senior Secured Indenture to be incurred and secured by a Lien on the Collateral on a senior, *pari passu* or junior basis with the Liens securing the Senior Secured Notes or the Guarantees; (vi) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement; (vii) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof; (viii) increase the amount of the Credit Facilities covered by any such agreement, the incurrence of which is not prohibited by the Senior Secured Indenture; or (ix) make any other change thereto that does not adversely affect the rights of the holders of the Senior Secured Notes in any material respect. The Company will not otherwise direct the Trustee or the Security Agent to enter into any amendment and/or restatement to the Intercreditor Agreement or, if applicable, any Additional Intercreditor Agreement, without the consent of the holders of a majority in aggregate principal amount of the Senior Secured Notes then outstanding, except as otherwise permitted below under “—Amendment, Supplement and Waiver”, and the Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent.

Each holder of a Senior Secured Note, by accepting such Senior Secured Note, will be deemed to have:

- (1) appointed and authorized the Trustee and the Security Agent from time to time to give effect to such provisions;
- (2) authorized each of the Trustee and the Security Agent from time to time to become a party to the Intercreditor Agreement and any Additional Intercreditor Agreement, and any amendment referred to above;
- (3) agreed to be bound by such provisions and the provisions of the Intercreditor Agreement and any Additional Intercreditor Agreement, and any amendment referred to above; and
- (4) irrevocably appointed the Trustee and the Security Agent to act on its behalf from time to time to enter into and comply with such provisions and the provisions of the Intercreditor Agreement and any Additional Intercreditor Agreement, and any amendment referred to above, in each case, without the need for the consent of the holders of Senior Secured Notes.

The Senior Secured Indenture will also provide that, prior to any “Acceleration Event” (as defined in the Intercreditor Agreement), in relation to the Intercreditor Agreement or an Additional Intercreditor Agreement, the Trustee (and the Security Agent, if applicable) shall consent on behalf of the holders of Senior Secured Notes to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Senior Secured Notes thereby; *provided, however*, that such transaction would comply with the covenant described under “—Certain Covenants—Restricted Payments”.

Optional Redemption

2024 Fixed Rate Notes

At any time prior to July 15, 2017, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of 2024 Fixed Rate Notes issued under the Senior Secured Indenture, upon not less than 10 nor more than 60 days’ notice, at a redemption price equal to 106.750% of the principal amount of the 2024 Fixed Rate Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of 2024 Fixed Rate Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering of (i) the Company or (ii) any Parent Holdco of the Company to the extent the proceeds from such Equity Offering are contributed to the Company’s common equity capital (other than Disqualified Stock) or are paid to the Company as consideration for the issuance of ordinary shares of the Company or as Subordinated Shareholder Debt; *provided that*:

- (1) at least 65% of the aggregate principal amount of the 2024 Fixed Rate Notes originally issued under the Senior Secured Indenture remains outstanding immediately after the occurrence of such redemption; and
- (2) the redemption occurs within 120 days of the date of the closing of such Equity Offering.

Any redemption notice given in respect of the redemption referred to in the preceding paragraph may be given prior to completion of the related Equity Offering, and any such redemption or notice may, at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent, including the completion of the related Equity Offering.

Prior to July 15, 2019, the Issuer may redeem during each 12-month period commencing with the Issue Date up to 10% of the aggregate principal amount of the 2024 Fixed Rate Notes outstanding at its option, from time to time, upon not less than 10 nor more than 60 days’ prior notice, at a redemption price equal to 103% of the principal amount of the 2024 Fixed Rate Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of holders of 2024 Fixed Rate Notes on the relevant record date to receive interest due on the relevant interest payment date).

At any time prior to July 15, 2019, the Issuer may on any one or more occasions redeem all or a part of the 2024 Fixed Rate Notes upon not less than 10 nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount of the 2024 Fixed Rate Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the 2024 Fixed Rate Notes on the relevant record date to receive interest due on the relevant interest payment date. Any such redemption and notice may, at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent.

Except pursuant to the preceding four paragraphs and except pursuant to “—Redemption for Changes in Taxes”, the 2024 Fixed Rate Notes will not be redeemable at the Issuer’s option prior to July 15, 2019.

On or after July 15, 2019, the Issuer may on any one or more occasions redeem all or a part of the 2024 Fixed Rate Notes upon not less than 10 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the 2024 Fixed Rate Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on July 15 of the years indicated below, subject to the rights of holders of 2024 Fixed Rate Notes on the relevant record date to receive interest on the relevant interest payment date:

| <u>Year</u> | <u>Redemption Price</u> |
|---------------------------|-------------------------|
| 2019 | 103.375% |
| 2020 | 102.250% |
| 2021 | 101.125% |
| 2022 and thereafter | 100.000% |

2021 Fixed Rate Notes

At any time prior to July 15, 2017, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of 2021 Fixed Rate Notes issued under the Senior Secured Indenture, upon not less than 10 nor more than 60 days’ notice, at a redemption price equal to 106.250% of the principal amount of the 2021 Fixed Rate Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of 2021 Fixed Rate Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering of (i) the Company or (ii) any Parent Holdco of the Company to the extent the proceeds from such Equity Offering are contributed to the Company’s common equity capital (other than Disqualified Stock) or are paid to the Company as consideration for the issuance of ordinary shares of the Company or as Subordinated Shareholder Debt; *provided that*:

- (1) at least 65% of the aggregate principal amount of the 2021 Fixed Rate Notes originally issued under the Senior Secured Indenture remains outstanding immediately after the occurrence of such redemption; and
- (2) the redemption occurs within 120 days of the date of the closing of such Equity Offering.

Any redemption notice given in respect of the redemption referred to in the preceding paragraph may be given prior to completion of the related Equity Offering, and any such redemption or notice may, at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent, including the completion of the related Equity Offering.

Prior to July 15, 2017, the Issuer may redeem during each 12-month period commencing with the Issue Date up to 10% of the aggregate principal amount of the 2021 Fixed Rate Notes outstanding at its option, from time to time, upon not less than 10 nor more than 60 days’ prior notice, at a redemption price equal to 103% of the principal amount of the 2021 Fixed Rate Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of holders of 2021 Fixed Rate Notes on the relevant record date to receive interest due on the relevant interest payment date).

At any time prior to July 15, 2017, the Issuer may on any one or more occasions redeem all or a part of the 2021 Fixed Rate Notes upon not less than 10 nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount of the 2021 Fixed Rate Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the 2021 Fixed Rate Notes on the relevant record date to receive interest due on the relevant interest payment date. Any such redemption and notice may, at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent.

Except pursuant to the preceding four paragraphs and except pursuant to “—Redemption for Changes in Taxes”, the 2021 Fixed Rate Notes will not be redeemable at the Issuer’s option prior to July 15, 2017.

On or after July 15, 2017, the Issuer may on any one or more occasions redeem all or a part of the 2021 Fixed Rate Notes upon not less than 10 nor more than 60 days’ notice, at the redemption prices (expressed as

percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the 2021 Fixed Rate Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on July 15 of the years indicated below, subject to the rights of holders of 2021 Fixed Rate Notes on the relevant record date to receive interest on the relevant interest payment date:

| <u>Year</u> | <u>Redemption Price</u> |
|---------------------------|-------------------------|
| 2017 | 103.125% |
| 2018 | 101.563% |
| 2019 and thereafter | 100.000% |

Floating Rate Notes

At any time prior to July 15, 2015, the Issuer may on any one or more occasions redeem all or a part of the Floating Rate Notes upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Floating Rate Notes on the relevant record date to receive interest due on the relevant interest payment date. Any such redemption and notice may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Except pursuant to the preceding paragraph and except pursuant to "—Redemption for Changes in Taxes", the Senior Secured Notes will not be redeemable at the Issuer's option prior to July 15, 2015.

On or after July 15, 2015, the Issuer may on any one or more occasions redeem all or a part of the Floating Rate Notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Floating Rate Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on July 15 of the years indicated below, subject to the rights of holders of Floating Rate Notes on the relevant record date to receive interest on the relevant interest payment date:

| <u>Year</u> | <u>Redemption Price</u> |
|---------------------------|-------------------------|
| 2015 | 101.000% |
| 2016 and thereafter | 100.000% |

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Senior Secured Notes or portions thereof called for redemption on the applicable redemption date. Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Issuer may redeem the Senior Secured Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the holders of the Senior Secured Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Senior Secured Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Senior Secured Notes, the Issuer is or would be required to pay Additional Amounts which are more than a *de minimis* amount, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available to it (including, for the avoidance of doubt, the appointment of a new Paying Agent or, in respect of a payment under a Senior Secured Note Guarantee, payment through another Guarantor or the Issuer), and the requirement arises as a result of:

- (1) any amendment to, or change in, the laws, treaties or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

- (2) any amendment to, or change in, an official written interpretation or application of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date).

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay Additional Amounts if a payment in respect of the Senior Secured Notes was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Senior Secured Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that there has been such amendment or change which would require the Issuer to pay Additional Amounts. In addition, before the Issuer publishes or mails notice of redemption of the Senior Secured Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Issuer taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

For the avoidance of doubt, the implementation of European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to, such directive will not be a change or amendment for such purposes.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor Person to the Issuer, applicable, is incorporated or organized, engaged in business or resident for tax purposes or any jurisdiction from or through which any payment on the Senior Secured Notes is made by or on behalf of such Person and any political subdivision thereof or therein.

Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Senior Secured Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Senior Secured 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 that holder's Senior Secured Notes pursuant to an offer (a "*Change of Control Offer*") on the terms set forth in the Senior Secured Indenture. In the Change of Control Offer, the Issuer will offer, which offer shall be open for a period of no less than 20 days, a payment in cash equal to 101% of the aggregate principal amount of Senior Secured Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Senior Secured Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Senior Secured Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder of the Senior Secured Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "—Selection and Notice", stating that a Change of Control Offer is being made and offering to repurchase Senior Secured Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Senior Secured Indenture and described in such notice. The Issuer will comply with the requirements of any applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Senior Secured Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Senior Secured Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Senior Secured Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all Senior Secured Notes or portions of Senior Secured Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with a paying agent an amount equal to the Change of Control Payment in respect of all Senior Secured Notes or portions of Senior Secured Notes properly tendered; and
- (3) deliver or cause to be delivered to the Trustee the Senior Secured Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Senior Secured Notes or portions of Senior Secured Notes being purchased by the Issuer.

The paying agent will promptly mail (or cause to be delivered) to each holder of Senior Secured Notes properly tendered the Change of Control Payment for such Senior Secured Notes, and the Trustee (or an authentication agent approved by it) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Senior Secured Note equal in principal amount to any unpurchased portion of the Senior Secured Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Senior Secured Indenture are applicable. Except as described above with respect to a Change of Control, the Senior Secured Indenture does not contain provisions that permit the holders of the Senior Secured Notes to require that the Issuer repurchase or redeem the Senior Secured Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Senior Secured Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Senior Secured Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Senior Secured Indenture as described above under the caption "—Optional Redemption", unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of "Change of Control" includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Senior Secured Notes to require the Issuer to repurchase its Senior Secured Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Senior Secured Indenture relating to the Issuer's obligation to make an offer to repurchase the Senior Secured Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Senior Secured Notes prior to the occurrence of the Change of Control.

If and for so long as the Senior Secured 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 notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Asset Sales

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

- (1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

- (2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:
- (a) any liabilities, as recorded on the balance sheet (or the notes thereto) of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are subordinated in right of payment to the Senior Secured Notes or any Senior Secured Note Guarantee), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;
 - (b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;
 - (c) any Capital Stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this covenant;
 - (d) any Designated Non Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non Cash Consideration received pursuant to this clause (d) that is at that time outstanding, not to exceed £20.0 million at the time of the receipt of such Designated Non Cash Consideration (with the Fair Market Value of each item of Designated Non Cash Consideration being measured at the time received and without giving effect to subsequent changes in value);
 - (e) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale (other than Indebtedness that is subordinated in right of payment to the Senior Secured Notes or any Senior Secured Note Guarantee), to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of such Indebtedness in connection with such Asset Sale; and
 - (f) consideration consisting of Indebtedness of the Company or any Guarantor (other than Indebtedness that is subordinated in right of payment to the Senior Secured Notes or any Senior Secured Note Guarantee) received from Persons who are not the Company or any Restricted Subsidiary.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds (at the option of the Company or Restricted Subsidiary):

- (1) to purchase Senior Secured Notes pursuant to an offer to all holders of Senior Secured Notes at a purchase price equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase (subject to the right of holders of Senior Secured Notes on the relevant record date to receive interest due on the relevant interest payment date) (a “Notes Offer”);
- (2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;
- (3) to make a capital expenditure;
- (4) to acquire other assets (other than Capital Stock) not classified as current assets under GAAP that are used or useful in a Permitted Business;
- (5) to repurchase, prepay, redeem or repay (a) Senior Secured Debt outstanding under clause (1) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”, (b) Senior Secured Debt that is Pari Passu Indebtedness so long as the Company (or the applicable Restricted Subsidiary, as the case may be) makes an offer on a *pro rata* basis to all holders of Senior Secured Notes at a purchase price equal to 100% of the principal amount of the Senior Secured Notes plus accrued and unpaid interest, if any, (c) Indebtedness of a Restricted Subsidiary that is not a Guarantor (other than Indebtedness owed to the Company or another Restricted Subsidiary) or (d) Indebtedness secured by a Lien on assets or property that do not constitute Collateral;
- (6) to enter into a binding commitment to apply the Net Proceeds pursuant to clause (2), (3) or (4) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the

Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period; or

(7) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Senior Secured Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute “*Excess Proceeds*.” When the aggregate amount of Excess Proceeds exceeds £25.0 million, within ten Business Days thereof, the Issuer will make an offer (an “*Asset Sale Offer*”), which offer shall be open for a period of no less than 20 days, to all holders of Senior Secured Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Senior Secured Notes or any Senior Secured Note Guarantees to purchase, prepay or redeem with the proceeds of sales of assets the maximum principal amount of Senior Secured Notes and such other *Pari Passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Senior Secured Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Senior Secured Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Senior Secured Indenture. If the aggregate principal amount of Senior Secured Notes and other *Pari Passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate principal amount of Senior Secured Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Excess Proceeds shall be allocated by the Issuer among the Senior Secured Notes and such other *Pari Passu* Indebtedness, if applicable, to be purchased on a *pro rata* basis, based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

To the extent that any portion of Net Proceeds payable in respect of the Senior Secured Notes is denominated in a currency other than sterling, the amount thereof payable in respect of such Senior Secured Notes shall not exceed the net amount of funds in sterling that is actually received by the Company upon converting such portion of the Net Proceeds into sterling.

The Issuer will comply with the requirements of any applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Senior Secured Notes pursuant to an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale or Notes Offer provisions of the Senior Secured Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale or Notes Offer provisions of the Senior Secured Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Senior Secured Notes are to be redeemed at any time, the Trustee or the Registrar will select Senior Secured Notes for redemption on a *pro rata* basis (or, in the case of Senior Secured Notes issued in global form as discussed under “Book-entry, delivery and form”, based on a method that most nearly approximates a *pro rata* selection as the Trustee or the Registrar deems fair and appropriate and in accordance with the rules of Euroclear and Clearstream), unless otherwise required by law or applicable stock exchange or depository requirements. Neither the Trustee nor the Registrar shall be liable for selections made by it in accordance with this paragraph.

No Senior Secured Notes of £100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Senior Secured Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Senior Secured Notes or a satisfaction and discharge of the Senior Secured Indenture.

If any Senior Secured Note is to be redeemed in part only, the notice of redemption that relates to that Senior Secured Note will state the portion of the principal amount of that Senior Secured Note that is to be redeemed. A new Senior Secured Note in principal amount equal to the unredeemed portion of the original Senior Secured Note will be issued in the name of the holder of Senior Secured Notes upon cancellation of the original Senior Secured Note. In the case of a Global Note, an appropriate notation will be made on such Senior Secured Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Senior Secured Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Senior Secured Notes or portions of Senior Secured Notes called for redemption.

For Senior Secured Notes which are represented by global certificates held on behalf of Euroclear, notices may be given by delivery of the relevant notices to Euroclear for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Senior Secured Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, any such notice to the holders of the relevant Senior Secured Notes shall also be published in a newspaper having a general circulation in Luxembourg or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, the Company will notify the Luxembourg Stock Exchange of any change in the principal amount of Senior Secured Notes outstanding.

Certain Covenants

Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or any of its Restricted Subsidiaries and other than dividends or distributions payable to the Company or a Restricted Subsidiary);
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Parent Holdco of the Company;
- (3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Senior Secured Notes or to any Senior Secured Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (i) a payment of principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition;
- (4) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire for value any Subordinated Shareholder Debt; or
- (5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as "*Restricted Payments*"), unless, at the time of any such Restricted Payment:

- (a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*"; and

- (c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (including Restricted Payments permitted by clauses (1) (without duplication of amounts paid pursuant to any other clause of the next succeeding paragraph), (8), (11), (13) and (14) of the next succeeding paragraph but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum, without duplication, of:
- (i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the first day of the fiscal quarter in which the Issue Date occurs to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*
 - (ii) 100% of the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company), or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Restricted Subsidiary of the Company); *plus*
 - (iii) to the extent that any Restricted Investment that was made since the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property or assets or marketable securities received by the Company or any Restricted Subsidiary, or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*
 - (iv) to the extent that any Unrestricted Subsidiary of the Company designated as such since the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the restricted payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*
 - (v) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary since the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period.

The preceding provisions will not prohibit:

- (1) the payment of any dividend or distribution or the consummation of any redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend, distribution or redemption payment would have complied with the provisions of the Senior Secured Indenture;
- (2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Company (other than through the issuance of Disqualified Stock or through an Excluded Contribution); *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph and will not be considered Excluded Contributions or to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Senior Secured Indenture;
- (3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Restricted Subsidiary that is contractually subordinated to the Senior Secured Notes or to any Senior Secured Note Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

- (4) the repurchase, redemption or other acquisition or retirement (or dividends or distributions to any Parent Holdco to finance any such repurchase, redemption or other acquisition or retirement) for value of any Equity Interests of any Parent Holdco, the Company or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of any Parent Holdco, the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed £1.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years); and *provided, further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests or Subordinated Shareholder Debt of any Parent Holdco, the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary during such calendar year, in each case to members of management, officers, directors, employees or consultants of any Parent Holdco, the Company, any of its Restricted Subsidiaries or any of its direct or indirect parent companies to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph;
- (5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants;
- (6) the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption “—Incurrence of Indebtedness and Issuance of Preferred Stock”;
- (7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;
- (8) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (8) does not exceed £1.0 million in any calendar year with unused amounts from such calendar year (but not including unused amounts from any prior calendar year) being available for use during the immediately succeeding calendar year;
- (9) Restricted Payments in an aggregate amount outstanding not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (9);
- (10) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) then entitled to participate in such dividends on no more than a *pro rata* basis;
- (11) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent Holdco of the Company to pay, dividends on the common stock or common equity interests of the Company or any Parent Holdco of the Company following a Public Equity Offering of such common stock or common equity interests, in an amount not to exceed in any calendar year the greater of (a) 6% of the Net Cash Proceeds received by the Company from such Public Equity Offering or contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Company or contributed as Subordinated Shareholder Debt to the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) 5% of the Market Capitalization and (ii) 5% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio of the Company shall be equal to or less than 3.5 to 1.0;

- (12) Permitted Parent Payments;
- (13) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom),
- (i) other Restricted Payments in an aggregate amount not to exceed £40.0 million since the Issue Date and
 - (ii) any other Restricted Payment if the Consolidated Net Leverage Ratio of the Company on a *pro forma* basis after giving effect to such Restricted Payment does not exceed 3.0 to 1.0;
- (14) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is subordinated in right of payment to the Senior Secured Notes or to any Senior Secured Note Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Company) upon a Change of Control or Asset Sale to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101% of the principal amount of such Indebtedness, in the case of a Change of Control, and 100%, in the case of an Asset Sale, but only if the Issuer has complied with its obligations under the covenants described under “—Repurchase at the Option of Holders—Change of Control” and “—Asset Sales” and the Issuer repurchased all Senior Secured Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Indebtedness; or
- (15) (a) dividends or other distributions to the issuer of Parent Senior Notes to fund the substantially concurrent, regularly scheduled payment of interest or additional amounts, if any, as such amounts come due under the Parent Senior Notes, other than at any time when a Senior Payment Default has occurred and is continuing or a High Yield Payment Stop Notice is outstanding (in each case as such terms, or equivalent terms, are defined in the Intercreditor Agreement or any Additional Intercreditor Agreement); *provided* that the entire net proceeds of such Parent Senior Notes have been contributed to the equity of the Company or lent to the Company as Subordinated Shareholder Debt or Indebtedness that is contractually subordinated in right of payment to the Senior Secured Notes in compliance with the terms of the Senior Secured Indenture; *provided, further*, that in no event shall any such proceeds be included in the calculation of amounts available under clause (c) of the first paragraph of this covenant or used to make a Restricted Payment pursuant to clauses (2), (4) or (11) of this paragraph and (b) the Guarantee by the Issuer and any Guarantor of such Parent Senior Notes.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “*incur*”) any Indebtedness (including Acquired Debt), and the Company will not and will not permit any Restricted Subsidiary to, issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries that are not Guarantors to issue any shares of preferred stock; *provided, however*, that the Issuer and the Guarantors may incur Indebtedness (including Acquired Debt), or issue Disqualified Stock, if for the Company’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four quarter period, the Fixed Charge Coverage Ratio of the Company would have been at least 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, “*Permitted Debt*”):

- (1) the incurrence by the Company and any of its Restricted Subsidiaries of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed the greater of £50.0 million and 2.7% of Consolidated Total Assets of the Company, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

- (2) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date after giving *pro forma* effect to the use of proceeds of the Senior Secured Notes as set forth in the Offering Memorandum;
- (3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Senior Secured Notes issued on the Issue Date and the related Senior Secured Note Guarantees (including any future Senior Secured Note Guarantees) and Indebtedness pursuant to the Proceeds Loans;
- (4) Indebtedness or Disqualified Stock of the Issuer or any Guarantor and Indebtedness, Disqualified Stock or preferred stock of any Restricted Subsidiary that is not a Guarantor, in each case, representing Capital Lease Obligations, mortgage financings or purchase money obligations incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness, Disqualified Stock and preferred stock incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock and preferred stock incurred pursuant to this clause (4), not to exceed the greater of £50.0 million and 2.7% of Consolidated Total Assets of the Company at any time outstanding;
- (5) Permitted Refinancing Indebtedness or Disqualified Stock of the Issuer or any Guarantor and Permitted Refinancing Indebtedness, Disqualified Stock or preferred stock of any Restricted Subsidiary (other than the Issuer) that is not a Guarantor in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock or preferred stock (other than intercompany Indebtedness) that was permitted by the Senior Secured Indenture to be incurred by the Issuer, a Guarantor or a Restricted Subsidiary (other than the Issuer), as the case may be, under the first paragraph of this covenant or clause (2), (3), (5) or (13) of this paragraph;
- (6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided that*:
 - (a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries, (ii) only to the extent legally permitted (the Company and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness) and (iii) except as otherwise permitted under the Intercreditor Agreement or any Additional Intercreditor Agreement) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Senior Secured Notes, in the case of the Issuer, or the Senior Secured Note Guarantee, in the case of a Guarantor; and
 - (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);
- (7) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of preferred stock; *provided that*:
 - (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; and
 - (b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);
- (8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations not for speculative purposes (as determined in good faith by the Company);
- (9) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided that* if the Indebtedness being guaranteed is subordinated

- to or *pari passu* with the Senior Secured Notes or a Senior Secured Note Guarantee, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;
- (10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business;
- (11) (a) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days;
- (b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;
- (c) (x) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries and (y) any customary cash management, cash pooling or netting or setting off arrangements; and
- (d) Indebtedness incurred in connection with bankers acceptance, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case, incurred or undertaken in the ordinary course of business;
- (12) Indebtedness represented by Guarantees of any Management Advances;
- (13) Indebtedness (x) of the Issuer or any Guarantor used to provide all or a portion of the funds used to consummate the transaction or series of related transactions pursuant to which a Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (y) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary (other than, in the case of this clause (y), Indebtedness incurred to provide all or a portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary); *provided, however*, with respect to this clause (13), that at the time of the acquisition, merger, consolidation or amalgamation (a) the Company would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (13) or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;
- (14) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;
- (15) Indebtedness of the Company and its Restricted Subsidiaries in respect of letters of credit, bankers' acceptances, surety, performance, completion or appeal bonds, instruments, guarantees or other obligations, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of such obligations or in respect of self-insurance and workers compensation obligations; *provided, however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;
- (16) Guarantees by the Company or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Company, so long as the proceeds of the Indebtedness so Guaranteed are used to purchase Equity Interests of the Company (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Equity

Interests of the Company will be excluded from clause (c)(ii) of the first paragraph of the covenant described above under the caption “—Restricted Payments” and will not be considered to be net cash proceeds from an Equity Offering for purposes of the “Optional Redemption” provisions of the Senior Secured Indenture;

- (17) Indebtedness of the Issuer or any Guarantor in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (17) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Debt or Capital Stock (other than Disqualified Stock or an Excluded Contribution) or otherwise contributed to equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under clause (c)(ii) of the first paragraph and clauses (2), (4) and (11) of the second paragraph of the covenant described above under “—Restricted Payments” to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (17) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under clause (c)(ii) of the first paragraph or clauses (2), (4) and (11) of the second paragraph of the covenant described above under “—Restricted Payments” in reliance thereon;
- (18) Indebtedness, Disqualified Stock or preferred stock of the Company or any Restricted Subsidiary in an aggregate principal amount at any time outstanding, including all Indebtedness, Disqualified Stock and preferred stock incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock and preferred stock incurred pursuant to this clause (18), not to exceed the greater of £70.0 million and 3.7% of Consolidated Total Assets of the Company; and
- (19) Indebtedness consisting of Guarantees of Indebtedness incurred by joint ventures of the Company or any of its Restricted Subsidiaries that does not exceed £10.0 million in the aggregate at any one time outstanding.

For purposes of determining compliance with this “Incurrence of Indebtedness and Issuance of Preferred Stock” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, and the Company, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. Indebtedness under the Revolving Credit Facility outstanding on the Issue Date will initially be deemed to have been incurred on such date in reliance on the exception provided in clause (1) of the definition of “Permitted Debt”.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. For purposes of determining compliance with any pound-denominated restriction on the incurrence of Indebtedness, the pound-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided, however*, that (i) if such Indebtedness denominated in non-pound currency is subject to a Currency Exchange Protection Agreement with respect to pounds the amount of such Indebtedness expressed in pounds will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the pound-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the pound-equivalent of the Indebtedness refinanced determined on the date such Indebtedness being refinanced was originally incurred, except that to the extent that:

- (1) such pound-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

- (2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the pound- equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

- (1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with GAAP;
- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (i) the Fair Market Value of such assets at the date of determination; and
 - (ii) the amount of the Indebtedness of the other Person.

Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired (such Lien, the “*Initial Lien*”), except (1) in the case of any property or asset that does not constitute Collateral, (a) Permitted Liens or (b) Liens on property or assets that are not Permitted Liens if the Senior Secured Notes and the Senior Secured Indenture (or a Senior Secured Note Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with (or in the case of Indebtedness which is subordinated in right of payment to the Senior Secured Notes or any Senior Secured Note Guarantees, prior or senior thereto, with the same relative priority as the Senior Secured Notes or such Senior Secured Note Guarantee, as applicable, shall have with respect to such subordinated Indebtedness) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Senior Secured Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under “—Security—Release of Collateral”.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Restricted Subsidiary;
- (2) make loans or advances to the Company or any Restricted Subsidiary; or
- (3) sell, lease or transfer any of its properties or assets to the Company or any Restricted Subsidiary;

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Indebtedness as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements;

- provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date, as applicable (as determined in good faith by the Company) or would not, in the good faith determination of the Company, materially impair the Issuer from making payments on the Senior Secured Notes;
- (2) the Senior Secured Indenture, the Senior Secured Notes, the Senior Secured Note Guarantees, the Revolving Credit Facility, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;
 - (3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption “—Incurrence of Indebtedness and Issuance of Preferred Stock” and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially less favorable to the holders of the Senior Secured Notes than (a) the encumbrances and restrictions contained in the Senior Secured Indenture, the Senior Secured Notes, the Senior Secured Note Guarantees, the Revolving Credit Facility and the Intercreditor Agreement, in each case, as in effect on the Issue Date (as determined in good faith by the Company) or (b) is customary in comparable financings (as determined in good faith by the Company);
 - (4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;
 - (5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Senior Secured Indenture to be incurred;
 - (6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;
 - (7) (i) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph and (ii) any mortgage financing or mortgage refinancing that imposes restrictions only on the real property securing such Indebtedness;
 - (8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;
 - (9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced as determined in good faith by the Company or would not in the good faith determination of the Company, materially impair the ability of the Issuer to make payments on the Senior Secured Notes;
 - (10) Liens permitted to be incurred under the provisions of the covenant described above under the caption “—Liens” that limit the right of the debtor to dispose of the assets subject to such Liens;
 - (11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;
 - (12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business; and
 - (13) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (12), or in this clause (13); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or would not in the good faith determination of the Company, materially impair the ability of the Issuer to make payments on the Senior Secured Notes.

Merger, Consolidation or Sale of Assets

Neither the Company nor the Issuer will, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company or the Issuer (as applicable) is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of either the Company and its Subsidiaries taken as a whole or the Issuer and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in either case, in one or more related transactions, to another Person, unless:

- (1) either: (a) the Company or the Issuer (as applicable) is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company or the Issuer (as applicable)) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, any state of the United States or the District of Columbia;
- (2) the Person formed by or surviving any such consolidation or merger with the Company or the Issuer (if other than the Company or the Issuer (as applicable)) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company or the Issuer (as applicable) under the Senior Secured Notes, the Senior Secured Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and each Security Document to which the Company or the Issuer (as applicable) is a party;
- (3) immediately after such transaction, no Default or Event of Default exists;
- (4) the Company, the Issuer or the Person (as applicable) formed by or surviving any such consolidation or merger (if other than the Company or the Issuer (as applicable)), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption “—Incurrence of Indebtedness and Issuance of Preferred Stock” or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and
- (5) the Company delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer’s Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture and other transfer or accession documents comply with this covenant and that all conditions precedent in the Senior Secured Indenture relating to such transaction have been satisfied and that the Senior Secured Indenture and the Senior Secured Notes constitute legal, valid and binding obligations of the Company, the Issuer or the Person (as applicable) formed by or surviving any such consolidation or merger (if other than the Company or the Issuer (as applicable)), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made, enforceable in accordance with their terms.

A Subsidiary Guarantor (other than a Subsidiary Guarantor whose Senior Secured Note Guarantee is to be released in accordance with the terms of the Senior Secured Note Guarantee and the Senior Secured Indenture as described under “—Senior Secured Note Guarantees”) will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either:
 - (a) such Subsidiary Guarantor is the surviving corporation;
 - (b) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Subsidiary Guarantor under its Senior Secured Note Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement and each Security Document to which the Guarantor is a party; or
 - (c) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Senior Secured Indenture; and

- (2) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), no Default or Event of Default exists.

This “Merger, Consolidation or Sale of Assets” covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor into the Issuer or a Guarantor, (b) any consolidation or merger among Guarantors, (c) any consolidation or merger among the Issuer and any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, any state of the United States or the District of Columbia and clauses (2) and (5) of the first paragraph of this covenant will be complied with or (e) any sale, assignment, transfer, conveyance, lease or other disposition of assets among the Company and its Restricted Subsidiaries. Clauses (3) and (4) of the first paragraph and clause (2) of the second paragraph of this covenant will not apply to any merger or consolidation of the Issuer or any Guarantors with or into an Affiliate solely for the purpose of reincorporating the Issuer or such Guarantor in another jurisdiction.

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an “*Affiliate Transaction*”) involving aggregate payments or consideration in excess of £3.5 million, unless:

- (1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £10.0 million, a resolution of the Board of Directors of the Company set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company; and, in addition,
 - (b) with respect to (i) any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £40.0 million or (ii) any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £10.0 million in which there are no disinterested members of the Board of Directors of the Company, a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (x) fair from a financial point of view taking into account all relevant circumstances or (y) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm’s-length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (1) any employment agreement, collective bargaining agreement, consultant or employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;
- (2) transactions between or among the Company and/or its Restricted Subsidiaries;
- (3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

- (4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;
- (5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;
- (6) any Investment (other than a Permitted Investment) or other Restricted Payment, in either case, that does not violate the provisions of the Senior Secured Indenture described above under the caption “—Restricted Payments”;
- (7) any Permitted Investments (other than Permitted Investments described in clauses (3), (10), (14) and (15) of the definition thereof);
- (8) the issuance of any Subordinated Shareholder Debt;
- (9) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the holders of the Senior Secured Notes than the original agreement as in effect on the Issue Date (as determined in good faith by the Company) and transactions and agreements described in the Offering Memorandum under the heading “Certain relationships and related party transactions”;
- (10) Management Advances;
- (11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of this Senior Secured Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;
- (12) any contribution to the capital of the Company in exchange for Capital Stock of the Company (other than Disqualified Stock and preferred stock);
- (13) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Company solely because a director of which is also a director of the Company or any direct or indirect parent of the Company; provided, however, that such director abstains from voting as a director of the Company or such direct or indirect parent, as the case may be, on any matter involving such other Person;
- (14) Permitted Parent Payments; and
- (15) Liens on Equity Interests of Unrestricted Subsidiaries for the benefit of lenders of Unrestricted Subsidiaries.

Limitation on Issuances of Guarantees of Indebtedness

The Company will not permit any of its Restricted Subsidiaries that is not the Issuer or a Guarantor, directly or indirectly, to guarantee the payment of any Indebtedness of the Issuer or a Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for a Senior Secured Note Guarantee of the payment of the Senior Secured Notes by such Restricted Subsidiary, which Senior Secured Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary’s guarantee of such other Indebtedness.

Each additional Senior Secured Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The first paragraph of this covenant will not be applicable to (1) any Guarantee of Indebtedness (other than the Revolving Credit Facility) existing on the Issue Date or (2) given to a bank or trust company having combined capital and surplus and undivided profits of not less than £250 million, whose debt has a rating, at the time such guarantee was given, of at least “BBB-” or the equivalent thereof by S&P and at least “Baa3” or the equivalent thereof by Moody’s, in connection with the operation of cash management programs established for the benefit of the Company or any of its Restricted Subsidiaries.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Senior Secured Notes to the extent that such Guarantee by such Restricted Subsidiary would

reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary; *provided* that the Company will procure that the relevant Restricted Subsidiary becomes a Guarantor at such time as such restriction would no longer apply to the providing of the Senior Secured Note Guarantee or no longer would prohibit such Restricted Subsidiary from becoming a Guarantor (or prevent the Company from causing such Restricted Subsidiary to become a Guarantor).

No Impairment of Security Interest

The Company shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Liens with respect to the Collateral) for the benefit of the Trustee and the holders of the Senior Secured Notes, and the Company shall not, and shall not permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Senior Secured Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens and the Collateral may be discharged and released in accordance with the Senior Secured Indenture, the applicable Security Documents and/or the Intercreditor Agreement or any Additional Intercreditor Agreement; *provided, however*, that, except with respect to any discharge or release in accordance with the Senior Secured Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the incurrence of Permitted Collateral Liens or any action expressly permitted by the Senior Secured Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Company delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an internationally recognized investment bank or accounting firm confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors or an Officer of the relevant Person that confirms the solvency of the person granting such Security Interest after giving effect to any transactions 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 Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or replaced, are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

At the direction of the Company and without the consent of the holders of Senior Secured Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) (but subject to compliance with the first paragraph of this covenant) provide for Permitted Collateral Liens, (iii) add to the Collateral, (iv) comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (v) provide for the release of property and assets constituting Collateral from the Lien of the Security Documents and/or the release of the Senior Secured Note Guarantee of a Guarantor, in each case, in accordance with (and if permitted by) the terms of the Senior Secured Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement, (vi) conform the Security Documents to this Description of Senior Secured Notes, (vii) evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent, or (viii) make any other change thereto that does not adversely affect the rights of the holders of Senior Secured Notes in any material respect.

In the event that the Company complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the holders of the Senior Secured Notes.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company

and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption “—Restricted Payments” or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Company’s Board of Directors giving effect to such designation and an Officer’s Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described above under the caption “—Restricted Payments”. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Senior Secured Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption “—Incurrence of Indebtedness and Issuance of Preferred Stock”, the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption “—Incurrence of Indebtedness and Issuance of Preferred Stock”, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Payments for Consent

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any of the holders of the Senior Secured Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Senior Secured Indenture or the Senior Secured Notes unless such consideration is offered to be paid and is paid to all holders of the Senior Secured Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Company and the Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Senior Secured Indenture, to exclude holders of the Senior Secured Notes in any jurisdiction where (A)(i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Company or any Restricted Subsidiary to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Maintenance of Listing

The Company will use its commercially reasonable efforts to obtain and maintain the listing of the Senior Secured Notes on the Euro MTF market for so long as such Senior Secured Notes are outstanding; *provided* that if at any time the Company determines that it will not maintain such listing, it will use its best efforts to obtain (prior to the delisting of the Senior Secured Notes from the Euro MTF Market) and thereafter maintain a listing of such Senior Secured Notes on another “recognised stock exchange” as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Reports

For so long as any Senior Secured Notes are outstanding, the Company will furnish to the Trustee the following reports:

- (1) within 120 days after the end of each fiscal year of the Company, annual reports containing the following information with a level of detail that is substantially comparable to the Offering

Memorandum and the following information: (a) audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company 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 Company (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Company will provide, in the case of a material acquisition, acquired company financials)); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion by business segment), financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies in a level of detail that is comparable in all material respects to this Offering Memorandum; (d) a description of the business, management and shareholders of the Company, material affiliate transactions and material debt instruments; and (e) material risk factors and material recent developments;

- (2) within 60 days (90 days in the case of the fiscal quarter ending June 20, 2014) following the end of each of the first three fiscal quarters in each fiscal year of the Company beginning with the fiscal quarter ending June 20, 2014, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Company, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Company (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), 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 (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Company will provide, in the case of a material acquisition, acquired company financials); (c) an operating and financial review of the unaudited financial statements (including a discussion by business segment), including a discussion of the consolidated financial condition and results of operations of the Company and any material change between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments; and
- (3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and the Restricted Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer or Chief Financial Officer at the Company or change in auditors of the Company or any other material event that the Company announces publicly, a report containing a description of such event;

provided, however, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Company. For so long as the Holdco Limitation Conditions are satisfied, the reports set forth in clauses (1), (2) and (3) may include financial statements of, and refer to, TopCo in lieu of the Company, in which case the reports set forth in clauses (1), (2) and (3) shall give a reasonably detailed description of any material differences between the management, business, assets, shareholding or results of operations or financial condition of TopCo and the Company and include an unaudited reconciliation of the Company's financial statements or other financial information to TopCo's financial statements or other financial information, as applicable.

The Company will, on an ongoing basis, monitor that the Holdco Limitation Conditions are satisfied by TopCo. Starting with the reporting period in which the Holdco Limitation Conditions are no longer satisfied and at any time thereafter, the reports set forth in clauses (1), (2), and (3) will include consolidated financial statements and financial information of the Company.

In addition, if the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

All financial statements shall be prepared in accordance with GAAP. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum.

The Company will, either (i) within ten Business Days after the delivery of each report discussed in clauses (1) and (2) of the first paragraph of this covenant, conduct a conference call to discuss such report and answer questions about such report, which conference call will be open to all holders or (ii) provide holders with access to and the opportunity to participate in any public conference call, investor presentation, webcast or other event, the primary purpose of which is to discuss results of operations or any material event referenced in clause (3) of the first paragraph of this covenant with investors in the Capital Stock of the Company. Details of such conference calls will either (x) be delivered with each report or (y) posted on an electronic website that is used by the Company to communicate to the equity holders generally for which the holders have been, prior to the posting of such notice, informed of the website address and relevant password specifications, which notice shall constitute reasonable notice of such public calls for the purpose of this paragraph.

In addition, for so long as any Senior Secured Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Company will also post such report on the Company's website. If and for so long as the Senior Secured Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, and the rules of that exchange so require, copies of the Company's organizational documents and the Senior Secured Indenture and the most recent consolidated financial statements published by the Company may be inspected and obtained at the office of the Paying Agent in Luxembourg. See "Listing and general information."

TopCo will be deemed to satisfy the "Holdco Limitation Conditions" during any applicable period in which TopCo does not carry on any business or own any assets other than:

- (1) TopCo's ownership of the Company and other assets that are *de minimis* in nature;
- (2) the provision of administrative services (excluding treasury services), legal, accounting and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services;
- (3) incurring Indebtedness (or other items that are specifically excluded from the definition of Indebtedness) (including activities reasonably incidental thereto, including performance of the terms and conditions of such Indebtedness (or other items that are specifically excluded from the definition of Indebtedness) or granting Liens or distributing, lending or otherwise advancing funds to the extent consistent with the activities of a holding company in the ordinary course of its business as a holding company;
- (4) activities undertaken with the purpose of fulfilling its obligations or exercising its rights under Indebtedness (or any item specifically excluded from the definition of Indebtedness), including any activity related to any document entered into in connection with the incurrence of Indebtedness;
- (5) the establishment, maintenance and use of bank accounts and the ownership of cash and Cash Equivalents;
- (6) making Investments in the Senior Secured Notes or other Indebtedness;
- (7) directly related or reasonably incidental to the establishment and/or maintenance of its Subsidiaries' corporate existence or otherwise to comply with applicable law;
- (8) issuing directors' qualifying shares and shares to its shareholders, and pay dividends and make other distributions on its shares and onloaning funds to its shareholders or Subsidiaries; and
- (9) any activity reasonably related to the foregoing and other activities not specifically enumerated above that are *de minimis* in nature.

Limitation on Issuer activities

The Issuer will not engage in any business activity or undertake any other activity, except (i) any activity reasonably relating to the offering, sale, issuance, incurrence and servicing, listing, purchase, redemption,

amendment, exchange, refinancing or retirement of the Senior Secured Notes or other Indebtedness (or other items that are specifically excluded from the definition of Indebtedness) permitted by the terms of the Senior Secured Indenture, the granting of Liens permitted under the covenant described under the caption “—Liens” and distributing, lending or otherwise advancing funds to the Company or any of its Restricted Subsidiaries and any other activities in connection therewith or complementary or useful thereto, (ii) any activity undertaken with the purpose of fulfilling its obligations or exercising its rights under the Senior Secured Notes, the Senior Secured Indenture, the Proceeds Loan Agreement, other Indebtedness (or any item specifically excluded from the definition of Indebtedness) permitted by the terms of the Senior Secured Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement entered into pursuant to the terms of the Intercreditor Agreement or the Senior Secured Indenture), the Revolving Credit Facility or any Security Document to which it is a party; (iii) Permitted Investments constituting Investments in the Company or another Restricted Subsidiary, Investments in the form of cash and Cash Equivalents and repurchases of the Senior Secured Notes; (iv) any activity directly related or reasonably incidental to the establishment and/or maintenance of the Issuer’s corporate existence or otherwise to comply with applicable law; (v) any activity involving the provision of administrative, legal or accounting services and the ownership of assets necessary to provide such services; (vi) any activity related to any purchase agreement, and/or any other document entered into in connection with the issuance of the Senior Secured Notes or any other Indebtedness permitted under the Senior Secured Indenture; or (vii) any activity reasonably related to the foregoing and other activities not specifically enumerated above that are *de minimis* in nature. The Issuer will not create, incur, assume or suffer to exist any Lien over any of its property or assets, or any proceeds therefrom, to secure Indebtedness, except for Liens to secure the Senior Secured Notes or other Indebtedness permitted to be incurred under the Senior Secured Indenture to the extent Liens securing such Indebtedness are permitted to be incurred under the Senior Secured Indenture.

The Issuer will at all times remain a Wholly-Owned Restricted Subsidiary of the Company. Except in accordance with the covenant described under the caption “—Merger, Consolidation or Sale of Assets”, the Issuer will not merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not the Issuer is the surviving corporation) or, other than in connection with the incurrence of a Permitted Lien or Permitted Collateral Lien, sell, assign, transfer, lease, convey or otherwise dispose of any material property or assets to any Person in one or more related transactions.

For so long as any Senior Secured Notes are outstanding, the Issuer will not (i) change the Stated Maturity of the principal of, or any installment of interest on any Proceeds Loan; (ii) reduce the rate of interest on any Proceeds Loan; (iii) change the currency for payment of any amount under any Proceeds Loan; (iv) prepay or otherwise reduce or permit the prepayment or reduction of any Proceeds Loan (save to facilitate a corresponding payment of principal on the Senior Secured Notes); (v) assign or novate any Proceeds Loan or any rights or obligations under the Proceeds Loan Agreement (other than to secure the Senior Secured Notes and the Senior Secured Note Guarantees or other Permitted Collateral Lien or in connection with a transaction that is subject to the covenants described under the caption “—Merger, Consolidation or Sale of Assets” and is completed in compliance therewith)) or (vi) amend, modify or alter any Proceeds Loan or the Proceeds Loan Agreement in any manner adverse to the holders of the Senior Secured Notes. Notwithstanding the foregoing, the Proceeds Loans may be amended, modified, changed, altered, prepaid or reduced to facilitate or otherwise accommodate or reflect an amendment, modification, change, alteration, repayment, redemption or repurchase of outstanding Senior Secured Notes.

For so long as any Senior Secured Notes are outstanding, none of the Company nor any of its Restricted Subsidiaries will commence or take any action or facilitate a winding-up, liquidation or other analogous proceeding in respect of the Issuer.

Limitation on Holding Company Activities

The Company may not carry on any business or own any assets other than:

- (a) the ownership of shares of Iceland Midco Limited, intercompany debit balances and credit and debit balances in bank accounts and other assets that are *de minimis* in nature; *provided* that the Company may from time to time receive in a transaction otherwise permitted under the Senior Secured Indenture and the Security Documents, properties and assets (including cash, Cash Equivalents, shares of Capital Stock of another Person and/or Indebtedness and other obligations) for the purpose of transferring such properties and assets to any Parent Holdco, any Subsidiary or any other Person, so long as in any case such further transfer is made promptly by the Company and, after giving effect thereto, the Company is again in compliance with this clause;

- (b) the provision of administrative services (excluding treasury services), legal, accounting and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services;
- (c) incurring Indebtedness (or other items that are specifically excluded from the definition of Indebtedness) permitted under the Senior Secured Indenture (including activities reasonably incidental thereto, including performance of the terms and conditions of such Indebtedness (or other items that are specifically excluded from the definition of Indebtedness), to the extent such activities are otherwise permissible under the Senior Secured Indenture) and the granting of Liens permitted under the covenant described above under the caption “—Liens” and distributing, lending or otherwise advancing funds to the extent not prohibited by the Senior Secured Indenture and consistent with the activities of a holding company in the ordinary course of its business as a holding company;
- (d) activities undertaken with the purpose of fulfilling its obligations or exercising its rights under the Senior Secured Indenture, the Senior Secured Note Guarantees, the Proceeds Loan Agreement, the Intercreditor Agreement (or any Additional Intercreditor Agreement), the Security Documents, the Revolving Credit Facility, other Indebtedness (or any item specifically excluded from the definition of Indebtedness) permitted by the terms of the Senior Secured Indenture, or any other document relating to the Senior Secured Notes or any other Indebtedness permitted under the Senior Secured Indenture;
- (e) the ownership of (i) cash and Cash Equivalents and (ii) other property to the extent contributed substantially concurrently to a Parent Holdco in compliance with the covenant described above under the caption “—Restricted Payments;”
- (f) making Investments in the Senior Secured Notes or other Indebtedness permitted under the Senior Secured Indenture;
- (g) directly related or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries corporate existence or otherwise to comply with applicable law;
- (h) any activity reasonably relating to the servicing, purchase, redemption, amendment, exchange, refinancing or retirement of the Senior Secured Notes or other Indebtedness (or other items that are specifically excluded from the definition of Indebtedness) permitted under the Senior Secured Indenture;
- (i) the payment of professional fees and administration costs in the ordinary course of business of a holding company and the payment of wages and the incurrence of obligations arising by operation of law or that are typical of or incidental to the activities of a holding company;
- (j) making or facilitating payments of VAT on behalf of itself and on behalf of any of its Subsidiaries and/or other holding companies with which it forms a group for VAT purposes;
- (k) employing employees while services are required for the operation of the Company and its Subsidiaries and seconding those employees to its Subsidiaries and/or entering into such arrangement or arrangements regarding the provision of services by employees or management to the Company and its Subsidiaries; and
- (l) any activity reasonably related to the foregoing and other activities not specifically enumerated above that are *de minimis* in nature.

Suspension of Covenants when Senior Secured Notes Rated Investment Grade

If on any date following the Issue Date:

- (1) the Senior Secured Notes have achieved Investment Grade Status; and
- (2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Senior Secured Notes cease to have Investment Grade Status (such period, the “*Suspension Period*”), the covenants specifically listed under the following captions in the Offering Memorandum will no longer be applicable to the Senior Secured Notes and any related default provisions of the Senior Secured Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

- (1) “—Repurchase at the Option of Holders—Asset Sales”;
- (2) “—Restricted Payments”;

- (3) “—Incurrence of Indebtedness and Issuance of Preferred Stock”;
- (4) “—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (5) “—Designation of Restricted and Unrestricted Subsidiaries”;
- (6) “—Transactions with Affiliates”;
- (7) clause (4) of the first paragraph of the covenant described under “—Merger, Consolidation or Sale of Assets”.

Such covenants will not, however, be of any effect with regard to the actions of Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption “—Restricted Payments” had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption “—Incurrence of Indebtedness and Issuance of Preferred Stock”. Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

The Company shall notify the Trustee that the conditions set forth in the first paragraph under this caption has been satisfied; *provided* that no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. The Trustee shall be under no obligation to notify the holders of the Senior Secured Notes that the conditions set forth in the first paragraph have been satisfied.

There can be no assurance that the Senior Secured Notes will ever achieve or maintain Investment Grade Status.

Events of Default and Remedies

Each of the following is an “*Event of Default*”:

- (1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Senior Secured Notes;
- (2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Senior Secured Notes;
- (3) failure by the Issuer or relevant Restricted Subsidiaries to comply with the provisions described under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets”
- (4) failure by the Issuer or relevant Guarantor for 60 days after written notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Senior Secured Notes then outstanding voting as a single class to comply with any of the agreements in the Senior Secured Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3) above), the Senior Secured Notes, the Senior Secured Note Guarantees, the Security Documents or the Intercreditor Agreement (or any Additional Intercreditor Agreement entered into pursuant to the terms of the Intercreditor Agreement or the Senior Secured Indenture);
- (5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:
 - (a) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “*Payment Default*”); or
 - (b) results in the acceleration of such Indebtedness prior to its express maturity,
 and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates £25.0 million or more;
- (6) failure by the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of £25.0 million (exclusive of any amounts that an insurance company has acknowledged liability for), which

judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

- (7) except as permitted by the Senior Secured Indenture (including with respect to any limitations), any Senior Secured Note Guarantee of the Company or a Significant Subsidiary or any group of its Guarantors that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or the Company or any Guarantor which is a Significant Subsidiary or any group of its Guarantors that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor, denies or disaffirms its obligations under its Senior Secured Note Guarantee;
- (8) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Senior Secured Indenture) with respect to Collateral having a Fair Market Value in excess of £5.0 million for any reason other than the satisfaction in full of all obligations under the Senior Secured Indenture or the release of any such security interest in accordance with the terms of the Senior Secured Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or the Company or any of its Restricted Subsidiaries shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for ten consecutive Business Days; and
- (9) certain events of bankruptcy or insolvency described in the Senior Secured Indenture with respect to the Company, the Issuer or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising pursuant to clause (9) of the preceding paragraph, all outstanding Senior Secured Notes will become due and payable immediately without further action or notice or other act on the part of the Trustee or any holders of Senior Secured Notes. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Senior Secured Notes may and the Trustee, upon the written request of such holders, shall declare all amounts in respect of the Senior Secured Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Senior Secured Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Senior Secured Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Senior Secured 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 Senior Secured Indenture at the request or direction of any holders of Senior Secured Notes unless such holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under “—Amendment, Supplement and Waiver”) to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Senior Secured Note may pursue any remedy with respect to the Senior Secured Indenture or the Senior Secured Notes unless:

- (1) such holder has previously given the Trustee notice that an Event of Default is continuing;
- (2) holders of at least 25% in aggregate principal amount of the then outstanding Senior Secured Notes have requested, in writing, that the Trustee 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 such security or indemnity; and
- (5) holders of a majority in aggregate principal amount of the then outstanding Senior Secured Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Senior Secured Notes outstanding may, on behalf of the holders of all outstanding Senior Secured Notes, waive any past default under

the Senior Secured Indenture and its consequences, except a continuing default in the payment of the principal of premium, if any, any Additional Amounts or interest on any Senior Secured Note held by a non-consenting holder (which may only be waived with the consent of each holder of Senior Secured Notes affected).

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Senior Secured Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Senior Secured Notes, the Senior Secured Indenture, the Senior Secured Note Guarantees, the Intercreditor Agreement, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Senior Secured Notes by accepting a Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Secured Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Senior Secured Notes and all obligations of the Guarantors discharged with respect to their Senior Secured Note Guarantees ("*Legal Defeasance*") except for:

- (1) the rights of holders of outstanding Senior Secured Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Senior Secured Notes when such payments are due from the trust referred to below;
- (2) the Issuer's obligations with respect to the Senior Secured Notes concerning issuing temporary Senior Secured Notes, registration of Senior Secured Notes, mutilated, destroyed, lost or stolen Senior Secured Notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and
- (4) the Legal Defeasance and Covenant Defeasance provisions of the Senior Secured Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Senior Secured Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Senior Secured Notes. In the event Covenant Defeasance occurs, all Events of Default described under "*—Events of Default and Remedies*" (except those relating to payments on the Senior Secured Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Senior Secured Notes. Subject to the foregoing, if the Issuer exercises its Legal Defeasance option, the Security Documents and the rights of the Trustee and the holders of Senior Secured Notes under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Issuer must irrevocably deposit with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose), in trust, for the benefit of the holders of the Senior Secured Notes, cash in pounds, non-callable UK Government Securities or a combination of cash in pounds and non-callable UK Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Senior Secured Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Senior Secured Notes are being defeased to such stated date for payment or to a particular redemption date;
- (2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that (a) the Issuer has received from, or

there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Senior Secured Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

- (3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that the holders of the outstanding Senior Secured Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Senior Secured Notes over the other creditors of the Issuer or the Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer, the Guarantors or others; and
- (5) the Company must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Senior Secured Indenture, the Senior Secured Notes, any Senior Secured Note Guarantee, the Intercreditor Agreement or any Security Document may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Senior Secured Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes), and any existing Default or Event of Default or compliance with any provision of the Senior Secured Indenture, the Senior Secured Notes, the Senior Secured Note Guarantees, the Intercreditor Agreement or any Security Document may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Senior Secured Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes); *provided* that, if any amendment, waiver or other modification will only affect one series of the Senior Secured Notes, only the consent of a majority in principal amount of the then outstanding Senior Secured Notes of such series shall be required.

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Senior Secured Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes), an amendment, supplement or waiver may not:

- (1) reduce the principal amount of Senior Secured Notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Senior Secured Note or alter the provisions with respect to the redemption of the Senior Secured Notes (other than provisions relating to the covenants described above under the caption “—Repurchase at the Option of Holders”);
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Senior Secured Note;
- (4) impair the right of any holder of Senior Secured Notes to receive payment of principal of and interest on such holder's Senior Secured Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Senior Secured Notes or any Senior Secured Note Guarantee in respect thereof;
- (5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Senior Secured Notes (except a rescission of acceleration of the Senior Secured Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Senior Secured Notes and a waiver of the Payment Default that resulted from such acceleration);
- (6) make any Senior Secured Note payable in money other than that stated in the Senior Secured Notes;
- (7) make any change in the provisions of the Senior Secured Indenture relating to waivers of past Defaults or the rights of holders of Senior Secured Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Senior Secured Notes;

- (8) waive a redemption payment with respect to any Senior Secured Note (other than a payment required by one of the covenants described above under the caption “—Repurchase at the Option of Holders”);
- (9) release any of the Guarantors from any of their obligations under their respective Senior Secured Note Guarantees or the Senior Secured Indenture, except in accordance with the terms of the Senior Secured Indenture;
- (10) release any of the security interests granted for the benefit of the holders of the Senior Secured Notes in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement and/or the Senior Secured Indenture;
- (11) make any change to any provision of the Senior Secured Indenture or the Intercreditor Agreement (or any applicable Additional Intercreditor Agreement) affecting the ranking or priority of the Senior Secured Notes or the Senior Secured Note Guarantees, in each case, in a manner that adversely affects the rights of the holders of the Senior Secured Notes; or
- (12) make any change in the preceding amendment and waiver provisions;

provided, however, if (a) any amendment, supplement, waiver or other modification affects the rights of the 2024 Fixed Rate Notes, the rights of the 2021 Fixed Rate Notes and the rights of the Floating Rate Notes, the consent of a majority or 90%, as the case may be, in aggregate principal amount of the Senior Secured Notes shall be required to consent thereto and (b) any amendment, supplement, waiver or other modification affects only the rights of the 2024 Fixed Rate Notes, or only the rights of the 2021 Fixed Rate Notes or only the rights of the Floating Rate Notes, the consent of a majority or 90%, as the case may be, in aggregate principal amount of the 2024 Fixed Rate Notes, 2021 Fixed Rate Notes or Floating Rate Notes, as applicable, shall be required to consent thereto (and in such case, the consent of a majority or 90%, as the case may be, in aggregate principal amount of the unaffected series of Senior Secured Notes shall not be required to consent thereto). Notwithstanding the foregoing and for the avoidance of doubt, it is understood and agreed that (a) any matter described in clause (1), (2), (3), (4), (5), (6), (7) and (8) above that by its terms applies to the 2024 Fixed Rate Notes shall require the consent of 90% of the holders of the 2024 Fixed Rate Notes in order for it to be binding on all holders of the 2024 Fixed Rate Notes, (b) any matter described in clause (1), (2), (3), (4), (5), (6), (7) and (8) above that by its terms applies to the 2021 Fixed Rate Notes shall require the consent of 90% of the holders of the 2021 Fixed Rate Notes in order for it to be binding on all holders of the 2021 Fixed Rate Notes and (c) any matter described in clause (1), (2), (3), (4), (5), (6), (7) and (8) above that by its terms applies to the Floating Rate Notes shall require the consent of 90% of the holders of the Floating Rate Notes in order for it to be binding on all holders of the Floating Rate Notes.

Notwithstanding the preceding, without the consent of any holder of Senior Secured Notes, the Company, the Issuer, the other Guarantors, the Trustee and the Security Agent (as applicable and to the extent each is a party to the document in question) may amend or supplement the Senior Secured Indenture, the Senior Secured Notes, any Senior Secured Note Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement and any Security Document:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for the assumption of the Issuer’s or a Guarantor’s obligations to holders of Senior Secured Notes and Senior Secured Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer’s or such Guarantor’s assets, as applicable;
- (3) to make any change that would provide any additional rights or benefits to the holders of Senior Secured Notes or that does not adversely affect the legal rights under the Senior Secured Indenture of any such holder in any material respect;
- (4) to conform the text of the Senior Secured Indenture, the Senior Secured Note Guarantees, the Senior Secured Notes or any supplemental indenture to any provision of this “Description of Senior Secured Notes” to the extent that such provision in this “Description of Senior Secured Notes” was intended to be a verbatim recitation of a provision of the Senior Secured Indenture, the Senior Secured Note Guarantees, the Senior Secured Notes or any supplemental indenture;
- (5) to release Collateral in accordance with the terms of the Senior Secured Indenture, the Intercreditor Agreement and the Security Documents or to release any Senior Secured Note Guarantee in accordance with the terms of the Senior Secured Indenture and the Intercreditor Agreement;
- (6) to provide for the issuance of Additional Senior Secured Notes in accordance with the limitations set forth in the Senior Secured Indenture as of the Issue Date;
- (7) to allow any Guarantor to execute a supplemental indenture and/or a Senior Secured Note Guarantee with respect to the Senior Secured Notes;

- (8) to provide for uncertificated Senior Secured Notes in addition to or in place of certificated Senior Secured Notes (*provided* that the uncertificated Senior Secured Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Senior Secured Notes are not treated as “registration-required obligations” under Section 163(f)(2)(A) of the Code);
- (9) to enter into additional or supplemental Security Documents or to add additional parties to the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document to the extent permitted thereunder and under the Senior Secured Indenture; or
- (10) to evidence and provide for the acceptance and appointment under the Senior Secured Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Security Documents.

The consent of the holders of Senior Secured Notes is not necessary under the Senior Secured Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer’s Certificate.

Satisfaction and Discharge

The Senior Secured Indenture will be discharged and will cease to be of further effect as to all Senior Secured Notes issued thereunder, when:

- (1) either:
 - (a) all Senior Secured Notes that have been authenticated, except lost, stolen or destroyed Senior Secured Notes that have been replaced or paid and Senior Secured Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or
 - (b) all Senior Secured Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) as trust funds in trust solely for the benefit of the holders, cash in pounds, non-callable UK Government Securities or a combination of cash in pounds and non-callable UK Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Senior Secured Notes not delivered to the Trustee for cancellation of principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;
- (2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Senior Secured Indenture; and
- (3) the Issuer has delivered irrevocable instructions to the Trustee under the Senior Secured Indenture to apply the deposited money toward the payment of the Senior Secured Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer’s Certificate and an opinion of counsel to the Trustee stating that all conditions precedent in the Senior Secured Indenture relating to satisfaction and discharge of the Senior Secured Indenture have been satisfied; *provided* that any such counsel may rely on any Officer’s Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

Any payment on account of an amount that is payable in pounds which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the “*Judgment Currency*”), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor’s obligation under the Senior Secured Indenture and the Senior Secured Notes or Senior Secured Note Guarantee, as the case may be, only to the extent of the amount of pounds that such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the

Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of pounds that could be so purchased is less than the amount of pounds originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Senior Secured Indenture or the Senior Secured Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee within thirty (30) days of becoming aware of the occurrence of a Default or an Event of Default. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Senior Secured Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Senior Secured Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Senior Secured Indenture at the request of any holder of Senior Secured Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without gross negligence, willful default or fraud on its part, arising out of or in connection with its duties.

Listing

Application will be made to list the Senior Secured Notes on the Official List of the Luxembourg Stock Exchange and to admit the Senior Secured Notes to trading on the Euro MTF Market. There can be no assurance that the application to list the Senior Secured Notes on the Official List of the Luxembourg Stock Exchange and to admit the Senior Secured Notes on the Euro MTF Market will be approved and settlement of the Senior Secured Notes is not conditioned on obtaining this listing.

Additional Information

Anyone who receives the Offering Memorandum may, following the Issue Date, obtain a copy of the Senior Secured Indenture, the form of Senior Secured Note, the Security Documents, or the Intercreditor Agreement without charge by contacting the Company at Second Avenue, Deeside Industrial Park, Deeside CH5 2NW, United Kingdom, or +44 (0) 1244 830 100.

So long as the Senior Secured Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, copies, current and future, of all of the Company's annual audited consolidated financial statements and the Company's unaudited consolidated interim financial statements may be obtained, free of charge, during normal business hours at the offices of the Paying Agent or, to the extent and in the manner permitted by such rules, on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Governing Law

The Senior Secured Indenture, the Senior Secured Notes and the Senior Secured Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement and the Security Documents will be governed by English law.

Consent to Jurisdiction and Service of Process

The Senior Secured Indenture will provide that the Issuer and, upon accession to the Senior Secured Indenture, each Guarantor, will appoint CT Corporation as its agent for service of process in any suit, action or proceeding with respect to the Senior Secured Indenture, the Senior Secured Notes and the Senior Secured Note Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since a substantial portion of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, may not be collectable within the United States. See “Risk factors—Risks related to the Notes and the Note Guarantees—You may not be able to recover in civil proceedings for U.S. securities law violations”.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Senior Secured Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Senior Secured Notes will be prescribed six years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Senior Secured Indenture. Reference is made to the Senior Secured Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

“*Acquired Debt*” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “*control*”, as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms “*controlling*”, “*controlled by*” and “*under common control with*” have correlative meanings.

“*Ancillary Facilities*” means any (a) overdraft, cheque clearing, automatic payment, credit card or other current account facilities, (b) guarantee facilities, bonding facilities or trade, documentary or standby letter of credit facilities, (c) short-term loan facilities, (d) derivatives facilities for protection against or benefit from fluctuation in any rate or price in the ordinary course of trade, (e) foreign exchange facilities, (f) notional cash pooling, cash concentration/target balancing, cash/overdraft netting, liquidity management or other cash management facilities and (g) such other facilities or accommodation as may be required in connection with the business of the Company and its Restricted Subsidiaries.

“*Applicable Premium*” means:

- (1) with respect to any 2024 Fixed Rate Note on any redemption date, the greater of:
 - (a) 1.0% of the principal amount of the 2024 Fixed Rate Note; or
 - (b) the excess of:
 - (i) the present value at such redemption date of (i) the redemption price of the Fixed Rate Note at July 15, 2019 (such redemption price being set forth in the table appearing above under the caption “—Optional Redemption—2024 Fixed Rate Notes”) plus (ii) all required interest payments due on the Fixed Rate Note through July 15, 2019 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points; over
 - (ii) the principal amount of the 2024 Fixed Rate Note;
- (2) with respect to any 2021 Fixed Rate Note on any redemption date, the greater of:
 - (a) 1.0% of the principal amount of the 2021 Fixed Rate Note; or
 - (b) the excess of:
 - (i) the present value at such redemption date of (i) the redemption price of the Fixed Rate Note at July 15, 2017 (such redemption price being set forth in the table appearing above under the

caption “—Optional Redemption—2021 Fixed Rate Notes”) plus (ii) all required interest payments due on the Fixed Rate Note through July 15, 2017 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points; over

- (ii) the principal amount of the 2021 Fixed Rate Note; and
- (3) with respect to any Floating Rate Note on any redemption date, the greater of:
- (a) 1.0% of the principal amount of the Floating Rate Note; or
 - (b) the excess of:
 - (i) the present value at such redemption date of (i) the redemption price of the Floating Rate Note at July 15, 2015 (such redemption price being set forth in the table appearing above under the caption “—Optional Redemption—Floating Rate Notes”) plus (ii) all required interest payments due on the Floating Rate Note through July 15, 2015 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points and assuming that the rate of interest on the Floating Rate Note from the redemption date through July 15, 2015 will equal the rate of interest on the Floating Rate Note in effect on the date on which the applicable notice of redemption is given; over
 - (ii) the principal amount of the Floating Rate Note.

For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, Paying Agent, Transfer Agent, authentication agent or any other agent.

“*Asset Sale*” means:

- (1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Senior Secured Indenture described above under the caption “—Repurchase at the Option of Holders—Change of Control” and/or the provisions described above under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets” and not by the provisions described under the caption “—Repurchase at the Option of Holders—Asset Sales”; and
- (2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any of the Restricted Subsidiaries (in each case, other than directors’ qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than £5.0 million;
- (2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;
- (3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to a Restricted Subsidiary or the issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (4) the sale, lease or other transfer of accounts receivable, inventory or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;
- (5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries in the ordinary course of business;
- (6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;
- (7) the granting of Liens not prohibited by the covenant described above under the caption “—Certain Covenants—Liens”;
- (8) the sale or other disposition of cash or Cash Equivalents;
- (9) a Restricted Payment that does not violate the covenant described above under the caption “—Certain Covenants—Restricted Payments”, a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment;

- (10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets;
- (13) any exchange of assets (including a combination of assets, cash and Cash Equivalents) for assets related to a Permitted Business of comparable or greater market value or usefulness to the business of the Company and its Restricted Subsidiaries as a whole, as determined in good faith by the Company;
- (14) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and, in each case, comprising all or a portion of the consideration in respect of such sale or acquisition;
- (15) the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of business of the Company and its Restricted Subsidiaries taken as a whole;
- (16) to the extent taking the form of a sale or other disposition, any sale or disposition of any store site in connection with its relocation to a different site; and
- (17) a disposition that is made in connection with the establishment of a joint venture or sales, transfers and other dispositions of Investments in joint ventures to the extent required by or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture agreements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or other disposition is applied in accordance with the covenant described under “—Repurchase at the Option of Holders—Asset Sales”.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have corresponding meanings.

“*Board of Directors*” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Business Day*” means a day other than a Saturday, Sunday or other day on which banking institutions in London, Luxembourg or New York or a place of payment under the Senior Secured Indenture are authorized or required by law to close.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP (as in effect on the Issue Date for purposes of determining whether a lease is a capital lease), and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock;

- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“*Cash Equivalents*” means:

- (1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America or Switzerland (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the Pre-Expansion European Union or the United States of America or Switzerland, as the case may be, and which are not callable or redeemable at the Company’s option;
- (2) overnight bank deposits, time deposit accounts, certificates of deposit, banker’s acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition, in each case issued by (a) a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof or Switzerland, *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of £250 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated “Baa3” or higher by Moody’s or “BBB-” or higher by S&P or the equivalent rating category of another internationally recognized rating agency or (b) a bank that has accepted or issued such deposits or acceptances to the Company or any of its Restricted Subsidiaries as of the Issue Date;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;
- (4) commercial paper having one of the two highest ratings obtainable from Moody’s or S&P and, in each case, maturing within one year after the date of acquisition; and
- (5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

“*Change of Control*” means the occurrence of any of the following:

- (1) prior to an Initial Public Offering, either (x) the Permitted Holders (when taken together) are no longer the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company or (y) Malcolm Walker, Tarsem Dhaliwal, Nigel Broadhurst and Nicholas Canning and any Related Party (when taken together) are no longer the “beneficial owner” (as defined in clause (x) above), directly or indirectly, of at least 21.45% of the outstanding Capital Stock of the Company;
- (2) following an Initial Public Offering, either (x) the Permitted Holders (when taken together) are no longer the Beneficial Owners, directly or indirectly, of more than 30% of the total voting power of the Voting Stock of the Company or (y) the Company becomes aware (by way of a report or any other filing pursuant to any regulatory filing, proxy, vote, written notice or otherwise) of any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act as in effect on the Issue Date) having more total voting power of the Voting Stock of the Company than the Permitted Holders (when taken together);
- (3) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person (including any “person” as defined above), other than a Restricted Subsidiary or one or more Permitted Holders;

- (4) the adoption of a plan relating to the liquidation or dissolution of the Issuer or the Company other than in a transaction that complies with the provisions described under “—Certain Covenants—Merger, Consolidation or Sale of Assets”; or
- (5) the first day that the Company ceases to own, directly or indirectly, 100% of the outstanding Equity Interests of the Issuer.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Collateral” means (1) the assets of each of the Issuer and each Guarantor for which a Lien has been created to secure the Senior Secured Notes and the Senior Secured Note Guarantees pursuant to the Security Documents and (2) any other asset in which a security interest has been or will be granted pursuant to any Security Document to secure the Obligations under the Senior Secured Indenture, the Senior Secured Notes or any Senior Secured Note Guarantee.

“Company” means Iceland VLNco Limited and not any of its Subsidiaries.

“Consolidated EBITDA” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

- (1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*
- (2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*
- (3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) of the Company and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*
- (4) any fees, expenses, charges or other costs related to the issuance of any Capital Stock, any Permitted Investment, joint venture, acquisition, disposition, recapitalization, listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” (including refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness and (ii) any amendment or other modification of any Indebtedness; *plus*
- (5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of the Company and its Restricted Subsidiaries; *plus*
- (6) 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 or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *minus*
- (7) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (13) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; *provided that*:

- (1) any goodwill or other intangible asset amortization or impairment charge will be excluded;

- (2) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;
- (3) solely for the purpose of determining the amount available for Restricted Payments under clause(c)(i) of the first paragraph under the caption “—Certain Covenants—Restricted Payments”, any net income (loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Senior Secured Notes or the Senior Secured Indenture, (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the holders of the Senior Secured Notes than such restrictions in effect on the Issue Date and (d) any restriction listed under clauses (2), (3) or (4) of the second paragraph of the covenant described above under the caption “—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”) except that the Company’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);
- (4) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company) or in connection with the sale or disposition of securities will be excluded;
- (5) (a) any extraordinary, exceptional or unusual gain, loss or charge, (b) any asset impairments charges, or the financial impacts of natural disasters (including fire, flood and storm and related events), (c) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance or (d) any expenses, charges, reserves or other costs related to the Refinancing, in each case, will be excluded;
- (6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity-based awards will be excluded;
- (7) all deferred financing costs written off and premium paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net loss from any write-off or forgiveness of Indebtedness will be excluded;
- (8) any one time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;
- (9) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;
- (10) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies will be excluded;
- (11) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary will be excluded;
- (12) the cumulative effect of a change in accounting principles will be excluded; and
- (13) any capitalized interest on any Subordinated Shareholder Debt will be excluded.

“*Consolidated Net Leverage*” means, with respect to any Person as of any date of determination, (A) the sum without duplication of the total amount of Indebtedness (excluding Hedging Obligations that are permitted to be incurred by clause (8) of the definition of “Permitted Debt”) of such Person and its Restricted Subsidiaries on a consolidated basis determined in accordance with GAAP, less (B) the aggregate amount of cash and Cash Equivalents of such Person and its Restricted Subsidiaries on a consolidated basis; *provided* that the total amount of such cash and Cash Equivalents for purposes of this calculation shall not exceed an amount equal to 50% of the Consolidated EBITDA of such Person for the four most recent full fiscal quarters ending immediately prior to such date for which internal financial statements are available.

“*Consolidated Net Leverage Ratio*” means, with respect to any specified Person as of any date of determination, the ratio of (i) the Consolidated Net Leverage of such Person on such date (the “*Calculation Date*”) to (ii) the Consolidated EBITDA of such Person for the four most recent full fiscal quarters ending immediately prior to such date for which internal financial statements are available. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the Calculation Date, then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company), including in respect of anticipated expense and cost reduction synergies, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four quarter reference period.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four quarter reference period;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and
- (4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

“*Consolidated Total Assets*” means, with respect to any specified Person at any time, the total assets of such Person and its Subsidiaries which are Restricted Subsidiaries, in each case as shown on the most recent balance sheet of such Person, determined on a consolidated basis in accordance with GAAP.

“*Contingent Obligations*” means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any Operating Lease, dividend or other obligation that, in each case, does not constitute Indebtedness (“*primary obligations*”) of any other Person (the “*primary obligor*”), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
 - (a) for the purchase or payment of any such primary obligation; or
 - (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“*continuing*” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“*Credit Facility*” means one or more debt facilities, arrangements, instruments, trust deeds, indentures or other facilities (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, bonds, debentures, other corporate debt instruments, letters of credit, bank guarantees or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “*Credit Facility*” shall include any agreement or instrument which otherwise qualifies as a “*Credit Facility*” (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“*Currency Exchange Protection Agreement*” means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

“*Custom Bonds*” means a guarantee or bond with respect to any custom duties, excise duties or other amounts payable to a custom authority or agency in the ordinary course of business.

“*Deductible Guarantee*” means a guarantee of a deductible, excess or similar payment payable in the ordinary course of business.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Designated Non Cash Consideration*” means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as “*Designated Non Cash Consideration*” pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non Cash Consideration.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, (1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Senior Secured Notes mature or (2) provides for, either mandatorily or at the option of the holder of the Capital Stock, the payment of dividends or distributions (other than in the form of Equity Interests that are not Disqualified Stock). Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption “—Certain Covenants—Restricted Payments”. For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Senior Secured Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means an offering of Capital Stock (other than Disqualified Stock) of the Company or any Parent Holdco (to the extent the net proceeds therefrom are contributed as Subordinated Shareholder Debt or to the equity capital (other than Disqualified Stock) of the Company or any of its Restricted Subsidiaries in connection with an optional redemption of the Senior Secured Notes as described in “—Optional Redemption”) pursuant to (x) a registration statement that has been declared effective by the SEC pursuant to the Securities Act (other than a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of the Company or any Parent Holdco), or (y) Rule 144A and/or Regulation S to professional market investors or similar persons.

“*Escrowed Proceeds*” mean the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term “*Escrowed Proceeds*” shall include any interest earned on the amounts held in escrow.

“*Excluded Contribution*” means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Debt of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Company substantially concurrent with the contribution.

“*Fair Market Value*” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Company’s Chief Executive Officer, Chief Financial Officer or other responsible accounting or financial officer of the Company.

“*Finance Subsidiary*” means a wholly owned subsidiary that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to the Company or a Guarantor and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

“*Fixed Charge Coverage Ratio*” means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “*Calculation Date*”), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company), including in respect of anticipated expense and cost reduction synergies, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” (other than with respect to the incurrence of Indebtedness pursuant to clause (13) of such paragraph) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or

subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the Calculation Date;
- (4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;
- (5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and
- (6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

“*Fixed Charges*” means, with respect to any specified Person for any period, the sum, without duplication, of:

- (1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings; *plus*
- (2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*
- (3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*
- (4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*
- (5) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary.

“*GAAP*” means generally accepted accounting principles in the United Kingdom, consistently applied, as in effect as of the Issue Date (“*UK GAAP*”); *provided* that for purposes of the covenant described under the caption “—Reports,” as in effect from time to time. At any time after the Issue Date, the Company may elect to apply for all purposes of the Senior Secured Indenture, in lieu of UK GAAP, IFRS, and, upon such election, references to GAAP herein will be construed to mean IFRS as in effect at the Issue Date; *provided* that (1) all financial statements and reports to be provided, after such election, pursuant to the Senior Secured Indenture shall be prepared on the basis of IFRS as in effect from time to time (including that, upon first reporting its fiscal year results under IFRS, the Company shall restate its financial statements on the basis of IFRS for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of IFRS), and (2) from and after such election, all ratios, computations, and other determinations based on GAAP contained in the Senior Secured Indenture shall, at the Company’s option, (a) continue to be computed in conformity with UK GAAP (*provided* that, following such election, the annual and quarterly information

required by clauses (1) and (2) of the first paragraph of the covenant described under “—Certain Covenants—Reports”, shall include a reconciliation, either in the footnotes thereto or in a separate report delivered therewith, of such UK GAAP presentation to the corresponding IFRS presentation of such financial information), or (b) be computed in conformity with IFRS with retroactive effect being given thereto assuming that such election had been made on the Issue Date. Thereafter, the Company may, at its option, elect to apply UK GAAP or IFRS and compute all ratios, computations and other determinations based on UK GAAP or IFRS, as applicable, all on the basis of the foregoing provisions of this definition of GAAP.

“*Gilt Rate*” means, with respect to any redemption date, the yield to maturity as of such redemption date of UK Government Securities with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent Financial Statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such Financial Statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to July 15, 2019 with respect to the 2024 Fixed Rate Notes, July 15, 2017 with respect to the 2021 Fixed Rate Notes, and to July 15, 2015 with respect to the Floating Rate Notes; *provided, however*, that if the period from such redemption date to July 15, 2019 with respect to the 2024 Fixed Rate Notes, to July 15, 2017 with respect to the 2021 Fixed Rate Notes, and to July 15, 2015 with respect to the Floating Rate Notes, is less than one year, the weekly average yield on actually traded UK Government Securities denominated in pounds sterling adjusted to a fixed maturity of one year shall be used.

“*Guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

“*Guarantors*” means, collectively, the Company and the Subsidiary Guarantors.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

“*IFRS*” means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union and in effect on the date of any calculation or determination required hereunder.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;
- (3) representing reimbursement obligations in respect of letters of credit, bankers’ acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; and
- (6) representing any Hedging Obligations;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with GAAP. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The term “*Indebtedness*” shall not include:

- (1) Subordinated Shareholder Debt;
- (2) any Operating Lease and any Guarantee given by the Company or any of its Restricted Subsidiaries in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any of its Restricted Subsidiaries under any Operating Lease;
- (3) Contingent Obligations in the ordinary course of business;
- (4) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing;
- (5) the avoidance of doubt, any contingent obligations in respect of workers’ compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;
- (6) Indebtedness in respect of the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of standby letters of credit, rental guarantees, Deductible Guarantees, Customs Bonds, performance guarantees or bonds or surety bonds provided by or at the request of the Company or any of its Restricted Subsidiaries in the ordinary course of business (including standby letters of credit, rental guarantees, Deductible Guarantees, Customs Bonds, performance guarantees or bonds or surety bonds in respect of such standby letters of credit, rental guarantees, Deductible Guarantees, Customs Bonds, performance guarantees or bonds or surety bonds or obligations under any license, permit or other approval (or guarantees given in respect of such obligations)) to the extent such standby letters of credit, rental guarantees, Deductible Guarantees, Customs Bonds, performance guarantees or bonds or surety bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than 30 days following receipt by such Person of a demand for reimbursement following payment on the standby letter of credits, rental guarantees, Deductible Guarantees, Customs Bonds, performance guarantees or bonds or surety bonds; or
- (7) deferred or prepaid revenues including prepayments or deposits received from clients or customers.

“*Initial Public Offering*” means a Public Equity Offering of common stock or other common equity interests of the Company or any Parent Holdco of the Company or any successor of the Company or any Parent Holdco of the Company (the “*IPO Entity*”) following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“*Intercreditor Agreement*” means the intercreditor agreement, dated on or around the Issue Date between, among others, the Issuer, the Guarantors, the Trustee, the Security Agent and the administrative agent of the Revolving Credit Facility on behalf of the lenders and hedge counterparties thereunder, as amended, amended and restated or otherwise modified from time to time.

“*Investment Grade Status*” shall occur when the Senior Secured Notes are rated “Baa3” or better by Moody’s and “BBB-” or better by S&P (or, if either such entity ceases to rate the Senior Secured Notes, the equivalent investment grade credit rating from any other “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Company as a replacement agency).

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with GAAP. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company’s Investments in such Restricted Subsidiary that were not sold or disposed of in an amount

determined as provided in the final paragraph of the covenant described above under the caption “—Certain Covenants—Restricted Payments”. The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption “—Certain Covenants—Restricted Payments”. The amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

“*IPO Market Capitalization*” means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering *multiplied* by (2) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

“*Issue Date*” means July 17, 2014.

“*Lien*” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

“*Management Advances*” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Company or any Restricted Subsidiary: (1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business; (2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; and (3) in the ordinary course of business not exceeding £5.0 million in the aggregate outstanding at any time.

“*Market Capitalization*” means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend *multiplied* by (2) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Net Cash Proceeds*” means, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Debt, the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

“*Net Proceeds*” means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any Designated Non-Cash Consideration or other non-cash consideration or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale and the sale of such Designated Non-Cash Consideration or other non-cash consideration, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than the Company or any Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP.

“*Non-Recourse Debt*” means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“*Offering Memorandum*” means the Offering Memorandum dated July 10, 2014 relating to the sale of the Senior Secured Notes.

“*Officer*” means, with respect to any Person, the Chief Executive Officer and the Chief Financial Officer of such Person or a responsible accounting or financial officer of such Person.

“*Officer’s Certificate*” means a certificate signed by an Officer.

“*Operating Lease*” means a lease that would have been classified as an operating lease under generally accepted accounting principles in the United Kingdom in effect at the Issue Date.

“*Parent Holdco*” means any direct or indirect parent company or entity of the Company.

“*Parent Senior Notes*” means senior notes issued by a finance subsidiary of either (i) TopCo or (ii) any other Parent Holdco as “High Yield Notes Issuer” under the Intercreditor Agreement or any Additional Intercreditor Agreement which, in each case, is guaranteed by the Company or any of its Restricted Subsidiaries.

“*Pari Passu Indebtedness*” means (1) any Indebtedness of the Issuer that is *pari passu* in right of payment to the Senior Secured Notes and (2) with respect to any Senior Secured Note Guarantee, Indebtedness which ranks *pari passu* in right of payment to such Senior Secured Note Guarantee.

“*Permitted Business*” means (1) any businesses, services or activities engaged in by the Company or any of the Restricted Subsidiaries on the Issue Date and (2) any businesses, services and activities engaged in by the Company or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“*Permitted Collateral Lien*” means:

- (1) Liens on the Collateral to secure the Senior Secured Notes on the Issue Date and the Senior Secured Note Guarantees and any Permitted Refinancing Indebtedness in respect thereof (and any Permitted Refinancing Indebtedness in respect of Permitted Refinancing Indebtedness); *provided* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;
- (2) Liens on the Collateral that are described in one or more of clauses (2), (3), (6), (7), (8), (9), (12), (13), (14), (15), (16), (17), (18), (20), (21), (22), (23), (24), (25), (26), (29), (30) (but in the case of clause (30) only to the extent it relates to any of the foregoing), (32), (33), (35) and (36) of the definition of “Permitted Liens” and that, in each case, would not materially interfere with the ability of the Security Agent to enforce any Lien over the Collateral;
- (3) Liens on the Collateral to secure any Indebtedness (including any Additional Senior Secured Notes) that are permitted to be incurred under (a) the first paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”, provided that, on the date of such incurrence after giving *pro forma* effect thereto and the application of net proceeds therefrom, the Senior Secured Leverage Ratio of the Company would have been no more than 4.5 to 1.0, (b) clause (13) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”, provided that, at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred and after giving effect to such acquisition or other transaction and to the incurrence of such Indebtedness on a *pro forma* basis, the Senior Secured Leverage Ratio of the Company would have been no more than 4.5 to 1.0, (c) clause (17) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” and (d) any Permitted Refinancing Indebtedness in respect of Indebtedness specified in clause (a) or (b) above (and any Permitted Refinancing Indebtedness in respect of Permitted Refinancing Indebtedness); and
- (4) Liens on the Collateral to secure any Indebtedness that is permitted to be incurred under clauses (1), (5) (to the extent the Indebtedness refinanced was secured by Liens on the Collateral on a *pari passu* or priority basis to the Senior Secured Notes or the Senior Secured Note Guarantees), (8), (9) (in the case of clause (9), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in clauses (3) and (4) of the definition of “Permitted Collateral Liens”) and (18) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” and any Permitted Refinancing Indebtedness in respect of any of the foregoing (and any Permitted Refinancing Indebtedness in respect of Permitted Refinancing Indebtedness),

provided, however, in the case of clauses (3) and (4), that:

- (a) any such Indebtedness is subject to the Intercreditor Agreement or to an Additional Intercreditor Agreement; and
- (b) the Collateral securing such Indebtedness shall also secure the Senior Secured Notes or the Senior Secured Note Guarantees on a senior or *pari passu* basis; provided that with respect to (i) Indebtedness that is incurred under clause (1) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” and (ii) Indebtedness that is incurred under clause (8) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” (x) entered into with respect to the Senior Secured Notes or to other Indebtedness that ranks *pari passu* with the Senior Secured Notes or any Senior Secured Note Guarantees and is permitted to be secured and is secured on the Collateral on at least an equal ranking basis with the Senior Secured Notes pursuant to clauses (1), (3) and (4) of this definition of “Permitted Collateral Liens” or (y) relating other amounts (to the extent that the notional amount in respect of such Hedging Obligations does not exceed £10.0 million in aggregate and such Hedging Obligations are designated as super senior Hedging Obligations in accordance with the Intercreditor Agreement and/or any Additional Intercreditor Agreement), such Indebtedness may receive priority with respect to distributions of proceeds of any enforcement of Collateral.

“*Permitted Holders*” means, collectively, (1) Malcolm Walker, Tarsem Dhaliwal, Nigel Broadhurst, Nicholas Canning, Brait SE, Landmark Group, Lord Graham Kirkham and any Related Party and (2) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent Holdco of the Company or the Company, acting in such capacity. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Senior Secured Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“*Permitted Investments*” means:

- (1) any Investment in the Company or in a Restricted Subsidiary;
- (2) any Investment in cash and Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption “—Repurchase at the Option of Holders—Asset Sales”;
- (5) any Investment made solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or any Parent Holdco or Subordinated Shareholder Debt;
- (6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;
- (7) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;
- (8) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”;
- (9) Investments in the Senior Secured Notes and any other Indebtedness of the Company or any Restricted Subsidiary;
- (10) any Guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”;

- (11) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Senior Secured Indenture;
- (12) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets” after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (13) Management Advances;
- (14) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (14) that are at the time outstanding not to exceed the greater of £75.0 million and 4.0% of Consolidated Total Assets of the Company, *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption “—Certain Covenants—Restricted Payments”, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of “Permitted Investments” and not this clause (14);
- (15) Investments in joint ventures and similar entities and Unrestricted Subsidiaries having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding, not to exceed £25.0 million, *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption “—Certain Covenants—Restricted Payments”, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of “Permitted Investments” and not this clause (15);
- (16) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses or leases of intellectual property, in each case in the ordinary course of business; and
- (17) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business.

“*Permitted Liens*” means:

- (1) Liens in favor of the Company or any of the Restricted Subsidiaries;
- (2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;
- (3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases, Deductible Guarantees, Customs Bonds, performance bonds, guarantees, rental guarantees or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);
- (4) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant entitled “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” covering only the assets acquired with or financed by such Indebtedness;
- (5) Liens existing on the Issue Date after giving *pro forma* effect to the use of proceeds of the Senior Secured Notes as set forth in the Offering Memorandum;

- (6) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings (so long as adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP);
- (7) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;
- (8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (9) Liens in favor of energy or utility suppliers in the ordinary course of business;
- (10) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";
- (11) Liens to secure any Permitted Refinancing Indebtedness (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clause (19) of this definition) permitted to be incurred under the Senior Secured Indenture; *provided, however*, that:
 - (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to such property or proceeds or distributions thereof); and
 - (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;
- (12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;
- (13) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under applicable jurisdiction) in connection with operating leases in the ordinary course of business;
- (14) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts (including any Lien created or subsisting over any asset held in any securities depository or any clearing house pursuant to the standard terms and procedures of the relevant securities depository or clearing house applicable in the normal course of trading), Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings;
- (15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (17) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;
- (18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;
- (19) Liens incurred by the Company or any Restricted Subsidiary to secure Indebtedness in an aggregate amount not to exceed £20.0 million at any one time outstanding;
- (20) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

- (21) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (22) Liens securing or arising by reason of any netting or set-off arrangement pursuant to hedging arrangements not for speculative purposes (as determined in good faith by the Company) or entered into in the ordinary course of banking or other trading activities;
- (23) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;
- (24) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;
- (25) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal;
- (26) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;
- (27) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Senior Secured Indenture and securing that Indebtedness;
- (28) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;
- (29) Liens over treasury stock of the Company or a Restricted Subsidiary purchased or otherwise acquired for value by the Company or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;
- (30) any interest or title of a lessor under any operating lease;
- (31) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;
- (32) Liens encumbering cash deposits in bank accounts established to provide cash collateral to letters of credit, guarantees, Ancillary Facilities and similar instruments to the extent permitted under the Senior Secured Indenture (a) that were issued prior to the Issue Date or (b) which cash collateral in aggregate shall not exceed £30.0 million at any time (excluding any cash collateral permitted pursuant to clause (a));
- (33) Liens incurred in connection with a cash management program established in the ordinary course of business;
- (34) Liens created for the benefit of (or to secure) the Senior Secured Notes and Senior Secured Note Guarantees;
- (35) Liens on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted Subsidiary; provided that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such acquisition and do not extend to any other property owned by the Company or any Restricted Subsidiary;
- (36) Liens over rental deposits arising in the ordinary course of day-to-day business in respect of any property leased or licensed by the Company or any Restricted Subsidiary, provided that the deposit does not exceed an amount or term which is customary for such rental deposits (including, without limitation, any rental deposits existing on the Issue Date); and
- (37) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (36) (but excluding clauses (4) and (19)); *provided* that any such Lien is

limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced.

“*Permitted Parent Payments*” means the declaration and payment of dividends or other distributions, or the making of loans, by the Company or any of its Restricted Subsidiaries to any Parent Holdco, or the payment by the Company or any of its Restricted Subsidiaries in amounts on behalf of any Parent Holdco, in amounts and at times required to pay:

- (1) franchise fees and other fees, taxes and expenses required to maintain the corporate existence of any Parent Holdco;
- (2) general corporate overhead expenses of any Parent Holdco to the extent such expenses are attributable to the ownership or operation of the Company and its Restricted Subsidiaries or related to the proper administration of such Parent Holdco (including fees and expenses properly incurred in the ordinary course of business to auditors and legal advisors and payments in respect of services provided by directors, officers, consultants, or employees of any such Parent Holdco) not to exceed £3.0 million in any 12 month period (for the avoidance of doubt, excluding any payments otherwise permitted pursuant to another clause under this definition of “*Permitted Parent Payments*”);
- (3) (a) salaries, fees, costs, expenses and other benefits receivable by current and future executive directors and non-executive directors of any Parent Holdco pursuant to service contracts with such Parent Holdco or their terms of appointment (as applicable) and (b) to the extent approved by the Board of Directors of the Company or such Parent Holdco, bonuses payable to such current and future executive directors and non-executive directors, in each case to the extent such salaries, fees, costs, expenses, other benefits and bonuses are (i) recharged to the Company or any of its Restricted Subsidiaries and (ii) are receivable in connection with services rendered for the benefit of the Company and its Restricted Subsidiaries;
- (4) any payments or other transactions pursuant to a tax sharing agreement between the Company and any other Person or a Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided, however*, that any such tax sharing or arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Company and its Restricted Subsidiaries on a stand-alone basis;
- (5) costs (including all professional fees and expenses) incurred by any Parent Holdco in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self regulatory body or stock exchange, the Senior Secured Indenture or any other agreement or instrument relating to Indebtedness of the Company or any of its Restricted Subsidiaries, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder; and
- (6) fees and expenses of any Parent Holdco incurred in relation to any public offering or other sale of Capital Stock or Indebtedness (whether or not completed) (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or any of its Restricted Subsidiaries; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any Parent Holdco will cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

“*Permitted Refinancing Indebtedness*” means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

- (1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate

issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

- (2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Senior Secured Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;
- (3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually subordinated in right of payment to the Senior Secured Notes or the Senior Secured Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Senior Secured Notes or the Senior Secured Note Guarantees, as the case may be, on terms at least as favorable to the holders of Senior Secured Notes or the Senior Secured Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and
- (4) if the Company or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Company, the Issuer, a Finance Subsidiary or by a Guarantor.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*pounds*” means British pounds sterling, the lawful currency of the United Kingdom.

“*Pre-Expansion European Union*” means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

“*Proceeds Loans*” means the loan or loans between Iceland Foods Limited, as borrower, and the Issuer, as lender, for the amount of the proceeds received by the Issuer from the offering of the Senior Secured Notes on the Issue Date and described in “—The Proceeds Loans.”

“*Proceeds Loan Agreement*” means that certain proceeds loan agreement, dated as of the Issue Date, by and between the Issuer and Iceland Foods Limited pursuant to which the Proceeds Loans were made, as the same may be amended from time to time in accordance with the terms of the Senior Secured Indenture.

“*Public Equity Offering*” means, with respect to any Person, a bona fide underwritten primary public offering of the ordinary shares or common equity of such Person, either:

- (1) pursuant to a flotation on the London Stock Exchange or any other nationally recognized stock exchange or listing authority in a member state of the Pre-Expansion European Union; or
- (2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

“*Public Market*” means any time after:

- (1) a Public Equity Offering has been consummated; and
- (2) shares of common stock or other common equity interests of the IPO Entity having a market value of at least £100 million on the date of such Public Equity Offering have been distributed pursuant to such Public Equity Offering.

“*Refinancing*” has the meaning given to such term in the Offering Memorandum.

“*Related Party*” means:

- (1) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual), of any of Malcolm Walker, Tarsem Dhaliwal, Nigel Broadhurst, Nicholas Canning, Brait SE, Landmark Group or Lord Graham Kirkham; or

- (2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which consist of any one of Malcolm Walker, Tarsem Dhaliwal, Nigel Broadhurst, Nicholas Canning, Brait SE, Landmark Group, Lord Graham and/or such other Persons referred to in the immediately preceding clause.

“*Representative*” means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Subsidiary*” means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

“*Revolving Credit Facility*” means the revolving credit facility agreement entered into on or prior to the Issue Date among the Issuer, as borrower, certain of the Company’s Subsidiaries, as guarantors, and certain financial institutions, with aggregate availability on the Issue Date of up to £30.0 million of committed financing (and up to an additional £20.0 million of uncommitted financing), as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement, indenture, trust deed or other facility providing for revolving credit loans, term loans, receivables financing, letters of credit, bonds, notes debentures or other corporate debt instruments or other Indebtedness, in each case, extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements (including any indenture, trust deed or credit facility) or any successor or replacement agreement or agreements (including any indenture, trust deed or credit facility) or increasing the amount loaned thereunder (subject to compliance with the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”) or altering the maturity thereof.

“*S&P*” means Standard & Poor’s Ratings Group.

“*SEC*” means the United States Securities and Exchange Commission.

“*Securities Act*” means the United States Securities Act of 1933, as amended.

“*Security Agent*” means HSBC Corporate Trustee Company (UK) Limited, as security agent pursuant to the Intercreditor Agreement, or any successor or replacement security agent acting in such capacity.

“*Security Documents*” means the debenture, dated on or around the Issue Date, among the Company and certain of its Subsidiaries, as chargors, and the Security Agent, and any other document that provides for a Lien over any Collateral for the benefit of the holders of the Senior Secured Notes, in each case, as amended, supplemented or restated from time to time.

“*Senior Secured Debt*” means, with respect to any Person as of any date of determination, any Indebtedness of such Person and its Restricted Subsidiaries that is secured by a Permitted Collateral Lien pursuant to the definition thereof determined on a consolidated basis in accordance with GAAP (other than any Indebtedness secured by such a Lien on a junior priority basis) or (ii) is incurred by a Restricted Subsidiary that is not the Issuer or a Guarantor.

“*Senior Secured Leverage*” means, with respect to any Person as of any date of determination, the sum without duplication of the total amount of Senior Secured Debt (excluding Hedging Obligations that are permitted to be incurred by clause (8) of the definition of “Permitted Debt”) of such Person and its Restricted Subsidiaries on a consolidated basis determined in accordance with GAAP.

“*Senior Secured Leverage Ratio*” means, with respect to any specified Person as of any date of determination, the ratio of (i) the Senior Secured Leverage of such Person on such date (the “*Calculation Date*”) to (ii) the Consolidated EBITDA of such Person for the four most recent full fiscal quarters ending immediately prior to such date for which internal financial statements are available. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Senior Secured Leverage Ratio is being calculated and on or prior to the Calculation Date, then the Senior Secured Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company), including in respect of anticipated expense and cost reduction synergies, to such incurrence, assumption,

guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four quarter reference period; *provided, however*, that the *pro forma* calculation of Senior Secured Leverage Ratio shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock” (other than with respect to the incurrence of Indebtedness pursuant to clause (13) of such paragraph) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock”.

In addition, for purposes of calculating the Senior Secured Leverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four quarter reference period;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and
- (4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

“*Senior Secured Note Guarantee*” means the Guarantee by each Guarantor of the Company’s obligations under the Senior Secured Indenture and the Senior Secured Notes, executed (including by way of supplemental indenture, if applicable) pursuant to the provisions of the Senior Secured Indenture.

“*Significant Subsidiary*” means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (2) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date or the date of incurrence, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Shareholder Debt*” means Indebtedness of the Company held by one or more of its direct or indirect shareholders; *provided* that such Indebtedness (and any security into which such Indebtedness is convertible or for which it is exchangeable at the option of the holder) (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Senior Secured Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition), (2) does not pay cash interest prior to the first anniversary of the Stated Maturity of the Senior Secured Notes, (3) contains no change of control provisions and has no right to declare a default or event of default or take any enforcement action prior to the first anniversary of the Stated Maturity of the Senior Secured Notes, (4) is unsecured and (5) is fully subordinated and junior in right of payment to the Senior Secured Notes; *provided, however*, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Company as of the date of such event of circumstance, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuances of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

“*Subsidiary*” means, with respect to any specified Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“*Subsidiary Guarantors*” means each of Iceland Midco Limited, Iceland Acquico Limited, Iceland Foods Group Limited, Bejam Group Limited, Iceland Foods Limited and any other Subsidiary of the Company that executes a Senior Secured Note Guarantee in accordance with the provisions of the Senior Secured Indenture, and their respective successors and assigns, in each case, until the Senior Secured Note Guarantee of such Person has been released in accordance with the provisions of the Senior Secured Indenture.

“*Tax*” means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax).

“*Taxes*” and “*Taxation*” shall be construed to have corresponding meanings.

“*TopCo*” means Iceland TopCo Limited.

“*UK Government Securities*” means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company (other than any successor to the Issuer) that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

- (1) has no Indebtedness other than Non-Recourse Debt;
- (2) except as permitted by the covenant described above under the caption “—Certain Covenants—Transactions with Affiliates”, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and
- (3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results.

“*Voting Stock*” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amounts of such Indebtedness.

Book-entry, delivery and form

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “**Rule 144A Global Note**”). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “**Regulation S Global Note**” and, together with the Rule 144A Global Note, the “**Global Notes**”). The Global Notes will be deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the account of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (the “**Rule 144A Book-Entry Interests**”) and ownership of interests in the Regulation S Global Note (the “**Regulation S Book-Entry Interests**” and, together with the Rule 144A Book-Entry Interests, the “**Book-Entry Interests**”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons who hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of certain jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or “holders” of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture. Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised us that it 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 or waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Indenture, Euroclear and Clearstream, at the request of the Noteholders, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the “**Definitive Registered Notes**”), and to distribute such Definitive Registered Notes to their participants.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- (1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days; or
- (2) if the owner of a Book Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests and not only to the owner who made the initial request.

In such an event, the Issuer will issue, and the Trustee will authenticate or cause to be authenticated, the Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the relevant Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying Agents and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such.

The Registrar will send a copy of the Register to the Issuer upon the Issuer's request and after any change to the Register made by the Registrar, with such copy to be held by the Issuer and at its registered office. For purposes of the laws of England and Wales, ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Principal Paying Agent for onward payment to Euroclear and Clearstream, who will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of Senior Secured Notes—Additional amounts*". If any such deduction or withholding is required to be made, then, to the extent described under "*Description of Senior Secured Notes—Additional amounts*" above, we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that the customer instructions and customary practices between the participants and Euroclear and Clearstream will govern payments by such participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we, the Paying Agents, the Transfer Agent, the Registrar and the Trustee will treat the registered holders of the Global Notes (e.g., Euroclear or Clearstream or their respective nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee or any of its agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- 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 to holders of Book-Entry Interests to such Notes through Euroclear or Clearstream in pounds Sterling.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture governing the Notes.

The Global Notes will bear a legend to the effect set forth under "*Transfer restrictions*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer restrictions*".

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A 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 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 under the Securities Act in a transaction meeting the requirements of Rule 144A under the Securities Act or otherwise in accordance with the transfer restrictions described under "*Transfer restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of Senior Secured Notes—Transfer and exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer restrictions*".

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions

between their participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of certain jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global clearance and settlement under the book-entry system

The Notes represented by the Global Notes are expected to be listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, the Trustee or the Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in pounds Sterling. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Tax considerations

U.S. federal income tax considerations

The following is a summary of certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) acquiring, holding and disposing of Notes. This summary addresses only the U.S. federal income tax considerations for initial purchasers of Notes at their original issuance at their issue price (as defined below) that will hold the Notes as capital assets (generally, property held for investment). This summary is based on the U.S. Internal Revenue Code of 1986 (the “Code”), final, temporary and proposed U.S. Treasury regulations and administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organizations; (vii) partnerships or other pass-through entities, or persons that hold Notes through pass-through entities; (viii) holders that are not U.S. Holders; (ix) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (x) investors that have a reporting currency other than the U.S. Dollar and (xi) U.S. expatriates and former long-term residents of the United States), all of whom may be subject to tax rules that differ significantly from those summarized below. This summary does not address U.S. federal estate, gift, Medicare contribution or alternative minimum tax considerations, or non-U.S., state or local tax considerations.

For the purposes of this summary, a “**U.S. Holder**” is a beneficial owner of Notes that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organized under the laws of, the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (iv) a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more United States persons who have the authority to control all substantial decisions of the trust, or (B) if a valid election is in place to treat the trust as a United States person. If a partnership holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership that holds Notes, the holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and disposition of the Notes.

Interest

Payments of interest on a Note that is “qualified stated interest” (interest that is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually at a single fixed rate) will be includible in the gross income of a U.S. Holder as ordinary interest income at the time the interest is received or accrued, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes. The amount of income recognized by a cash basis U.S. Holder will be the U.S. Dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. Dollars. An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or taxable year, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. Dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service (“IRS”).

Under either of these two methods, upon receipt of the interest payment an accrual basis U.S. Holder will recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars. Interest paid by the Issuer on the Notes will generally constitute income from sources outside the United States.

Sale, exchange or other taxable disposition

Upon the sale, exchange or other taxable disposition of a Note, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the U.S. Dollar value of the amount realized on the date of sale or other taxable disposition (other than amounts attributable to accrued and unpaid interest, which will generally be taxable to the extent not previously included in income as described above under “—*Interest*”) and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will equal the U.S. Dollar value of the purchase price of the Notes on the date of purchase. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. Holder and, if it so elects, an accrual basis U.S. Holder, will determine the U.S. Dollar value of such foreign currency by translating such amount at the spot rate on the settlement date of the disposition or the purchase, as applicable.

Any gain or loss recognized by a U.S. Holder on the sale, exchange or other taxable disposition of a Note (except as discussed below with respect to exchange gain or loss) will generally be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the sale, exchange or other taxable disposition. Net long-term capital gain recognized by a non-corporate U.S. Holder generally is eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognized by a U.S. Holder on the sale or other disposition of a Note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss. Gain or loss attributable to changes in exchange rates generally will equal the difference, if any, between (i) the U.S. Dollar value of the U.S. Holder’s foreign currency purchase price for the Note, determined at the exchange rate in effect on the date the U.S. Holder disposes of the Note, and (ii) the U.S. Dollar value of the U.S. Holder’s purchase price for the Note, determined at the exchange rate in effect on the date the U.S. Holder purchased such Note. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction.

U.S. information reporting, backup withholding and certain tax return disclosure requirements

Payments of principal and interest on, and the proceeds of a sale, exchange or other taxable disposition of the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with the applicable backup withholding requirements. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder’s U.S. federal income tax liability. A U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

Certain U.S. Holders that own “specified foreign financial assets” that meet certain U.S. Dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of these disclosure requirements to their ownership of the Notes.

Reportable transactions

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds certain specified thresholds in a single taxable year. Accordingly, if a U.S. Holder realizes a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the such thresholds, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to penalties. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

United Kingdom tax considerations

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer’s understanding of current United Kingdom law and published HM Revenue and Customs (“**HMRC**”)

practice relating only to certain aspects of United Kingdom taxation. The following is not exhaustive and does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payment of interest on the Notes

Payments of interest on the Notes may be made without deduction or withholding of or on account of United Kingdom income tax provided that the Notes continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Income Tax Act 2007 (the “**Quoted Eurobond Exemption**”). The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. The Notes will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Euro MTF. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered Noteholders, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

Payments by a Guarantor

If a Guarantor makes any payments in respect of interest on the Notes (or in respect of other amounts due under the Notes other than the repayment of amounts subscribed for such Notes) such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply. Such payments by a Guarantor may not, however, be eligible for the Quoted Eurobond Exemption from the obligation to withhold tax described above.

Stamp duty and stamp duty reserve tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Notes or, assuming that (i) the interest on the Notes does not exceed a reasonable commercial return on the nominal amount of the capital and (ii) any right on repayment of the Notes to an amount which exceeds the nominal amount of the Notes is reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of the London Stock Exchange, on a transfer of the Notes.

EU Savings Directive

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

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

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

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the *Description of Senior Secured Notes*) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

The proposed financial transaction tax

On February 14, 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transaction tax, or FTT, in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s 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) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by January 1, 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

Certain ERISA considerations

Unless otherwise provided in any supplement to this Offering Memorandum, the Notes should be eligible for purchase by employee benefit plans and other plans subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), and/or the provisions of Section 4975 of the Code and by governmental, church and non-U.S. plans that are subject to state, local, other federal law of the United States or non-U.S. law that is substantially similar to ERISA or the Code (“**Similar Law**”) subject to consideration of the issues described in this section. ERISA imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under “*Risk factors*”.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the “**Plans**”)) and certain persons (referred to as “**parties in interest**,” within the meaning of Section 3(14) of ERISA or “**disqualified persons**” within the meaning of Section 4975 of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a Plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or the Code.

The Issuer, the Guarantors, the Initial Purchasers or any other party to the transactions referred to in this Offering Memorandum may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan, including but not limited to where the Issuer, the Guarantors, the Initial Purchasers or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are the Prohibited Transaction Class Exemptions (“**PTCEs**”) issued by the U.S. Department of Labor, including without limitation PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code, respectively, for the purchase and sale of securities, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan receives no less, and pays no more, than adequate consideration in connection with the transaction. Prospective investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

Accordingly, except as otherwise provided in any supplement to this Offering Memorandum, each purchaser and subsequent transferee of any Notes will represent and warrant, on each day from the date on which the purchaser or transferee acquires such Notes (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Notes (or any interest therein), either that (a) it is not a Plan or any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include, the assets of any

Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law or (b) its acquisition, holding and disposition of such Notes (or any interest therein) will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any Similar Law) for which an exemption is not available.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).

The sale of any Notes to a Plan is in no respect a representation by the Issuer, the Guarantors, the Initial Purchasers or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Any further ERISA considerations with respect to the Notes may be found in the relevant supplement.

Plan of distribution

Subject to the terms and conditions set forth in a purchase agreement (the “**Purchase Agreement**”) to be dated as of the date of this Offering Memorandum, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase the Notes from the Issuer.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. In addition, the Issuer and the Guarantors have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities issued or guaranteed by the Issuer or the Guarantors that have a tenor of more than one year during the period from the date of the Purchase Agreement through and including the date that is 75 days after the date of the Purchase Agreement without the prior written consent of Credit Suisse Securities (Europe) Limited and J.P. Morgan Securities plc.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under “*Transfer restrictions*”.

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the 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
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes and the Guarantees may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes and the Guarantees may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. See “*Transfer restrictions*”.

The Notes and the Guarantees 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 trade the Notes on the Luxembourg Stock Exchange’s Euro MTF market thereof, however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See *“Risk factors—Risks related to the Notes and the Notes Guarantees—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.”*

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be five 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 + 5”). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the following day 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 Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

In connection with the Offering, a stabilizing manager, or person acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, a stabilizing manager may bid for and purchase Notes in the open markets for the purpose of pegging, fixing or maintaining the price of the Notes. A stabilizing manager may also over-allot the Offering (provided that the aggregate principal amount of Notes allotted does not exceed 105% of the aggregate principal amount of the Notes that are the subject of this Offering), creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the offering of the Notes is made and, if commenced, may be discontinued at any time at the sole discretion of the Initial Purchasers. If these activities are commenced, they must end no later than the earlier of 30 days after the date of issuance of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

Certain of the lenders under the Existing Term Loans may agree to purchase Floating Rate Notes in a non-cash transaction whereby such lenders will exchange certain of our existing indebtedness that they hold for Floating Rate Notes. Such investors may purchase all or substantially all of the Floating Rate Notes and may be less likely to trade the Floating Rate Notes, which may affect the future liquidity of the Floating Rate Notes.

The Initial Purchasers or their respective affiliates have engaged in, and may in the future engage in, investment banking, financial advisory, consulting, commercial banking and other commercial dealings in the ordinary course of business with the Issuer, its principal shareholders or its affiliates. They have received, and expect to receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and trading activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates (including the Notes).

Certain of the Initial Purchasers, or affiliates thereof, are lenders under the Existing Senior Facilities Agreement or hold a portion of the Vendor Loan Note, in each case which will be repaid and cancelled with the

proceeds from the Offering. Additionally, HSBC Bank plc and/or its affiliates will be the lender and agent under the Revolving Credit Facility and will act as Security Agent in connection with the Collateral, and will receive customary fees for its services in such capacities.

Transfer restrictions

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

- (1) You acknowledge that:
 - (a) the Notes have not been registered under the U.S. Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the U.S. Securities Act or any other securities laws; and
 - (b) 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 U.S. Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraphs (5) and (6) below.
- (2) You acknowledge that this Offering Memorandum relates to an offering that is exempt from registration under the U.S. Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.
- (3) You represent that you are not an affiliate (as defined in Rule 144 under the U.S. Securities Act) of ours, that you are not acting on our behalf and that either:
 - (a) you are a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A; or
 - (b) you are not a U.S. person (as defined in Regulation S under the U.S. Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing Notes in an offshore transaction in accordance with Regulation S.
- (4) You acknowledge that none of us, the Issuer or the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us, the Issuer or the Offering, other than the information contained in this Offering Memorandum. Accordingly, you acknowledge that no representation or warranty is made by the Initial Purchasers or any person representing the Initial Purchasers as to the accuracy or completeness of such materials. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from us and the Initial Purchasers.
- (5) You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the U.S. Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing 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 the Issuer;
 - (b) 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; or
 - (c) through offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the U.S. Securities Act,

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 and to compliance with any applicable state securities laws and any applicable local laws and regulations.

You also acknowledge that to the extent that you hold the Notes through an interest in a global note, the Resale Restriction Period (as defined below) may continue for so long as the Notes are outstanding.

(6) You also acknowledge that:

- (a) the above restrictions on resale will apply from the issue date until the date that the Notes are no longer outstanding (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the Issue Date and when the Notes or any predecessor of the Notes are first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the “**Resale Restriction Period**”), and will not apply after the applicable Resale Restriction Period ends;
- (b) we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under paragraph (5) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and
- (c) each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE 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 WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [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 (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S, ONLY (A) TO THE ISSUER, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT. THE HOLDER AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY SIMILAR TO THE EFFECT OF THIS LEGEND. *IN THE CASE OF REGULATION S NOTES:* BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER HEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED (A) EITHER THAT (1) IT IS NOT AN “EMPLOYEE BENEFIT PLAN” SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR A PLAN SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), SUCH AS AN INDIVIDUAL RETIREMENT ACCOUNT, OR AN ENTITY THAT IS DEEMED TO HOLD THE ASSETS OF SUCH PLANS (COLLECTIVELY, “**PLANS**”), IT IS NOT ACTING ON BEHALF OF A PLAN AND NO ASSETS OF A PLAN OR NON-U.S. PLAN, “GOVERNMENTAL PLAN” (AS DEFINED IN SECTION 3(32) OF ERISA) OR “CHURCH PLAN” (AS DEFINED IN SECTION 3(33) OF ERISA, THAT HAS NOT MADE ELECTIONS UNDER SECTION 410(D) OF THE CODE) HAVE BEEN USED TO ACQUIRE THIS SECURITY OR AN INTEREST HEREIN, OR (2) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY OR AN INTEREST HEREIN BY THE HOLDER DOES NOT CONSTITUTE A NON-EXEMPT

PROHIBITED TRANSACTION UNDER ERISA OR THE CODE OR A VIOLATION OF STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FOREGOING PROVISIONS OF ERISA OR THE CODE, AND (B) THE HOLDER WILL NOT SELL OR OTHERWISE TRANSFER THIS SECURITY, UNLESS SUCH SUBSEQUENT TRANSFEREE HAS MADE THE REPRESENTATIONS AND WARRANTIES IN (A)(1) OR (A)(2) ABOVE. IF YOU PURCHASE NOTES, YOU WILL ALSO BE DEEMED TO ACKNOWLEDGE THAT THE FOREGOING RESTRICTIONS APPLY TO HOLDERS OF BENEFICIAL INTERESTS IN THESE NOTES AS WELL AS TO HOLDERS OF THESE NOTES.

- (7) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.
- (8) You represent and warrant (a) either that (i) you are not an “employee benefit plan” subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or a plan subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), such as an individual retirement account, or an entity that is deemed to hold the assets of such plans (collectively, “Plans”), you are not acting on behalf of a Plan and no assets of a Plan or non-U.S. plan, “governmental plan” (as defined in Section 3(32) of ERISA) or “church plan” (as defined in Section 3(33) of ERISA, that has not made elections under Section 410(d) of the Code) have been used to acquire such Notes or an interest therein, or (ii) the acquisition, holding and disposition of such Notes or an interest therein by you does not constitute a non-exempt prohibited transaction under ERISA or the Code or a violation of state, local, other federal or non-U.S. laws or regulations that are substantially similar to the foregoing provisions of ERISA or the Code, and (b) you will not sell or otherwise transfer such Notes, unless such subsequent transferee has made the representations and warranties in (a)(i) or (a)(ii) above.
- (9) You acknowledge until 40 days following the commencement of this Offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the U.S. Securities Act.
- (10) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with.
- (11) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify us and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.
- (12) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required.
- (13) You acknowledge that this Offering Circular has not been approved by and will not be submitted for approval to the *Commission de Surveillance du Secteur Financier* (the Luxembourg competent authority) for purposes of public offering or sale in the Grand Duchy of 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 or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg law of 10 July 2005 on prospectuses for securities, as amended.

Legal matters

Certain legal matters in connection with the Offering will be passed upon for us by Allen & Overy LLP as to matters of U.S. federal, New York state and English law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP as to matters of U.S. federal, New York state and English law.

Independent auditors

The audited consolidated financial statements of Iceland Foods Group Limited, as of and for the 53-week period ended March 30, 2012, the consolidated financial statements of Iceland Topco Limited as of and for 52-week period ended March 29, 2013 and the 52-week period ended March 28, 2014 included in this Offering Memorandum, have been audited by Grant Thornton UK LLP, independent auditors, as stated in their reports appearing herein.

Grant Thornton UK LLP is a member of the Institute of Chartered Accountants of England and Wales.

Enforceability of judgments

The Issuer is incorporated in England and Wales, the Guarantors are incorporated in England and Wales, and certain of the Issuer's board members and executive officers reside in the United Kingdom or other countries outside the United States. Substantially all of the assets of the Issuer and the Guarantors are located outside the United States. Although we 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 under U.S. securities laws, it may not be possible for investors to effect service of process on us within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws. See "*Certain insolvency law and local law limitations on guarantees and security*".

Available information

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

- (1) such person had been afforded an opportunity to request from us, and the Issuer, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- (2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- (3) except as provided pursuant to paragraph (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or each Guarantee offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either us, the Issuer or the Initial Purchasers.

For so long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF and the rules and regulations of that exchange so require, copies of the following documents in English may be inspected and obtained free of charge at the office of the Luxembourg Listing Agent during normal business hours on any weekday: the Issuer's Articles, the Consolidated Financial Information included in this Offering Memorandum and the Indenture relating to the Notes (which includes the form of the Notes). See "*Listing and general information*".

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) under the U.S. Exchange Act nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner.

Upon request, the Issuer will provide you with copies of the Indenture, the form of the Notes and any notation of guarantee and any security documents. You may request copies of such documents by contacting Stretford 79 plc, Second Avenue, Deeside Industrial Park, Deeside CH5 2NW, United Kingdom.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture that will govern the Notes, the Issuer will agree to furnish certain periodic information to the Noteholders. See "*Description of Senior Secured Notes—Certain Covenants—Reports*".

Certain insolvency law and local law limitations on guarantees and security

Set out below is a summary of certain limitations on the enforceability of the Guarantees and the security interests relating to the Notes. It is a summary only. Bankruptcy or insolvency proceedings or a similar event could be initiated in the UK and/or in the jurisdiction of organization or incorporation of a future Guarantor under the Notes. See also *“Risk factors—Risks related to the Notes and the Note Guarantees—English insolvency laws may provide you with less protection than U.S. bankruptcy law.”*

European Union

The Issuer and several of the Guarantors are organized under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the **“EU Insolvency Regulation”**), which applies within the European Union, other than Denmark, the courts of the Member State in which a company’s “centre of main interests” (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings in respect of the company. The determination of where a company has its centre of main interests is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a presumption under Article 3(1) of the EU Insolvency Regulation that a company has its centre of main interests in the Member State in which it has its registered office in the absence of proof to the contrary, Preamble 13 of the EU Insolvency Regulation states that the centre of main interests of a debtor “should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties.” The courts have taken into consideration a number of factors in determining the centre of main interests of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where its negotiations with its creditors proceed. A company’s centre of main interests is not static and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition.

If the centre of main interests of a company, at the time an insolvency application is made, is located in a Member State (other than Denmark), only the courts of that Member State have jurisdiction to open main insolvency proceedings in respect of that company under the EU Insolvency Regulation. The types of insolvency proceedings which may be opened as main proceedings in the relevant jurisdiction are listed in Annex A to the EU Insolvency Regulation. The effects of main insolvency proceedings opened in one Member State must, under the EU Insolvency Regulation, be recognized in other EU Member States (other than Denmark), subject to certain specific exceptions set out in the EU Insolvency Regulation. Separately, proceedings which are secondary proceedings may be opened in respect of the company in another Member State in accordance with the EU Insolvency Regulation as set out below.

If the centre of main interests of a company is in one Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open secondary (territorial) insolvency proceedings against that company only if such company has an “establishment” (within the meaning and as defined in Article 2(h) of the EU Insolvency Regulation) in the territory of such other Member State. An “establishment” is defined to mean a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its centre of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to “winding-up proceedings” listed in Annex B of the EU Insolvency Regulation. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. Where main proceedings in the Member State in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment where either: (a) insolvency proceedings cannot be opened in the Member State in which the company’s centre of main interests is situated under that Member State’s law; or (b) the territorial insolvency proceedings are opened at the request of a creditor that is domiciled, habitually resident or has its registered office in the other Member State or whose

claim arises from the operation of the establishment. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will always, subject to certain exemptions, be governed by the *lex fori concursus*, that is, the local insolvency law of the court that has assumed jurisdiction for the insolvency proceedings of the debtor.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening main proceedings and give the same effect to the order in the other relevant Member State so long as no secondary proceedings have been opened there. The insolvency officeholder appointed by a court in a Member State that has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State), subject to certain limitations, so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

England and Wales

Applicable insolvency law

Each of the Issuer, the Company, Iceland Midco Limited, Iceland Acquico Limited, Iceland Foods Group Limited, Bejam Group Limited, Iceland Foods Limited is a company incorporated under English law, (each, a “**English Guarantor**” and collectively, the “**English Guarantors**”). Accordingly, insolvency proceedings with respect to this entity would be likely to proceed under, and be governed by, English insolvency law (unless that company's centre of main interests for the purposes of the EU Insolvency Regulation is held to be in an EC member state other than the United Kingdom in which case the laws of that jurisdiction will, subject to certain exceptions, govern the relevant insolvency proceedings). The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened.

English insolvency law is different to the laws of the United States and other jurisdictions with which investors may be familiar. In the event that the Issuer or an English Guarantor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company or a creditor making an application for administration in court, the company or the holder of a “qualifying floating charge” (discussed below) making an application for administration out of court, or by a creditor filing a petition to wind up the company or the company resolving to do so (in the case of liquidation). A company may be wound up if it is unable to pay its debts, and may be placed into administration if it is, or is likely to become, unable to pay its debts, and the administration is reasonably likely to achieve one of three statutory purposes.

Under the Insolvency Act 1986, as amended (the “**Insolvency Act**”), a company is insolvent if it is unable to pay its debts. A company is deemed unable to pay its debts if it is insolvent on a “cash flow” basis (unable to pay its debts as they fall due), if it is insolvent on a “balance sheet” basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), or, among other matters, if it fails either to satisfy a creditor's statutory demand for a debt exceeding £750 or to satisfy in full a judgment debt (or similar court order).

The English Guarantor's obligations under the Notes are secured by security interests over the Collateral. English insolvency laws and other limitations could limit the enforceability of a Guarantee against the English Guarantor and the enforceability of security interests over the Collateral.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the UK guarantee and the security interests over the Collateral. The application of these laws could adversely affect investors, their ability to enforce their rights under the UK guarantee and/or the Collateral securing the Notes and the UK guarantee and therefore may limit the amounts that investors may receive in an insolvency of the English Guarantor.

Fixed versus floating charges

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet certain, statutory administration expenses (which can

include the costs of continuing to operate the business of the charging company) while in administration in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, will have priority as against a floating charge over the same charged assets; (c) general costs and expenses (including the remuneration of the insolvency officeholders) properly incurred in a winding-up or administration are generally payable out of the assets of the charging company (including the assets that are the subject of the floating charge) in priority to floating charge claims (the same does not apply to fixed charge assets); (d) until the floating charge security crystallises, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third-party good title to the assets free of the floating charge; (e) there are particular insolvency “clawback” risks in relation to floating charge security (see “—*Grant of floating charge*”); and (f) floating charge security is subject to the claims of certain preferential creditors (such as employee, where the floating charge is not a security financial collateral arrangement, salary claims (up to a cap per employee), employee holiday claims and certain unpaid pension contributions) and to ring-fencing for unsecured creditors (see “—*Administration and floating charges*”).

Under English insolvency law, there is a possibility that a court could find that the fixed security interests expressed to be created by a security document could take effect as floating charges because the description given to them as fixed charges is not determinative. Whether fixed security interests will be upheld as fixed rather than floating security interests will depend on, among other things, whether the chargee has the requisite degree of control over the ability of the relevant chargor to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and floating charges

The Insolvency Act empowers English courts to make an administration order in respect of an English company or a company with its “centre of main interests” in England in certain circumstances. An administration order can be made if the court is satisfied that the relevant company is or is likely to become “unable to pay its debts” and that the administration order is reasonably likely to achieve the purpose of administration. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge, and different procedures apply according to the identity of the appointor. The purpose of an administration is comprised of three objectives that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company’s creditors as a whole than if the company went into an immediate liquidation or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to secured or preferential creditors.

During the administration, in general, no proceedings or other legal process may be commenced or continued against the company, or security enforced over the company’s property, except with leave of the court or the consent of the administrator. Certain creditors of a company in administration may be able to realize their security over certain of that company’s property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a “security financial collateral agreement” (generally, cash or financial instruments, such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended). If an English company were to enter administration, it is possible that, to the extent such security it is not a financial collateral arrangement, the security granted by it or the guarantee granted by it would not be able to be enforced while it is in administration. In addition, other than in limited circumstances, a secured creditor will not be entitled to appoint an administrative receiver. If the company is already in administration no other receiver may be appointed and any ordinary receiver already appointed must resign if requested to do so by the administrator.

In order to empower the Security Agent to appoint an administrative receiver or an administrator to the company out of court, the floating charge granted by the relevant English obligor must constitute a “qualifying floating charge” for purposes of the Insolvency Act and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the Insolvency Act as amended by the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. In order to constitute a “qualifying floating charge”, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act.

The Security Agent will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with other forms of security, relates to the whole or substantially the whole of the property of the relevant English company.

The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to “capital market arrangements” (as defined in the Insolvency Act), which may apply if the issue of the Senior Secured Notes creates a debt of at least £50.0 million for the relevant company under the arrangement and the arrangement involves the issue of a “capital market investment” (which is defined in the Insolvency Act, and includes rated, listed or traded debt instruments, and debt instruments designed to be rated, listed or traded).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying charge using the out of court procedure), and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is invalid. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of part of the company’s property must resign if required to do so by the administrator.

Prescribed part

An administrator, receiver (including an administrative receiver) or liquidator of the company will generally be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realizations). Under current law, this ring-fence applies to 50% of the first £10,000 of floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000.

Liquidation/Winding up

Liquidation is a company dissolution procedure under which the assets of the company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act. At the end of the liquidation process the company will be dissolved. In the case of a liquidation commenced by way of a court order, no proceedings or other actions may be commenced or continued against the company except by leave of the court and subject to such terms as the court may impose (although security enforcement is not affected).

Under English insolvency law, a liquidator has the power to disclaim any onerous property, which is any unprofitable contract and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to creditors. However, this power does not apply to a contract all the obligations under which have been performed nor can it be used to disturb accrued rights and liabilities.

One of the primary functions of liquidation (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under United Kingdom law is to realize the assets of the insolvent company and to distribute the cash realizations made from those assets to its creditors. Under the Insolvency Act, creditors are placed into different classes and, with the exceptions and adjustments noted below, the proceeds from the realization of the insolvent company’s property are applied in a descending order of priority, as set out below. With the exception of the prescribed part (see “—*Prescribed part*”), distributions cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been repaid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the cash is distributed in proportion to the debts due to each creditor within a class.

The general priority of claims on insolvency is as follows (in descending order of priority):

First ranking claims: holders of fixed charge security and creditors with a proprietary interest in specific assets in the possession (but not full legal and beneficial ownership) of the debtor but only to the extent of the realizations from those secured assets or with respect to the asset in which they have a proprietary interest.

Second ranking claims: expenses of the insolvent estate incurred during the relevant insolvency proceedings (there is a further statutory order of priority setting out the order in which expenses are paid).

Third ranking claims: preferential creditors. Preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) contributions to occupational and state pension schemes; (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; and (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date.

Fourth ranking claims: holders of floating charge security to the extent of the realizations from those secured assets, according to the priority of their security. However, before distributing asset realizations to the holders of floating charges, the prescribed part must be set aside for distribution to unsecured creditors (see “—*Prescribed part*”).

Fifth ranking claims: general unsecured creditors. Any secured creditor not repaid in full from the realization of assets subject to its security can also claim the remaining debt due to it (a shortfall) from the insolvent estate as an unsecured claim.

Sixth ranking claims: subordinated creditors. Creditors whose claims are subordinated to the payment of all of the company’s other creditors.

Seventh ranking claims: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Challenges to guarantees and security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases, this will only arise if the company is placed into administration or liquidation within a specified period of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, the administrator or liquidator may challenge the validity of the security or guarantee given by such company. The Issuer cannot be certain that, in the event of the onset of a UK Subsidiary’s insolvency that is within any of the requisite time periods set forth below, the grant of any security or Guarantee will not be challenged or that a court would uphold the transaction as valid.

Onset of insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges, depends on the insolvency procedure in question. In administration the onset of insolvency is the date on which (a) the court application for an administration order is issued or (b) the notice of intention to appoint an administrator is filed at court, or (c) otherwise, the date on which the appointment of an administrator takes effect. In a compulsory liquidation the onset of insolvency is the date the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be as for the initial administration.

Connected persons

A connected person for the purposes of transactions at an undervalue, preferences and invalid floating charges, is a party who is a director, shadow director, an associate of such director, or an associate, of the relevant company. A party is associated with an individual if a relative of the individual or the individual’s husband, wife or civil partner, or the husband, wife or civil partner of a relative of the individual or the individual’s husband, wife or civil partner. A party is associated with a company if employed by that company. A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

The following potential grounds for challenge may apply to charges and guarantees include, without limitation:

Transaction at an undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee constituted a transaction at an undervalue. It will

only be a transaction at an undervalue if, at the time of the transaction or as a result of the transaction, the English company was or becomes unable to pay its debts (as that term is defined in the Insolvency Act). The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of two years from the date the English company grants the security interest or the guarantee. A transaction might be subject to being set aside as a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. A court, however, generally will not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts unless a beneficiary of the transaction was a connected person (as defined in the Insolvency Act), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the English company in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or such guarantee constituted a preference. It will only be a preference if, at the time of the transaction or as a result of the transaction, the English company was unable to pay its debts. The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person) from the date the English company grants the security interest or the guarantee. A transaction may constitute a preference if it has the effect of putting an existing creditor of the English company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the position to what it would have been in if the preference had not been entered into. For the court to determine a preference, however, it must be shown that the English company was influenced by a desire to produce the preferential effect. In any proceeding, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceeding that there was no such desire.

Transaction defrauding creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim that that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction (with the leave of the court if the company is in liquidation or administration) and, subject to certain conditions, the UK Financial Conduct Authority and the UK Pensions Regulator (that is, the action is not one which can only be brought by liquidators and administrators). There is no statutory time limit under English insolvency law within which the challenge must be made and the relevant company does not need to be unable to pay its debts at the time of or as a result of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

Extortionate credit transaction

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by an English obligor up to three years before the day on which the English obligor in the period entered into administration or went into liquidation. A transaction is “extortionate” if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

Grant of floating charge

Under English insolvency law, if an English company is unable to pay its debts at the time of (or as a result of) granting the floating charge, then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt owed by, the relevant English company at the same time as or after the creation of the floating charge (plus certain interest). The requirement for the English company to be unable to pay its debts at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person. If the floating charge is granted to a connected person then the floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt owed by, the relevant English company at the same time as or after the creation of the floating charge (plus certain interest), whether the relevant English company is solvent or insolvent at the time of grant. The transaction can be challenged if the relevant English company enters into liquidation or administration proceedings within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date the relevant English company grants the floating charge. However, if the Floating Charge qualifies as a “security financial collateral agreement” under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended), the floating charge will not be subject to challenge as described in this paragraph. An administrator, or a liquidator (as applicable), does not need to apply to court for an order declaring that a floating charge is invalid. Any floating charge created during the relevant time period is automatically invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt owed by, the relevant English company at the same time as or after the creation of the floating charge (plus certain interest), whether the relevant English company is solvent or insolvent at the time of grant.

Post-petition interest

Any interest accruing under or in respect of amounts due under the Guarantee or the security to which a UK Guarantor is a party in respect of any period after the commencement of administration or liquidation proceedings would only be recoverable by the Noteholders from any surplus remaining after payment of all other debts proved in the proceedings and accrued and unpaid interest up to the date of the commencement of the proceedings provided that such interest may, if there are sufficient realizations from the secured assets, be discharged out of such security recoveries.

Limitation on enforcement

The grant of a Guarantee or Collateral by any of the English obligors in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company’s memorandum and articles of association. To the extent that the above do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor’s rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English obligor in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each English obligor in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote the success of the English obligor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Dispositions in winding-up

Under Section 127 of the Insolvency Act, any dispositions of a company’s property made after a winding-up has commenced is, unless the court orders otherwise, void. The compulsory winding-up of a company is deemed to start when a winding-up petition is presented by a creditor against the company, rather than the date that the

court makes the winding-up order (if any). However this will not apply to any property or security interest subject to a disposition or otherwise arising under a financial collateral arrangement under the Financial Collateral Arrangements (No. 2) Regulations 2003 and will not prevent a close-out netting provision taking effect in accordance with its terms.

Foreign currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, any debt of a company payable in a currency other than pounds Sterling must be converted into pounds Sterling at the “official exchange rate” prevailing at the date when the company went into liquidation or administration. This provision overrides any agreement between the parties. The “official exchange rate” for these purposes is the middle market rate in the London Foreign Exchange Market at close of business as published for the date in question or, if no such rate is published, such rate as the court determines.

Listing and general information

Listing

Application will be made for the Notes to be admitted to trading on the Euro MTF Market operated by the Luxembourg Stock Exchange in accordance with the rules and regulations of such exchange. For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

The Floating Rate Notes sold pursuant to Regulation S and the Floating Rate Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 108777524 and 108777591, respectively. The international securities identification number (“**ISIN**”) for the Floating Rate Notes sold pursuant to Regulation S and the Floating Rate Notes sold pursuant to Rule 144A are XS1087775240 and XS1087775919, respectively.

The 2021 Fixed Rate Notes sold pursuant to Regulation S and the 2021 Fixed Rate Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 108777729 and 108777796, respectively. The ISIN for the 2021 Fixed Rate Notes sold pursuant to Regulation S and the 2021 Fixed Rate Notes sold pursuant to Rule 144A are XS1087777295 and XS1087777964, respectively.

The 2024 Fixed Rate Notes sold pursuant to Regulation S and the 2024 Fixed Rate Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 108778016 and 108778300, respectively. The ISIN for the 2024 Fixed Rate Notes sold pursuant to Regulation S and the 2024 Fixed Rate Notes sold pursuant to Rule 144A are XS1087780166 and XS1087783004, respectively.

Legal information

The Issuer is a company incorporated under the Companies Act 2006 and was registered in England and Wales on June 12, 2014. The Issuer’s registered office is located at Second Avenue, Deeside Industrial Park, Deeside, Flintshire, CH5 2NW, United Kingdom. The Issuer is registered with Companies House under number 9084053.

The creation and issuance of the Notes have been authorized by a resolution of the Issuer’s board of directors dated July 3, 2014.

The Issuer’s share capital is £50,000, represented by 50,000 ordinary shares owned by the Company. Each share has one vote and a nominal value of £1. All shares are in registered form and have been fully paid.

Significant change

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in our financial condition since March 28, 2014; and
- neither the Issuer nor the Group has 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 either the Issuer or the Group is aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

Documents available

For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, copies of the following documents may be inspected and obtained free of charge at the specified office of the Luxembourg Listing Agent during normal business hours on any weekday:

- the Issuer’s Articles;
- the Consolidated Financial Information included in this Offering Memorandum; and
- the Indenture relating to the Notes (which includes the form of the Notes).

The Issuer will maintain a transfer agent in London for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange. The Issuer reserves the right to vary such appointment and, for so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, it will publish notice of such change of appointment on the Luxembourg Stock Exchange website (*www.bourse.lu*).

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture that will govern the Notes, the Issuer will agree to furnish certain periodic information to the Noteholders. See “*Description of Senior Secured Notes—Certain Covenants—Reports*”. For additional documents that may be obtained, see “*Available information*”.

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**Independent auditor's report to the members of Iceland
Topco Limited (formerly Oswestry Topco Limited)**

We have audited the financial statements of Iceland Topco Limited (formerly Oswestry Topco Limited) for the period ended 28 March 2014 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of movements in shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 10 directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 March 2014 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
6 June 2014

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared on a going concern basis. The directors have considered the current performance of the group, the forecasted results of the business for the 6 year period to 31 March 2019, current retail trends and general economic conditions in making this assessment.

The consolidated accounts represent the results for the group for the period ending 28 March 2014. The comparative results of the group were reported from acquisition for the 57 week period ending 29 March 2013.

The principal accounting policies of the group are set out below. The policies have been applied consistently with those applied previously by Iceland Foods Group Limited consolidated financial statements in dealing with items which are considered to be material in relation to the group's financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings together with the group's share of the net assets and results of associated undertakings and joint ventures. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition.

A separate profit and loss account for the parent company is not presented with the group financial statements as permitted by section 408 of the Companies Act 2006.

Turnover

Turnover represents the value of goods sold in the ordinary course of business, stated net of sales incentives and Value Added Tax.

Turnover is recognised when the risks and rewards of the transaction have been transferred.

Turnover is recognised at the point of sale within stores. Turnover regarding the warehouse storage business is the total amount of rental income receivable, this is recognised in the period to which it relates.

Cost of sales

Cost of sales represents all costs incurred up to the point of sale including the operating expense of the trading outlets.

Investments

Shares in subsidiary undertakings are stated at cost less amounts written off where, in the opinion of the directors, there has been a diminution in the value of the investments.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation, or if lower, their recoverable amount measured in accordance with FRS11 "Impairment of fixed assets and goodwill", being the higher of value in use and net realisable value. Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | | |
|---------------------|---|---|
| Freehold building | – | 2% per annum |
| Leasehold building | – | Amortised on a straight line basis over the life of the lease |
| Plant and equipment | – | 4% – 20% per annum |
| Motor vehicles | – | 10% – 25% per annum |

Freehold land is not depreciated.

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Leasehold premiums and improvements are depreciated in equal annual instalments over the lesser of the unexpired term of the lease and 50 years. However, the element of leasehold premium paid to acquire a beneficial rental is written off over the period to the first open market rent review.

Property provisions

Under FRS12 a provision should be recognised when there is a present obligation as a result of a past event, a transfer of economic benefits is probable to settle the obligation and a reliable estimate can be made. In respect of leased properties, where the economic benefits from occupying the leased properties are less than the obligations payable under the lease, a provision is made for the present value of the estimated least net cost of exiting each lease. The provision unwinds on a systematic basis within operating costs in line with the lease costs. The provision is reviewed on a regular basis.

A dilapidation provision is in place based on the directors' estimates of dilapidation charges. A provision is recognised when the directors become aware that the group has an obligation under the property lease. The provision is reviewed regularly on an individual property basis and the provision adjusted as required.

All property provisions are discounted in accordance with FRS12.

Leasing commitments

Where the group enters into a lease or hire purchase contract where substantially all the risks and rewards of ownership of the asset have passed to the group, the lease is treated as a finance lease. The asset is recognised in the balance sheet as a tangible fixed asset at the present value of the minimum lease payments and is depreciated over the shorter of the lease term and the asset's useful economic life. Future instalments under such leases, net of finance charges, are included in creditors.

The interest elements of the rental obligations are charged in the profit and loss account over the period of the lease and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Reverse premiums and rent free periods received as inducements to enter into operating lease agreements are released to the profit and loss account over the period to the next rent review, when it is expected the prevailing rental will be payable.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration over the fair value of the net assets acquired) arising on business combinations is capitalised.

Purchased goodwill is amortised over its estimated useful economic life up to a maximum of 20 years. The length of time is presumed to be the maximum useful life of purchased goodwill as it is difficult to make projections beyond this point. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently, if circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value after making allowances for obsolete and slow moving items. Cost is determined at the latest purchase price of the goods, using a FIFO basis. Net realisable value is the estimated selling price less all further costs to completion and all marketing, selling and distribution costs.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Pensions

The group operates a defined contribution and a stakeholder scheme whereby contributions payable are charged to the profit and loss account in the period in which they become payable. The assets of the defined contribution scheme were held separately from those of the group.

Taxation

The charge for taxation is based on the result for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted at the balance sheet date. Current and deferred tax is recognised in the profit and loss account except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at year end exchange rates or contracted rates where appropriate. Exchange differences arising on trading transactions are included in the profit and loss account.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Debt issue costs are offset against the debt and amortised over the term of the loan.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Consolidated profit and loss account

| | | 52 week period ended 28 March 2014 | 8 December 2011 to 29 March 2013 |
|---|----|---|---|
| | | £m | £m |
| Turnover | 1 | 2,710.6 | 2,897.7 |
| Cost of sales | | <u>(2,455.6)</u> | <u>(2,587.0)</u> |
| Gross profit | | 255.0 | 310.7 |
| Administrative expenses before exceptional items | | (174.7) | (181.7) |
| Exceptional administrative expenses | 4 | <u>(8.0)</u> | <u>—</u> |
| Administrative expenses | | (182.7) | (181.7) |
| Operating profit | | 72.3 | 129.0 |
| Profit on disposal of fixed assets | 5 | <u>—</u> | 3.1 |
| Profit on disposal of a business | | <u>—</u> | <u>3.1</u> |
| Profit on ordinary activities before interest and taxation | | 72.3 | 135.2 |
| Interest receivable and similar income | 6 | 7.0 | 2.1 |
| Interest payable and similar charges | 7 | <u>(55.8)</u> | <u>(73.8)</u> |
| Profit on ordinary activities before taxation | 2 | 23.5 | 63.5 |
| Taxation on profit on ordinary activities | 9 | <u>(19.8)</u> | <u>(34.0)</u> |
| Profit for the financial period | 19 | <u><u>3.7</u></u> | <u><u>29.5</u></u> |

The comparative period covers the period from incorporation but only includes the group result from acquisition. The group did not trade until the acquisition of its subsidiaries, therefore results for the prior period relate to acquisitions.

All activities are classified as continuing.

The group had no recognised gains and losses other than those included in the profit and loss account above.

Iceland Topco Limited (formerly Oswestry Topco Limited) (Company No 6071707)

Financial statements for the period ended 28 March 2014

Consolidated and company balance sheets

| | Note | Group | | Company | |
|--|------|-----------------------|----------------|---------------------|---------------|
| | | 28 March 2014 | 29 March 2013 | 28 March 2014 | 29 March 2013 |
| | | £m | £m | £m | £m |
| Fixed assets | | | | | |
| Intangible assets | 10 | 1,346.3 | 1,421.3 | — | — |
| Tangible assets | 11 | 174.3 | 165.8 | — | — |
| Investments in group undertakings | 12 | — | — | 170.8 | 170.8 |
| Investments | 12 | — | 2.5 | — | — |
| | | <u>1,520.6</u> | <u>1,589.6</u> | <u>170.8</u> | <u>170.8</u> |
| Current assets | | | | | |
| Stocks | 13 | 103.2 | 87.3 | — | — |
| Debtors due within one year | 14 | 99.2 | 85.3 | — | — |
| Debtors due after one year | 14 | — | — | 234.3 | 234.5 |
| Cash at bank and in hand | | 152.1 | 127.5 | — | — |
| | | <u>354.5</u> | <u>300.1</u> | <u>234.3</u> | <u>234.5</u> |
| Creditors: amounts falling due within one year | 15 | (460.8) | (420.8) | (0.2) | (0.2) |
| Net current (liabilities)/assets | | <u>(106.3)</u> | <u>(120.7)</u> | <u>234.1</u> | <u>234.3</u> |
| Total assets less current liabilities | | 1,414.3 | 1,468.9 | 404.9 | 405.1 |
| Creditors: amounts falling due after more than one year | 16 | (957.0) | (1,008.7) | — | — |
| Provisions for liabilities | 17 | (18.9) | (25.5) | — | — |
| Net assets | | <u>438.4</u> | <u>434.7</u> | <u>404.9</u> | <u>405.1</u> |
| Capital and reserves | | | | | |
| Called up share capital | 18 | 273.0 | 273.0 | 273.0 | 273.0 |
| Other reserve | 19 | 132.2 | 132.2 | 132.2 | 132.2 |
| Profit and loss account | 19 | 33.2 | 29.5 | (0.3) | (0.1) |
| Shareholders' funds | | <u>438.4</u> | <u>434.7</u> | <u>404.9</u> | <u>405.1</u> |

These financial statements were approved and authorised for issue by the board of directors on 6 June 2014, and signed on its behalf by:

T S Dhaliwal

Director

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Consolidated cash flow statement

| | Note | 52 week period ended 28 March 2014 £m | 52 week period ended 28 March 2014 £m | 8 Dec 2011 to 29 March 2013 £m | 8 Dec 2011 to 29 March 2013 £m |
|--|------|--|--|---|---|
| Net cash inflow from operating activities | 20a | | 196.1 | | 277.1 |
| Returns on investments and servicing of finance | | | | | |
| Interest paid | | (40.2) | | (56.1) | |
| Interest received | | 7.1 | | 2.1 | |
| Interest element of finance lease rental payments | | (0.3) | | (0.1) | |
| Debt issue costs | | — | | (53.4) | |
| | | | (33.4) | | (107.5) |
| Taxation | | | | | |
| UK corporation tax paid | | | (26.3) | | (33.4) |
| Capital expenditure and financial investment | | | | | |
| Purchase of tangible fixed assets | | (49.1) | | (41.2) | |
| Receipts from sales of tangible fixed assets | | 3.9 | | 3.9 | |
| | | | (45.2) | | (37.3) |
| Acquisitions and disposals | | | | | |
| Purchase of subsidiary undertaking | | (5.0) | | (1,398.5) | |
| Purchase of investment | | — | | (2.5) | |
| Net cash acquired with subsidiary undertakings | | — | | 150.4 | |
| Receipt from disposal of a business | | — | | 9.6 | |
| | | | (5.0) | | (1,241.0) |
| Cash inflow/(outflow) before financing | | | 86.2 | | (1,142.1) |
| Financing | | | | | |
| Issue of ordinary share capital | | — | | 243.6 | |
| New loans in the period | | — | | 1,110.0 | |
| Loan repayments in the period | 20b | (60.0) | | (82.5) | |
| Capital element of finance lease payments | 20b | (1.6) | | (1.5) | |
| | | | (61.6) | | 1,269.6 |
| Increase in cash in the period | 20b | | 24.6 | | 127.5 |

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Reconciliation of net cash flow to movement in net debt

| | <u>Note</u> | <u>52 week period ended 28 March 2014</u> | <u>8 Dec 2011 to 29 March 2013</u> |
|--|-------------|---|--|
| | | <u>£m</u> | <u>£m</u> |
| Increase in cash in the period | | 24.6 | 127.5 |
| Cash outflow/(inflow) from change in debt and lease financing – cash flows | | 61.6 | (1,026.0) |
| Change in net debt resulting from cash flows | | 86.2 | (898.5) |
| Cash (inflow)/outflow from change in debt and lease financing – non cash flows | | (16.1) | 27.7 |
| Debt and lease financing acquired with subsidiary undertakings | | — | (4.4) |
| Movement in net debt in the period | | 70.1 | (875.2) |
| Net debt at beginning of period | | (875.2) | — |
| Net debt at end of period | 20b | (805.1) | (875.2) |

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Topco Limited (formerly Oswestry Topco Limited)
Financial statements for the period ended 28 March 2014
Group reconciliation of movements in shareholders' funds

| | Group 52 week period ended 28 March 2014 | Group 8 Dec 2011 to 29 March 2013 |
|--|---|--|
| | £m | £m |
| Profit on ordinary activities after taxation | 3.7 | 29.5 |
| Ordinary shares issued | — | 273.0 |
| Other movements on share issue | — | 132.2 |
| Net additions to shareholders' funds | 3.7 | 434.7 |
| Opening shareholders' funds | 434.7 | — |
| Closing shareholders' funds | 438.4 | 434.7 |

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

1 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below, the directors do not consider that any further segments exist and thus it is not necessary to include additional segmental information.

| | 52 week period ended 28 March 2014 | 8 Dec 2011 to 29 March 2013 |
|---------------|---|-----------------------------------|
| | £m | £m |
| UK | 2,677.7 | 2,864.0 |
| Europe | 30.1 | 29.9 |
| Rest of World | 2.8 | 3.8 |
| | <u>2,710.6</u> | <u>2,897.7</u> |

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

| | 52 week period ended 28 March 2014 | 8 Dec 2011 to 29 March 2013 |
|---|---|-----------------------------------|
| | £m | £m |
| Goodwill amortisation (administrative expenses) | 75.0 | 81.7 |
| Goodwill impairment (exceptional administrative expenses) | 3.3 | — |
| Loan fee amortisation | 8.2 | 8.3 |
| Depreciation of fixed assets | | |
| Owned assets | 37.3 | 36.2 |
| Leased assets | 1.5 | 0.4 |
| Operating lease payments | | |
| Hire of plant and equipment | 19.1 | 16.9 |
| Buildings | 72.2 | 71.2 |
| Amounts receivable by the auditors and their associates in respect of | | |
| Audit of these financial statements | — | — |
| Fees payable to the company's auditor for other services: | | |
| Audit of financial statements of other group undertakings | 0.1 | 0.1 |
| Tax advisory services | 0.1 | 0.1 |
| Taxation compliance services | — | 0.1 |
| | <u>—</u> | <u>0.1</u> |

3 Directors and employees

Staff costs including directors' emoluments

| | 52 week period ended 28 March 2014 | 8 Dec 2011 to 29 March 2013 |
|-----------------------|---|-----------------------------------|
| | £m | £m |
| Wages and salaries | 256.2 | 238.7 |
| Social security costs | 15.7 | 13.7 |
| Other pension costs | 2.3 | 1.6 |
| | <u>274.2</u> | <u>254.0</u> |

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

The average number of persons (full time equivalents) employed by the group (including directors) during the period was as follows:

| | <u>Number of employees</u> | |
|---------------------------|---|--|
| | <u>52 week period ended 28 March 2014</u> | <u>8 Dec 2011 to 29 March 2013</u> |
| Sales and distribution | 13,598 | 13,731 |
| Office and administration | 806 | 704 |
| | <u>14,404</u> | <u>14,435</u> |

The average number of persons (actual) employed by the group (including directors) during the period was as follows:

| | <u>Number of employees</u> | |
|---------------------------|---|--|
| | <u>52 week period ended 28 March 2014</u> | <u>8 Dec 2011 to 29 March 2013</u> |
| Sales and distribution | 23,711 | 23,911 |
| Office and administration | 859 | 751 |
| | <u>24,570</u> | <u>24,662</u> |

Directors' emoluments (including benefits in kind):

| | <u>52 week period ended 28 March 2014</u> | <u>8 Dec 2011 to 29 March 2013</u> |
|-----------------------|---|--|
| | <u>£m</u> | <u>£m</u> |
| Directors' emoluments | 8.5 | 10.0 |
| Pension contributions | 0.1 | 0.1 |
| | <u>8.6</u> | <u>10.1</u> |

During the year, two directors (2013: two) accrued benefits under a defined contribution pension scheme.

| | | |
|---|-------------------|------------|
| Amounts in respect of the highest paid director | | |
| Emoluments | <u>3.8</u> | <u>3.8</u> |

4 Exceptional administrative expenses

| | <u>52 week period ended 28 March 2014</u> | <u>8 Dec 2011 to 29 March 2013</u> |
|-------------------------|---|--|
| | <u>£m</u> | <u>£m</u> |
| International expansion | 8.0 | — |
| | <u>8.0</u> | <u>—</u> |

The expenses relate to international restructuring including the refurbishment and reconfiguration of the new stores, ensuring that they are legally compliant and bringing them up to the standard of the stores in the UK together with the impairment of goodwill in relation to our international expansion.

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

5 Profit on disposal of fixed assets

| | 52 week period ended 28 March 2014 | 8 Dec 2011 to 29 March 2013 |
|------------------------------------|---|-----------------------------------|
| | £m | £m |
| Profit on disposal of fixed assets | — | 3.1 |

6 Interest receivable and similar income

| | 52 week period ended 28 March 2014 | 8 Dec 2011 to 29 March 2013 |
|--|---|-----------------------------------|
| | £m | £m |
| Bank interest receivable | 1.0 | 1.1 |
| Other interest receivable | — | 1.0 |
| Foreign currency exchange gain in relation to debt | 6.0 | — |
| | <u>7.0</u> | <u>2.1</u> |

7 Interest payable and similar charges

| | 52 week period ended 28 March 2014 | 8 Dec 2011 to 29 March 2013 |
|--|---|-----------------------------------|
| | £m | £m |
| Loan note interest payable | 13.5 | 13.5 |
| Finance charges in respect of finance leases | 0.3 | 0.1 |
| Bank interest payable | 42.0 | 56.1 |
| Foreign currency exchange losses in relation to debt | — | 4.1 |
| | <u>55.8</u> | <u>73.8</u> |

8 Result for the period

In accordance with section 408 of the Companies Act 2006 the parent company is exempt from the requirement to present its own profit and loss account. The loss for the financial period ended 28 March 2014 dealt within the financial statements of the company was £170,000 (2013: £128,000).

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

9 Taxation

(a) Analysis of charge in period

| | 52 week period ended 28 March 2014 | 8 Dec 2011 to 29 March 2013 |
|--|---|-----------------------------------|
| | <u>£m</u> | <u>£m</u> |
| UK corporation tax | | |
| Current tax on profit for the period | 33.6 | 36.2 |
| Adjustments re: prior periods | <u>(1.8)</u> | <u>—</u> |
| Total current tax | 31.8 | 36.2 |
| Deferred tax | | |
| Origination and reversal of timing differences | (13.0) | — |
| Adjustments in respect of previous periods | 0.1 | — |
| Effect of changes in tax rates | <u>0.9</u> | <u>(2.2)</u> |
| Total deferred tax | <u>(12.0)</u> | <u>(2.2)</u> |
| Tax charge for the period | <u><u>19.8</u></u> | <u><u>34.0</u></u> |

b) Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

| | 52 week period ended 28 March 2014 | 8 Dec 2011 to 29 March 2013 |
|---|---|-----------------------------------|
| | <u>£m</u> | <u>£m</u> |
| Current tax reconciliation | | |
| Profit on ordinary activities before tax | <u>23.5</u> | <u>63.5</u> |
| Current tax at 23% (2013: 24%) | 5.4 | 15.2 |
| Effects of | | |
| Depreciation on ineligible and profit on disposal | — | (1.7) |
| Goodwill amortisation not deductible for tax purposes | 17.3 | 19.6 |
| Depreciation in excess of capital allowances | 2.8 | 2.9 |
| Other timing differences | — | (0.2) |
| Income not deductible for tax purposes | (0.1) | — |
| Movement in tax losses | (1.2) | — |
| Effect of different statutory rates of overseas jurisdictions | 0.1 | — |
| Expenses not deductible for tax purposes | 1.2 | — |
| Deferred tax not provided | 0.1 | — |
| Movement in short term timing differences | 8.0 | — |
| Adjustments to tax charge in respect of prior period | (1.8) | — |
| Other permanent differences | <u>—</u> | <u>0.5</u> |
| Total current tax charge (see 9(a)) | <u><u>31.8</u></u> | <u><u>36.3</u></u> |

There are unutilised tax losses within the group of £7,539,890 (2013: £13,158,705) available to relieve against future profits.

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

10 Intangible fixed assets

| | <u>Goodwill</u> £m |
|----------------------------|-----------------------|
| Cost | |
| At beginning of period | 1,503.0 |
| Additions | 3.3 |
| At end of period | <u>1,506.3</u> |
| Amortisation | |
| At the beginning of period | 81.7 |
| Charge for the period | 75.0 |
| Impairment | 3.3 |
| At end of period | <u>160.0</u> |
| Net book value | |
| At end of period | <u>1,346.3</u> |
| At beginning of period | <u>1,421.3</u> |

11 Tangible fixed assets

| <u>Group</u> | Land and buildings | | | Plant and equipment | Motor vehicles | Total |
|--|--------------------|----------------|-----------------|---------------------|----------------|--------------|
| | Freehold | Long leasehold | Short leasehold | | | |
| | £m | £m | £m | | | |
| Cost | | | | | | |
| At beginning of period | 25.9 | 6.5 | 114.5 | 251.1 | 10.9 | 408.9 |
| Assets acquired upon acquisition of a business | — | 0.4 | — | 1.2 | — | 1.6 |
| Additions | — | — | 15.6 | 33.4 | 0.5 | 49.5 |
| Disposals | — | (0.1) | (0.1) | (9.5) | (0.9) | (10.6) |
| At end of period | <u>25.9</u> | <u>6.8</u> | <u>130.0</u> | <u>276.2</u> | <u>10.5</u> | <u>449.4</u> |
| Depreciation | | | | | | |
| At beginning of period | 1.3 | 2.1 | 75.6 | 154.3 | 9.8 | 243.1 |
| Charged in period | 0.2 | 0.2 | 10.9 | 26.8 | 0.7 | 38.8 |
| Disposals | — | — | (0.1) | (5.9) | (0.8) | (6.8) |
| At end of period | <u>1.5</u> | <u>2.3</u> | <u>86.4</u> | <u>175.2</u> | <u>9.7</u> | <u>275.1</u> |
| Net book value | | | | | | |
| At end of period | <u>24.4</u> | <u>4.5</u> | <u>43.6</u> | <u>101.0</u> | <u>0.8</u> | <u>174.3</u> |
| Net book value | | | | | | |
| At beginning of period | <u>24.6</u> | <u>4.4</u> | <u>38.9</u> | <u>96.8</u> | <u>1.1</u> | <u>165.8</u> |

Included in the above amounts (plant and equipment and motor vehicles) are the following in respect of assets held under finance leases and similar hire purchase contracts.

| | Net book value 28 March 2014 | Depreciation 28 March 2014 | Net book value As at 29 March 2013 | Depreciation Period to 29 March 2013 |
|-------|------------------------------------|----------------------------------|---|---|
| | £m | £m | £m | £m |
| Total | <u>2.2</u> | <u>1.5</u> | <u>3.2</u> | <u>1.8</u> |

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

12 Investments

| <u>Group</u> | <u>Shares in group undertakings</u> £m |
|--|---|
| Cost at beginning and end of period | <u>2.5</u> |
| Provisions | |
| At beginning of the period | — |
| Charge for the period | <u>2.5</u> |
| At end of the period | <u>2.5</u> |
| Net book value | |
| At end of the period | — |
| At beginning of the period | <u>2.5</u> |
| | <u>2.5</u> |
| <u>Company</u> | <u>Shares in group undertakings</u> £m |
| Cost and net book value at beginning and end of period | <u>170.8</u> |

The principal undertakings where the group has more than a 20% holding are as follows:

| <u>Name of company</u> | <u>Country of incorporation</u> | <u>Principal activity</u> | <u>Class and percentage of shares held</u> |
|---------------------------------------|-------------------------------------|------------------------------|--|
| Subsidiary undertakings | | | |
| Iceland Foods Group Limited | England and Wales | Non-trading | 100% ordinary |
| Icebox Holdings Limited | England and Wales | Dormant | 100% ordinary |
| Icebox Midco Limited | England and Wales | Dormant | 100% ordinary |
| Ice Acquisitions Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Foods Limited | England and Wales | Wholesale and retail grocers | 100% ordinary |
| Bejam Group Limited | England and Wales | Property rental | 100% ordinary |
| Burgundy Limited | England and Wales | Non-trading | 100% ordinary |
| Iceland Overseas Limited | England and Wales | Non-trading | 100% ordinary |
| Trans European Insurance Limited | Guernsey | Insurance underwriting | 100% ordinary |
| Iceland International Limited | England and Wales | Import and export of foods | 100% ordinary |
| Iceland Foodstores Limited | England and Wales | Non-trading | 100% ordinary |
| CT Ice (Holdings) Limited | England and Wales | Holding company | 100% ordinary |
| CT Ice Limited | England and Wales | Retail grocers | 100% ordinary |
| CT Ice Acquisitions Limited | England and Wales | Holding company | 100% ordinary |
| Deeside Storage Limited | England and Wales | Warehouse storage | 100% ordinary |
| Kingdom Inland Trading Limited | England and Wales | Non-trading | 100% ordinary |
| Deeside Jersey Unit Trust | England and Wales | Property rental | 100% ordinary |
| Bejam Freezer Food Centres Limited | England and Wales | Dormant | 100% ordinary |
| St Catherines Frozen Foods Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Foods Holdings Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Frozen Foods Limited | England and Wales | Holding company | 100% ordinary |
| Iceland Group Limited | England and Wales | Dormant | 100% ordinary |
| Iceland (Nominees) Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Limited (Gibraltar) | Gibraltar | Dormant | 100% ordinary |
| Iceland Foods Hungary KFT | Hungary | Retail grocers | 100% ordinary |

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

| <u>Name of company</u> | <u>Country of incorporation</u> | <u>Principal activity</u> | <u>Class and percentage of shares held</u> |
|--------------------------------|---------------------------------|---------------------------|--|
| Iceland Foods Czech SRO | Czech Republic | Retail grocers | 100% ordinary |
| Beech House Deeside Limited | England and Wales | Property management | 100% ordinary |
| Ice and Easy Limited | England and Wales | Wholesale | 100% ordinary |
| Iceland in Iceland Limited | Iceland | Holding company | 100% preference |
| Iceland Manufacturing Limited | England and Wales | Food production | 100% ordinary |
| Iceland stores Ireland Limited | Ireland | Retail grocers | 100% ordinary |
| Loxton Frozen Foods Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Finance Limited | England and Wales | Dormant | 100% ordinary |
| Iceland VLNco Limited* | England and Wales | Non-trading | 100% ordinary |
| Iceland Midco Limited | England and Wales | Non-trading | 100% ordinary |
| Iceland Acquico Limited | England and Wales | Non-trading | 100% ordinary |

* directly owned by the company

Associated undertaking

| | | | |
|----------------------------------|-------------------|----------------|--------------|
| Island Verslun ehf | Iceland | Retail grocers | 37% ordinary |
| Ramsgate Flat Management Limited | England and Wales | Dormant | 20% ordinary |

The following subsidiaries are not included in the consolidated financial statements on the grounds of materiality:

Iceland Limited
Iceland Group Limited
Iceland (Nominees) Limited
Iceland Limited (Gibraltar)

Iceland Finance Limited
Iceland Foods Holdings Limited
Iceland Frozen Foods Limited
Iceland Verslun ehf
Iceland Foods Hungary KFT
Iceland Foods Czech SRO

Iceland Foods Hungary KFT, Iceland Foods Czech SRO and Iceland Verslun ehf, are not included in the consolidated financial statements as their results are not material to the financial statements. The other companies were all non-trading during the year and did not generate a profit or loss. The only balances in the financial statements are represented by intra-group balances and reserves.

13 Stocks

| <u>Group</u> | <u>28 March 2014</u> | <u>29 March 2013</u> |
|-----------------------|----------------------|----------------------|
| | <u>£m</u> | <u>£m</u> |
| Consumables | 4.8 | 1.0 |
| Goods held for resale | 98.4 | 86.3 |
| | <u>103.2</u> | <u>87.3</u> |

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

14 Debtors

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 28 March 2014 | 29 March 2013 | 28 March 2014 | 29 March 2013 |
| | £m | £m | £m | £m |
| Trade debtors | 21.9 | 17.0 | — | — |
| Amounts owed by group undertakings | — | — | 234.3 | 234.5 |
| Other debtors | 15.5 | 12.2 | — | — |
| Other taxation and social security costs | 4.0 | 3.4 | — | — |
| Prepayments and accrued income | 57.8 | 52.7 | — | — |
| | <u>99.2</u> | <u>85.3</u> | <u>234.3</u> | <u>234.5</u> |

Included within other debtors is £6.0m in relation to a deferred tax asset.

Amounts owed by group undertakings all fall due after more than one year.

15 Creditors: amounts falling due within one year

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 28 March 2014 | 29 March 2013 | 28 March 2014 | 29 March 2013 |
| | £m | £m | £m | £m |
| Obligations under finance leases and hire purchase contracts | 1.0 | 0.2 | — | — |
| Trade creditors | 344.7 | 316.2 | — | — |
| Corporation tax | 32.8 | 27.3 | — | — |
| Other taxation and social security | 3.9 | 3.5 | — | — |
| Other creditors | 9.9 | 17.7 | — | — |
| Accruals and deferred income | 68.5 | 55.9 | 0.2 | 0.2 |
| | <u>460.8</u> | <u>420.8</u> | <u>0.2</u> | <u>0.2</u> |

16 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 28 March 2014 | 29 March 2013 | 28 March 2014 | 29 March 2013 |
| | £m | £m | £m | £m |
| Bank loans | 680.3 | 738.4 | — | — |
| Other loans | 275.1 | 261.4 | — | — |
| Obligations under finance leases and hire purchase contracts | 0.8 | 2.7 | — | — |
| Other creditors | 0.8 | 6.2 | — | — |
| | <u>957.0</u> | <u>1,008.7</u> | <u>—</u> | <u>—</u> |

Bank loans and other loans are analysed net of debt issue costs.

The maturity of the group's obligations under finance leases and hire purchase contracts is as follows:

| | 28 March 2014 | 29 March 2013 |
|------------------------------|------------------|------------------|
| | £m | £m |
| Within one year | 1.0 | 0.2 |
| In the second to fifth years | 0.8 | 2.8 |
| | <u>1.8</u> | <u>3.0</u> |

Amounts due under hire purchase contracts are secured on the assets to which they relate.

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

The maturity of the group's debt obligations is as follows:

| | <u>Bank loans 28 March 2014</u> | <u>Other loans 28 March 2014</u> | <u>Total 28 March 2014</u> | <u>Bank loans 29 March 2013</u> | <u>Other loans 29 March 2013</u> | <u>Total 29 March 2013</u> |
|----------------------------------|---|--|------------------------------------|---|--|------------------------------------|
| | £m | £m | £m | £m | £m | £m |
| In the second to fifth years | 715.2 | — | 715.2 | 245.5 | — | 245.5 |
| Greater than five years | — | 277.1 | 277.1 | 535.8 | 263.6 | 799.4 |
| Less: deferred arrangement costs | <u>(34.9)</u> | <u>(2.0)</u> | <u>(36.9)</u> | <u>(42.9)</u> | <u>(2.2)</u> | <u>(45.1)</u> |
| | <u>680.3</u> | <u>275.1</u> | <u>955.4</u> | <u>738.4</u> | <u>261.4</u> | <u>999.8</u> |

Included within bank loans due in the second to fifth years are amounts of £529,761,094 repayable in full in 2019 which bear interest at normal variable commercial rates and within bank loans due in the second to fifth years are amounts of £185,525,244 repayable in instalments and on which interest at nominal variable commercial rates is payable.

Other loans due greater than five years bear interest at normal variable commercial rates.

The bank loans are secured by fixed and floating charges over the company and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

17 Provisions for liabilities

| <u>Group</u> | <u>Other provisions</u> | <u>Property provisions</u> | <u>Deferred taxation (see below)</u> | <u>Total</u> |
|------------------------|-----------------------------|--------------------------------|--|--------------|
| | £m | £m | £m | £m |
| At beginning of period | 12.6 | 6.9 | 6.0 | 25.5 |
| Provided in period | 8.7 | 1.2 | — | 9.9 |
| Utilised in period | (7.7) | (0.5) | (6.0) | (14.2) |
| Released in period | <u>(1.0)</u> | <u>(1.3)</u> | <u>—</u> | <u>(2.3)</u> |
| At end of period | <u>12.6</u> | <u>6.3</u> | <u>—</u> | <u>18.9</u> |

The other provisions principally relate to international expansion, business restructuring initiatives, liabilities that arose in the group following the management buyout on 9 March 2012 and disputes concerning property issues and staffing disputes. The directors believe it would be seriously prejudicial to disclose any further information in relation to these provisions as the disputes are ongoing.

The property provisions primarily relate to the expected future costs of vacant leasehold properties, asbestos removal from older properties and dilapidations on leasehold properties. The timing in relation to the utilisation of these provisions is dependent on the lease terms. The discount rate used on property provisions is 8%.

Deferred taxation

| | <u>Group</u> | | <u>Company</u> | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>28 March 2014</u> | <u>29 March 2013</u> | <u>28 March 2014</u> | <u>29 March 2013</u> |
| | £m | £m | £m | £m |
| Difference between accumulated depreciation and capital allowances | (4.7) | (2.7) | — | — |
| Short term timing differences | (2.8) | 4.5 | — | — |
| Capital gains | 3.2 | 4.5 | — | — |
| Tax losses and other deductions | <u>(1.7)</u> | <u>(0.3)</u> | <u>—</u> | <u>—</u> |
| Deferred tax (asset)/liability | <u>(6.0)</u> | <u>6.0</u> | <u>—</u> | <u>—</u> |
| Deferred tax (asset)/liability at end of period | <u>(6.0)</u> | <u>6.0</u> | <u>—</u> | <u>—</u> |

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

| | <u>£m</u> |
|---|---------------------|
| Deferred tax liability at beginning of period | 6.0 |
| Credit in period | (12.1) |
| Adjustments in respect of prior years | <u>0.1</u> |
| Deferred tax asset at end of period (included in debtors) | <u><u>(6.0)</u></u> |

A deferred tax asset amounting to £6,000,000 (2013: £Nil) in respect of timing differences has been recognised on the basis that it is likely that there will be sufficient taxable profits arising in the future from which the reversal of the underlying asset could be deducted.

18 Share capital

| | <u>28 March 2014</u> | <u>29 March 2013</u> |
|---|--------------------------|--------------------------|
| | <u>£m</u> | <u>£m</u> |
| Allotted, called up and fully paid | | |
| 2 ordinary shares of £1 each | — | — |
| 161,676,261 A ordinary shares of £0.64 each | 103.5 | 103.5 |
| 243,571,047 B ordinary shares of £0.64 each | 155.8 | 155.8 |
| 21,328,806 C ordinary shares of £0.64 each | 13.7 | 13.7 |
| | <u>273.0</u> | <u>273.0</u> |

A, B and C ordinary shares rank pari passu in all respects except as detailed below.

Voting rights

A ordinary shareholders are entitled to two votes per share, except where a change of control occurs, following which each A share will carry one vote on such resolutions. B ordinary shareholders are entitled to one vote per share. C ordinary shareholders are not entitled to receive notice of, attend or vote at any general meeting of the company, or vote on any resolution of any kind.

Priority and amounts receivable in a winding up

On a return of capital or a winding up but not otherwise, the surplus assets of the company remaining after the payment of its liabilities and available for distribution shall be distributed rateably amongst the holders of the “A” ordinary shares, “B” ordinary shares and “C” ordinary shares provided all subscription monies due to the company have been paid, by reference to the number of shares held by such shareholders at that time.

Dividends

The A, B and C shareholders are entitled to receive dividends apportioned proportionately to the number of ordinary shares held.

19 Reserves

| <u>Profit and loss account</u> | <u>Group</u> | <u>Company</u> |
|---|---------------------|----------------|
| | <u>£m</u> | <u>£m</u> |
| At beginning of the period | 29.5 | (0.1) |
| Profit/(loss) for the period | 3.7 | (0.2) |
| At end of period | <u>33.2</u> | <u>(0.3)</u> |
| <u>Other reserves</u> | <u>Group</u> | <u>Company</u> |
| | <u>£m</u> | <u>£m</u> |
| Created on issue of shares as part of acquisition | <u>132.2</u> | <u>132.2</u> |

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

20 Notes to the cash flow statement

(a) Net cash inflow from operating activities

| | 52 week Period Ended 2014 | 8 Dec 2011 to 29 March 2013 |
|-----------------------------------|---------------------------------|-----------------------------------|
| | £m | £m |
| Operating profit | 72.3 | 129.0 |
| Depreciation | 38.8 | 36.6 |
| Amortisation of goodwill | 75.0 | 81.6 |
| Impairment of goodwill | 3.3 | — |
| Amortisation of debt issue costs | 8.2 | 8.3 |
| (Increase)/decrease in stock | (15.5) | 3.1 |
| Increase in debtors | (9.1) | (13.4) |
| Increase in creditors | 22.8 | 46.1 |
| Increase/(decrease) in provisions | 0.3 | (14.2) |
| | <u>196.1</u> | <u>277.1</u> |

(b) Analysis of changes in net debt

| | At 29 March 2013 | Cash flows | Non cash flows | At 28 March 2014 |
|--------------------------------|------------------------|---------------|-------------------|------------------------|
| | £m | £m | £m | £m |
| Cash at bank and in hand | 127.5 | 24.6 | — | 152.1 |
| Debt due in more than one year | (999.8) | 60.0 | (15.6) | (955.4) |
| Finance leases | (2.9) | 1.6 | (0.5) | (1.8) |
| | <u>(875.2)</u> | <u>86.2</u> | <u>(16.1)</u> | <u>(805.1)</u> |

The non-cash flow movements relate to loan fees, accrued interest, foreign currency translation and new finance leases.

21 Capital commitments

The group and company had contracted capital commitments of £Nil (2013: £Nil).

22 Operating lease commitments

Group annual commitments under non-cancellable operating leases are as follows:

| | Land and buildings 28 March 2014 | Other 28 March 2014 | Land and buildings 29 March 2013 | Other 29 March 2013 |
|--------------------------|---|---------------------------|---|---------------------------|
| | £m | £m | £m | £m |
| Expiring | | | | |
| Within one year | 3.1 | 2.5 | 2.6 | 2.3 |
| Within two to five years | 11.6 | 14.7 | 13.4 | 13.3 |
| After five years | 62.2 | 1.6 | 56.6 | 0.9 |
| | <u>76.9</u> | <u>18.8</u> | <u>72.6</u> | <u>16.5</u> |

The company had no operating lease commitments.

23 Contingent liabilities

The company is party to a cross-guarantee between certain fellow group undertakings in respect of bank loans. The amount outstanding at the end of the period was £715.3 million (2013: £781.3 million).

Iceland Topco Limited (formerly Oswestry Topco Limited)

Financial statements for the period ended 28 March 2014

Notes to the financial statements

24 Related party transactions

Advantage has been taken of the exemption in paragraph 3 of FRS8 in respect of the disclosure of transactions and balances with other wholly owned group undertakings.

During the period Iceland Foods Limited, a subsidiary company of Iceland Topco Limited, charged £10,000 (2013:£10,000) for accounting services to As Nature Intended Limited, a company related by virtue of common shareholders of Iceland Foods Limited. Iceland Foods Limited also recharged amounts to As Nature Intended Limited of £45,717 (2013:£26,009). At the period end, £10,989 (2013:£9,968) was outstanding from this company.

Iceland Foods Limited made donations totalling £2,138,873 (2013:£86,207) to The Iceland Foods Charitable Foundation, a related party by virtue of common trustees.

Included within other provisions is £7,700,000 (2013:£8,500,000) in relation to the potential liabilities of M C Walker's additional C shares in Iceland Topco Limited which have been underwritten by Iceland Foods Limited.

25 Fair value of assets and liabilities

The group has derivative financial instruments at the balance sheet date that it has not recognised at fair values as follows:

Interest rate swaps with a fair value of £4,252,384 (2013:£6,067,629) (liability) and forward currency contracts in relation to euro denominated loans with a fair value of £292,395,856 (2013:£301,354,140) (asset).

26 Reconciliations

Reconciliation of retained profit (page 4) to consolidated profit and loss account:

| | <u>2014</u> | <u>2013</u> |
|--|-------------|-------------|
| | <u>£m</u> | <u>£m</u> |
| Retained profit for the 52 week period | 94.9 | 99.6 |
| Amortisation of goodwill | (75.0) | (76.0) |
| Amortisation of loan fees | (8.2) | (7.7) |
| Exceptional administrative expenses | (8.0) | — |
| Retained profit for the period (25 Feb 2012 – 30 Mar 2012) | — | 13.6 |
| | <u>3.7</u> | <u>29.5</u> |

Reconciliation of adjusted EBITDA to business review (page 4):

| | <u>52 week period ended 28 March 2014</u> | <u>52 week period ended 29 March 2013</u> |
|---|---|---|
| | <u>£m</u> | <u>£m</u> |
| Profit on ordinary activities before interest and tax | 72.2 | 111.9 |
| Add: | | |
| Amortisation of goodwill (note 10) | 75.0 | 75.9 |
| Impairment of goodwill (note 10) | 3.3 | — |
| Amortisation of loan fees (note 2) | 8.2 | 7.7 |
| Depreciation (note 11) | 38.8 | 34.2 |
| Exceptional administrative expenses | 4.7 | — |
| Deduct: | | |
| Profit on disposal of fixed assets | — | (0.4) |
| Profit on disposal of a business | — | (3.0) |
| | <u>202.2</u> | <u>226.3</u> |

Independent auditor's report to the members of Iceland Topco Limited (Formerly Oswestry Topco Limited)

We have audited the financial statements of Iceland Topco Limited (Formerly Oswestry Topco Limited) for the 57 week period to 29 March 2013 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the reconciliation of movements in shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 10 and 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial reporting council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 29 March 2013 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
June 2014

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared on a going concern basis. The directors have considered the current performance of the group, the forecasted results of the business for the 6 year period to 31 March 2019, current retail trends and general economic conditions in making this assessment.

The consolidated accounts represent the results for the group for the 57 week period ending 29 March 2013. The results of the group were previously reported in Iceland Foods Group Limited for the 53 week period ending 30 March 2012. However due to a group restructuring during the year, the group is now headed by Iceland Topco Limited.

The principal accounting policies of the group are set out below. The policies have been applied consistently with those audited previously by Iceland Foods Group Limited consolidated financial statements in dealing with items which are considered to be material in relation to the group's financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings together with the group's share of the net assets and results of associated undertakings and joint ventures. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition.

A separate profit and loss account for the parent company is not presented with the group financial statements as permitted by section 408 of the Companies Act 2006.

Turnover

Turnover represents the value of goods sold in the ordinary course of business, stated net of sales incentives and Value Added Tax.

Turnover is recognised when the risks and rewards of the transaction have been transferred.

Turnover is recognised at the point of sale within stores. Turnover regarding the warehouse storage business is the total amount of rental income receivable, this is recognised in the period to which it relates.

Cost of sales

Cost of sales represents all costs incurred up to the point of sale including the operating expense of the trading outlets.

Investments

Shares in subsidiary undertakings are stated at cost less amounts written off where, in the opinion of the directors, there has been a diminution in the value of the investments.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation, or if lower, their recoverable amount measured in accordance with FRS11 "Impairment of fixed assets and goodwill", being the higher of value in use and net realisable value. Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | |
|---------------------|---|
| Freehold building | – 2% per annum |
| Leasehold building | – Amortised on a straight line basis over the life of the lease |
| Plant and equipment | – 4% – 20% per annum |
| Motor vehicles | – 10 – 25% per annum |

Freehold land is not depreciated.

Iceland Topco Limited (Formerly Oswestry Topco Limited)

Financial statements for the 57 week period to 29 March 2013

Leasehold premiums and improvements are depreciated in equal annual instalments over the lesser of the unexpired term of the lease and 50 years. However, the element of leasehold premium paid to acquire a beneficial rental is written off over the period to the first open market rent review.

Property provisions

Under FRS12 a provision should be recognised when there is a present obligation as a result of a past event, a transfer of economic benefits is probable to settle the obligation and a reliable estimate can be made. In respect of leased properties, where the economic benefits from occupying the leased properties are less than the obligations payable under the lease, a provision is made for the present value of the estimated future net cash outflows for each lease. The provision unwinds on a systematic basis within operating costs in line with the lease costs. The provision is reviewed on a regular basis.

A dilapidation provision is in place based on the directors' estimates of dilapidation charges. A provision is recognised when the directors become aware that the group has an obligation under the property lease. The provision is reviewed regularly on an individual property basis and the provision adjusted as required.

All property provisions are discounted at the group's cost of capital in accordance with FRS12.

Leasing commitments

Where the group enters into a lease or hire purchase contract where substantially all the risks and rewards of ownership of the asset have passed to the group, the lease is treated as a finance lease. The asset is recognised in the balance sheet as a tangible fixed asset at the present value of the minimum lease payments and is depreciated over the shorter of the lease term and the asset's useful economic life. Future instalments under such leases, net of finance charges, are included in creditors.

The interest elements of the rental obligations are charged in the profit and loss account over the period of the lease and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Reverse premiums and rent free periods received as inducements to enter into operating lease agreements are released to the profit and loss account over the period to the next rent review, when it is expected the prevailing rental will be payable.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration over the fair value of the net assets acquired) arising on business combinations is capitalised.

Purchased goodwill is amortised over its estimated useful economic life up to a maximum of 20 years. The length of time is presumed to be the maximum useful life of purchased goodwill as it is difficult to make projections beyond this point. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently, if circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value after making allowances for obsolete and slow moving items. Cost is determined at the latest purchase price of the goods, using a FIFO basis. Net realisable value is the estimated selling price less all further costs to completion and all marketing, selling and distribution costs.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013

Pensions

The group operates a defined contribution and a stakeholder scheme whereby contributions payable are charged to the profit and loss account in the period in which they become payable. The assets of the defined contribution scheme were held separately from those of the group.

Taxation

The charge for taxation is based on the result for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted at the balance sheet date. Current and deferred tax is recognised in the profit and loss account except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at year end exchange rates or contracted rates where appropriate. Exchange differences arising on trading transactions are included in the profit and loss account.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Debt issue costs are offset against the debt and amortised over the term of the loan.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Consolidated profit and loss account

| | | 5 week period £'000 | 52 week period £'000 | 57 week period to 29 March 2013 £'000 |
|---|----|---------------------------|----------------------------|--|
| Group turnover | 1 | 258,118 | 2,639,549 | 2,897,667 |
| Cost of sales | | <u>(219,178)</u> | <u>(2,367,855)</u> | <u>(2,587,033)</u> |
| Gross profit | | 38,940 | 271,694 | 310,634 |
| Administrative expenses | | <u>(18,372)</u> | <u>(163,306)</u> | <u>(181,678)</u> |
| Operating profit | | 20,568 | 108,388 | 128,956 |
| Profit on disposal of fixed assets | 6 | 2,725 | 448 | 3,173 |
| Profit on disposal of a business | 27 | — | 3,081 | 3,081 |
| Profit on ordinary activities before interest and taxation | | 23,293 | 111,917 | 135,210 |
| Interest receivable and similar income | 4 | 12 | 2,137 | 2,149 |
| Interest payable and similar charges | 5 | <u>(3,831)</u> | <u>(70,010)</u> | <u>(73,841)</u> |
| Profit on ordinary activities before taxation | 2 | 19,474 | 44,044 | 63,518 |
| Taxation on profit on ordinary activities | 8 | <u>(5,908)</u> | <u>(28,106)</u> | <u>(34,014)</u> |
| Profit for the financial period | 19 | <u>13,566</u> | <u>15,938</u> | <u>29,504</u> |

The period covers the period from incorporation but only includes the group result from acquisition. The group did not trade until the acquisition of its subsidiaries, therefore results for the period relate to acquisitions.

The group had no recognised gains and losses other than those included in the profit and loss account above.

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Topco Limited (Formerly Oswestry Topco Limited) (Company No 6071707)

Financial statements for the 57 week period to 29 March 2013

Consolidated and company balance sheets

| | Note | Group 29 March 2013 £'000 |
|--|------|------------------------------------|
| Fixed assets | | |
| Intangible assets | 10 | 1,421,347 |
| Tangible assets | 11 | 165,881 |
| Investments in group undertakings | 12 | — |
| Investments | | 2,538 |
| | | 1,589,766 |
| Current assets | | |
| Stocks | 13 | 87,296 |
| Debtors due within one year | 14 | 85,272 |
| Cash at bank and in hand | | 127,545 |
| | | 300,113 |
| Creditors: amounts falling due within one year | 15 | (420,969) |
| Net current liabilities | | (120,856) |
| Total assets less current liabilities | | 1,468,910 |
| Creditors: amounts falling due after more than one year | 16 | (1,008,702) |
| Provisions for liabilities | 17 | (25,457) |
| Net assets | | 434,751 |
| Capital and reserves | | |
| Called up share capital | 18 | 273,008 |
| Other reserve | 19 | 132,239 |
| Profit and loss account | 19 | 29,504 |
| Shareholders' funds | | 434,751 |

These financial statements were approved and authorised for issue by the board of directors on June 2014, and signed on its behalf by:

T S Dhaliwal

Director

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013

Consolidated cash flow statement

| | Note | 5 week period | 52 week period | 57 week period to 29 March 2013 |
|--|------|------------------|-------------------|--|
| | | £'000 | £'000 | £'000 |
| Net cash inflow from operating activities | 20a | | 37,106 | 239,958 |
| Returns on investments and servicing of finance | | | | 277,064 |
| Interest paid | | (3,879) | (52,236) | (56,115) |
| Interest received | | 242 | 1,907 | 2,149 |
| Interest element of finance lease rental payments | | — | (59) | (59) |
| Debt issue costs | | (50,418) | (2,972) | (53,390) |
| | | | (54,055) | (53,360) |
| Taxation | | | | (107,415) |
| UK corporation tax paid | | | 854 | (34,284) |
| Capital expenditure and financial investment | | | | (33,430) |
| Purchase of tangible fixed assets | | (4,723) | (36,482) | (41,205) |
| Receipts from sales of tangible fixed assets | | 2,723 | 1,155 | 3,878 |
| | | | (2,000) | (35,327) |
| Acquisitions and disposals | | | | (37,327) |
| Purchase of subsidiary undertaking | 9 | (1,398,521) | — | (1,398,521) |
| Purchase of investment | | — | (2,538) | (2,538) |
| Net cash acquired with subsidiary undertakings | 9 | 155,423 | (5,031) | 150,392 |
| Receipt from disposal of a business | 27 | — | 9,674 | 9,674 |
| | | | (1,243,098) | 2,105 |
| Cash (outflow)/inflow before financing | | | (1,261,193) | 119,092 |
| Financing | | | | (1,142,101) |
| Issue of ordinary share capital | | 243,571 | — | 243,571 |
| New loans in the period | | 1,110,000 | — | 1,110,000 |
| Loan repayments in the period | | (324) | (82,176) | (82,500) |
| Capital element of finance lease payments | | (3,657) | 2,232 | (1,425) |
| | | | 1,349,590 | (79,944) |
| Increase in cash in the period | 20b | | 88,397 | 39,148 |
| | | | 1,269,646 | 127,545 |

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Topco Limited (Formerly Oswestry Topco Limited)

Financial statements for the 57 week period to 29 March 2013

Reconciliation of net cash flow to movement in net funds

| | <u>Note</u> | <u>5 week period</u> | <u>52 week period</u> | <u>57 week period to 29 March 2013</u> |
|---|-------------|--------------------------|---------------------------|--|
| | | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Increase in cash in the period | | 88,397 | 39,148 | 127,545 |
| Cash inflow from change in debt and lease financing - cash flows | | <u>(1,106,019)</u> | <u>79,944</u> | <u>(1,026,075)</u> |
| Change in net debt resulting from cash flows | | <u>(1,017,622)</u> | <u>119,092</u> | <u>(898,530)</u> |
| Cash outflow from change in debt and lease financing - non cash flows | | 49,374 | (21,674) | 27,700 |
| Debt and lease financing acquired with subsidiary undertakings | | <u>(4,393)</u> | <u>—</u> | <u>(4,393)</u> |
| Movement in net debt in the period | | <u>(972,641)</u> | <u>97,418</u> | <u>(875,223)</u> |
| Net debt at beginning of period | | — | (972,641) | — |
| Net debt at end of period | 20b | <u><u>(972,641)</u></u> | <u><u>875,223</u></u> | <u><u>(875,223)</u></u> |

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Reconciliation of movements in shareholders' funds

| | <u>5 week period</u> | <u>52 week period</u> | <u>57 week period to 29 March 2013</u> |
|--|--------------------------|---------------------------|--|
| | £'000 | £'000 | £'000 |
| Profit on ordinary activities after taxation | 13,566 | 15,938 | 29,504 |
| Ordinary shares issued | 273,008 | — | 273,008 |
| Other movements on share issue | 132,239 | — | 132,239 |
| Net additions to shareholders' funds | 418,813 | 15,938 | 434,751 |
| Opening shareholders' funds | — | 418,813 | — |
| Closing shareholders' funds | <u><u>418,813</u></u> | <u><u>434,751</u></u> | <u><u>434,751</u></u> |

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

1 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below, the directors do not consider that any further segments exist and thus it is not necessary to include additional segmental information.

| | <u>5 week period</u> | <u>52 week period</u> | <u>57 week period to 29 March 2013</u> |
|---------------|--------------------------|---------------------------|--|
| | £'000 | £'000 | £'000 |
| UK | 258,118 | 2,605,892 | 2,864,010 |
| Europe | — | 29,887 | 29,887 |
| Rest of World | — | 3,770 | 3,770 |
| | <u>258,118</u> | <u>2,639,549</u> | <u>2,897,667</u> |

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

| | <u>5 week period</u> | <u>52 week period</u> | <u>57 week period to 29 March 2013</u> |
|---|--------------------------|---------------------------|--|
| | £'000 | £'000 | £'000 |
| Goodwill amortisation (administrative expenses) | 5,684 | 75,941 | 81,625 |
| Loan fee amortisation | 595 | 7,734 | 8,329 |
| Depreciation of fixed assets | | | |
| Owned assets | 2,348 | 33,879 | 36,227 |
| Leased assets | — | 353 | 353 |
| Operating lease payments | | | |
| Hire of plant and equipment | 1,485 | 15,446 | 16,931 |
| Buildings | 6,249 | 64,989 | 71,238 |
| Amounts receivable by the auditors and their associates in respect of | | | |
| Audit of these financial statements | — | 25 | 25 |
| Fees payable to the company's auditor for other services: | | | |
| Audit of financial statements of other group undertakings | — | 132 | 132 |
| Tax advisory services | — | 99 | 99 |
| Taxation compliance services | — | 67 | 67 |
| Other assurance services | — | 39 | 39 |
| Other services | — | 20 | 20 |
| | <u> </u> | <u> </u> | <u> </u> |

3 Directors and employees

Staff costs including directors' emoluments

| | <u>52 week period to 29 March 2013</u> |
|-----------------------|--|
| | £'000 |
| Wages and salaries | 238,662 |
| Social security costs | 13,716 |
| Other pension costs | 1,635 |
| | <u>254,013</u> |

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

The average number of persons (full time equivalents) employed by the group (including directors) during the period was as follows:

| | Number of employees 52 week period to 29 March 2013 |
|---------------------------|--|
| Sales and distribution | 13,731 |
| Office and administration | 704 |
| | <u>14,435</u> |

The average number of persons (actual) employed by the group (including directors) during the period was as follows:

| | Number of employees 52 week period to 29 March 2013 |
|---------------------------|--|
| Sales and distribution | 23,911 |
| Office and administration | 751 |
| | <u>24,662</u> |

Directors' emoluments (including benefits in kind):

| | 52 week period to 29 March 2013 |
|--|--|
| | £'000 |
| Directors' emoluments | 9,956 |
| Pension contributions | 76 |
| | <u>10,032</u> |
| During the year, two directors accrued benefits under a defined contribution scheme. | |
| Amounts in respect of the highest paid director | |
| Emoluments | <u>3,812</u> |

4 Interest receivable and similar income

| | 5 week period | 52 week period | 57 week period 29 March 2013 |
|---------------------------|--------------------------|---------------------------|---|
| | £'000 | £'000 | £'000 |
| Bank interest receivable | 12 | 1,076 | 1,088 |
| Other interest receivable | — | 1,061 | 1,061 |
| | <u>12</u> | <u>2,137</u> | <u>2,149</u> |

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

5 Interest payable and similar charges

| | <u>5 week period</u> £'000 | <u>52 week period</u> £'000 | <u>57 week period to 29 March 2013</u> £'000 |
|--|-----------------------------------|------------------------------------|---|
| Loan note interest payable | 755 | 12,819 | 13,574 |
| Finance charges in respect of finance leases | — | 59 | 59 |
| Bank interest payable | 3,076 | 53,039 | 56,115 |
| Foreign currency exchange losses in relation to debt | — | 4,093 | 4,093 |
| | <u>3,831</u> | <u>70,010</u> | <u>73,841</u> |

6 Profit on disposal of fixed assets

| | <u>5 week period</u> £'000 | <u>52 week period</u> £'000 | <u>57 week period to 29 March 2013</u> £'000 |
|------------------------------------|-----------------------------------|------------------------------------|---|
| Profit on disposal of fixed assets | 2,725 | 448 | 3,173 |

This relates to the profit on the sale of assets following a Compulsory Purchase Order.

7 Result for the period

In accordance with section 408 of the Companies Act 2006 the parent company is exempt from the requirement to present its own profit and loss account.

8 Taxation

(a) Analysis of charge in period

| | <u>5 week period</u> £'000 | <u>52 week period</u> £'000 | <u>57 week period to 29 March 2013</u> £'000 |
|--|-----------------------------------|------------------------------------|---|
| UK corporation tax | | | |
| Current tax on profit for the period | 5,908 | 30,306 | 36,214 |
| Total current tax | <u>5,908</u> | <u>30,306</u> | <u>36,214</u> |
| Deferred tax | | | |
| Origination and reversal of timing differences | — | (2,200) | (2,200) |
| Tax charge for the period | <u>5,908</u> | <u>28,106</u> | <u>34,014</u> |

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

(b) Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK of 24%. The differences are explained below:

| | <u>5 week period</u> | <u>52 week period</u> | <u>57 week period to 29 March 2013</u> |
|---|--------------------------|---------------------------|--|
| | £'000 | £'000 | £'000 |
| Current tax reconciliation | | | |
| Profit on ordinary activities before tax | <u>19,474</u> | <u>44,044</u> | <u>63,518</u> |
| Current tax at 24% | <u>4,674</u> | <u>10,570</u> | <u>15,244</u> |
| Effects of | | | |
| Depreciation on ineligible and profit on disposal | (404) | (1,342) | (1,746) |
| Goodwill amortisation not deductible for tax purposes | 1,364 | 18,226 | 19,590 |
| Depreciation in excess of capital allowances | 251 | 2,615 | 2,866 |
| Other timing differences | (16) | (168) | (184) |
| Other permanent differences | <u>39</u> | <u>405</u> | <u>444</u> |
| Total current tax charge (see 8(a)) | <u><u>5,908</u></u> | <u><u>30,306</u></u> | <u><u>36,214</u></u> |

There are unutilised tax losses within the group of £12,281,000 available to relieve against future profits.

There are unutilised tax losses within the company of £Nil available to relieve against future profits.

9 Acquisitions

On 9 March 2012, Iceland Topco Limited (Formerly Oswestry Topco Limited) ultimately acquired 100% of the ordinary share capital of Iceland Foods Group Limited. This transaction has been accounted for using acquisition accounting, and the company has applied merger relief. The results of the Iceland Foods Group Limited group have been consolidated from the consolidation date as explained in the directors report.

On 25 May 2012 Iceland Foods Limited, a subsidiary of Iceland Topco Limited, acquired 100% of the ordinary share capital of Loxton Frozen Foods Limited and its subsidiary Iceland Manufacturing Limited (formerly Loxton Foods Limited).

The fair value of the consideration for the acquisition was split as follows:

| | <u>Iceland Foods Group Limited</u> | <u>Other</u> | <u>Total</u> |
|----------------------|--|-----------------|-------------------------|
| | £'000 | £'000 | £'000 |
| Cash | <u>1,398,521</u> | — | <u>1,398,521</u> |
| Equity consideration | <u>161,676</u> | — | <u>161,676</u> |
| | <u><u>1,560,197</u></u> | <u><u>—</u></u> | <u><u>1,560,197</u></u> |

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

The following table shows the fair value of the assets and liabilities of the acquired entity as determined for the purposes of the acquisition.

| | Iceland Foods Group Limited | Other | Total |
|---|--|------------------------|----------------------|
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Fixed assets | 158,300 | 10,254 | 168,554 |
| Stocks | 86,414 | 4,019 | 90,433 |
| Debtors | 69,376 | 2,460 | 71,836 |
| Bank | 155,423 | (5,031) | 150,392 |
| Trade and other creditors | (322,311) | (31,216) | (353,527) |
| Corporation tax creditor | (24,200) | — | (24,200) |
| Obligations under finance lease and hire purchase contracts | (745) | (3,648) | (4,393) |
| Deferred taxation provision | (8,138) | — | (8,138) |
| Provisions | (31,732) | (2,000) | (33,732) |
| | <u>82,387</u> | <u>(25,162)</u> | <u>57,225</u> |

As a result of these acquisitions, goodwill as follows was recognised.

| | Iceland Foods Group Limited | Other | Total |
|----------|--|----------------------|-------------------------|
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Goodwill | <u>1,477,810</u> | <u>25,162</u> | <u>1,502,972</u> |

As the acquisition of Iceland Foods Group Limited meets the definition of a substantial acquisition, the following information is provided based on the Iceland Foods Group Limited consolidated results for the start of the previous financial year to the date of acquisition. Summary of consolidated profit and loss of Iceland Foods Group Limited:

| | |
|------------------------------------|------------------------|
| | £'000 |
| Turnover | 2,355,545 |
| Operating profit | 152,365 |
| Profit on disposal of fixed assets | 38 |
| Profit before tax | 156,921 |
| Taxation | <u>(46,030)</u> |
| Profit after tax | <u>110,891</u> |

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

10 Intangible fixed assets

| <u>Group</u> | <u>Goodwill</u> £'000 |
|--|--------------------------|
| Cost | |
| Arising on acquisition (5 week period) | <u>1,477,810</u> |
| At end of 5 week period and at beginning of 52 week period | <u>1,477,810</u> |
| Arising on acquisition of a business (52 week period) | <u>25,162</u> |
| At end of 52 and 57 week period | <u>1,502,972</u> |
| Amortisation | |
| Charge for the period (5 week period) | <u>5,684</u> |
| At end of 5 week period and at beginning of 52 week period | <u>5,684</u> |
| Charge for the period (52 week period) | <u>75,941</u> |
| At end of 52 and 57 week period | <u>81,625</u> |
| Net book value | |
| At end of 52 and 57 week period | <u>1,421,347</u> |
| At end of 5 week period | <u>1,472,126</u> |

11 Tangible fixed assets

| <u>Group</u> | <u>Land and buildings</u> | | | | | <u>Motor vehicles</u> £'000 | <u>Total</u> £'000 |
|---|---------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------|--------------------------------|-----------------------|
| | <u>Freehold</u> £'000 | <u>Long leasehold</u> £'000 | <u>Short leasehold</u> £'000 | <u>Plant and equipment</u> £'000 | <u>Total</u> £'000 | | |
| | | | | | | | |
| Cost | | | | | | | |
| Arising on acquisition | 24,513 | 9,791 | 102,087 | 217,819 | 13,349 | 367,559 | |
| Additions | — | — | 1,267 | 3,463 | — | 4,730 | |
| Disposals | (2) | — | — | — | (420) | (422) | |
| At end of 5 week period and beginning of 52 week period | <u>24,511</u> | <u>9,791</u> | <u>103,354</u> | <u>221,282</u> | <u>12,929</u> | <u>371,867</u> | |
| Assets acquired upon acquisition of a business | — | 176 | 1,472 | 13,836 | — | 15,484 | |
| Additions | 1,600 | 47 | 9,820 | 24,944 | 66 | 36,477 | |
| Disposals | (166) | (3,548) | (267) | (8,790) | (2,057) | (14,828) | |
| At end of 52 and 57 week period | <u>25,945</u> | <u>6,466</u> | <u>114,379</u> | <u>251,272</u> | <u>10,938</u> | <u>409,000</u> | |
| Depreciation | | | | | | | |
| Arising on acquisition | (1,119) | (3,476) | (63,795) | (129,877) | (10,992) | (209,259) | |
| Charge for the period | (13) | (12) | (825) | (1,433) | (64) | (2,347) | |
| Disposals | — | — | — | — | 316 | 316 | |
| At end of 5 week period and beginning of 52 week period | <u>(1,132)</u> | <u>(3,488)</u> | <u>(64,620)</u> | <u>(131,310)</u> | <u>(10,740)</u> | <u>(211,290)</u> | |
| Assets acquired upon acquisition of a business | — | (85) | (833) | (4,312) | — | (5,230) | |
| Charge for the period | (183) | (286) | (10,386) | (22,612) | (766) | (34,233) | |
| Disposals | 61 | 1,711 | 176 | 4,015 | 1,671 | 7,634 | |
| At end of 52 and 57 week period | <u>(1,254)</u> | <u>(2,148)</u> | <u>(75,663)</u> | <u>(154,219)</u> | <u>(9,835)</u> | <u>(243,119)</u> | |
| Net book value | | | | | | | |
| At end of 52 and 57 week period | <u>24,691</u> | <u>4,318</u> | <u>38,716</u> | <u>97,053</u> | <u>1,103</u> | <u>165,881</u> | |
| Net book value | | | | | | | |
| At end of 5 week period | <u>23,379</u> | <u>6,303</u> | <u>38,734</u> | <u>89,972</u> | <u>2,189</u> | <u>160,577</u> | |

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013

Notes to the financial statements

Included in the above amounts (plant and equipment and motor vehicles) are the following in respect of assets held under finance leases and similar hire purchase contracts.

| | Net book value As at 29 March 2013 | Depreciation Period to 29 March 2013 |
|-------|---|---|
| | £'000 | £'000 |
| Total | 40 | 353 |

12 Investments

The principal undertakings where the group has more than a 20% holding are as follows:

| Name of company | Country of incorporation | Principal activity | Class and percentage of shares held |
|---|-----------------------------|------------------------------|---|
| Subsidiary undertakings | | | |
| Iceland Foods Group Limited | England and Wales | Non-trading | 100% ordinary |
| Icebox Holdings Limited | England and Wales | Dormant | 100% ordinary |
| Icebox Midco Limited | England and Wales | Dormant | 100% ordinary |
| Ice Acquisitions Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Foods Limited | England and Wales | Wholesale and retail grocers | 100% ordinary |
| Bejam Group Limited | England and Wales | Property rental | 100% ordinary |
| Burgundy Limited | England and Wales | Non-trading | 100% ordinary |
| Iceland Overseas Limited | England and Wales | Non-trading | 100% ordinary |
| Trans European Insurance Limited | Guernsey | Insurance underwriting | 100% ordinary |
| International Trading and Export Limited | England and Wales | Import and export of foods | 100% ordinary |
| Iceland Foodstores Limited | England and Wales | Non-trading | 100% ordinary |
| CT Ice (Holdings) Limited | England and Wales | Holding company | 100% ordinary |
| CT Ice Limited | England and Wales | Retail grocers | 100% ordinary |
| CT Ice Acquisitions Limited | England and Wales | Holding company | 100% ordinary |
| Deeside Storage Limited | England and Wales | Warehouse storage | 100% ordinary |
| Kingdom Inland Trading Limited | England and Wales | Non-trading | 100% ordinary |
| Deeside Jersey Unit Trust | England and Wales | Property rental | 100% ordinary |
| Bejam Freezer Food Centres Limited | England and Wales | Dormant | 100% ordinary |
| St Catherines Frozen Foods Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Foods Holdings Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Frozen Foods Limited | England and Wales | Holding company | 100% ordinary |
| Iceland Group Limited | England and Wales | Dormant | 100% ordinary |
| Iceland (Nominees) Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Limited (Gibraltar) | Gibraltar | Dormant | 100% ordinary |
| Iceland Foods Hungary KFT | Hungary | Retail grocers | 100% ordinary |
| Iceland Foods Czech SRO | Czech Republic | Retail grocers | 100% ordinary |
| Beech House Deeside Limited | England and Wales | Property management | 100% ordinary |
| Ice and Easy Limited | England and Wales | Wholesale | 100% ordinary |
| Iceland in Iceland Limited | Iceland | Holding company | 100% preference |
| Iceland Manufacturing Limited | England and Wales | Food production | 100% ordinary |
| Loxton Frozen Foods Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Finance Limited | England and Wales | Dormant | 100% ordinary |
| Oswestry VLNco Limited* | England and Wales | Non-trading | 100% ordinary |
| Oswestry Midco Limited | England and Wales | Non-trading | 100% ordinary |
| Oswestry Acquico Limited | England and Wales | Non-trading | 100% ordinary |

* directly owned by the company

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

Associated undertaking

| | | | |
|----------------------------------|-------------------|----------------|--------------|
| Island Verslun ehf | Iceland | Retail grocers | 37% ordinary |
| Ramsgate Flat Management Limited | England and Wales | Dormant | 20% ordinary |

The following subsidiaries are not included in the consolidated financial statements on the grounds of materiality:

Iceland Limited Iceland Group Limited Iceland (Nominees) Limited Iceland Limited (Gibraltar)
 Iceland Finance Limited
 Iceland Foods Holdings Limited
 Iceland Frozen Foods Limited
 Iceland Verslun ehf
 Iceland Foods Hungary KFT
 Iceland Foods Czech SRO

Iceland Foods Hungary KFT, Iceland Foods Czech SRO and Iceland Verslun ehf, are not included in the consolidated financial statements as their results are not material to the financial statements. The other companies were all non-trading during the year and did not generate a profit or loss. The only balances in the financial statements are represented by intra-group balances and reserves.

| | |
|---|--------------------------|
| | Other investments |
| | £'000 |
| Cost and net book value at beginning and end of 5 week period | — |
| Cost and net book value at beginning of 52 week period | — |
| Additions | 2,538 |
| Cost and net book value at end of 52 and 57 week period | 2,538 |

13 Stocks

| | |
|-----------------------|-----------------|
| | Group |
| | 29 March |
| | 2013 |
| | £'000 |
| Group | |
| Consumables | 1,044 |
| Goods held for resale | 86,252 |
| | 87,296 |

14 Debtors

| | |
|--|-----------------|
| | Group |
| | 29 March |
| | 2013 |
| | £'000 |
| Trade debtors | 16,992 |
| Other debtors | 12,212 |
| Other taxation and social security costs | 3,386 |
| Prepayments and accrued income | 52,682 |
| | 85,272 |

Included within other debtors is £Nil in relation to a deferred tax asset.

Amounts owed by group undertakings all fall due after more than one year.

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

15 Creditors: amounts falling due within one year

| | Group 29 March 2013 |
|--|---------------------------|
| | £'000 |
| Obligations under finance leases and hire purchase contracts | 215 |
| Trade creditors | 316,207 |
| Corporation tax | 27,290 |
| Other taxation and social security | 3,439 |
| Other creditors | 17,714 |
| Accruals and deferred income | 56,104 |
| | 420,969 |

16 Creditors: amounts falling due after more than one year

| | Group 29 March 2013 |
|--|---------------------------|
| | £'000 |
| Bank loans | 738,429 |
| Other loans | 261,371 |
| Obligations under finance leases and hire purchase contracts | 2,753 |
| Other creditors | 6,121 |
| Accruals | 28 |
| | 1,008,702 |

Debt is analysed net of debt issue costs.

The maturity of the group's obligations under finance leases and hire purchase contracts is as follows:

| | 29 March 2013 |
|------------------------------|------------------|
| | £'000 |
| Within one year | 215 |
| In the second to fifth years | 2,753 |
| | 2,968 |

Amounts due under hire purchase contracts are secured on the assets to which they relate.

The maturity of the group's debt obligations is as follows:

| | 2013 | | |
|----------------------------------|----------------|----------------|----------------|
| | Bank loans | Other loans | Total |
| | £'000 | £'000 | £'000 |
| Within one year | — | — | — |
| In the second to fifth years | 245,525 | — | 245,525 |
| Greater than five years | 535,762 | 263,574 | 799,336 |
| Less: deferred arrangement costs | (42,858) | (2,203) | (45,061) |
| | 738,429 | 261,371 | 999,800 |

Included within bank loans due greater than five years are amounts of £535,761,969 repayable in full in 2019 which bear interest at normal variable commercial rates and within other loans £263,573,960 repayable in full in 2022 and on which interest of 5% per annum is payable.

Iceland Topco Limited (Formerly Oswestry Topco Limited)
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Notes to the financial statements

The bank loans are secured by fixed and floating charges over the company and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

17 Provisions for liabilities

| <u>Group</u> | <u>Other provisions</u> | <u>Property provisions</u> | <u>Deferred taxation (see below)</u> | <u>Total</u> |
|--|-------------------------|----------------------------|--------------------------------------|---------------|
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Arising on acquisition (5 week period) | 25,380 | 8,352 | 8,138 | 41,870 |
| Provided in period | 637 | 191 | (2,200) | (1,372) |
| Utilised in period | (9,326) | (421) | — | (9,747) |
| Released in period | (4,033) | (1,261) | — | (5,294) |
| At end of period | <u>12,658</u> | <u>6,861</u> | <u>5,938</u> | <u>25,457</u> |

The other provisions principally relate to business restructuring initiatives, liabilities that arose in the group following the management buyout on 9 March 2012 and disputes concerning property issues and staffing disputes. The directors believe it would be seriously prejudicial to disclose any further information in relation to these provisions as the disputes are ongoing.

The property provisions primarily relate to the expected future costs of vacant leasehold properties, asbestos removal from older properties and dilapidations on leasehold properties. The timing in relation to the utilisation of these provisions is dependent on the lease terms. The discount rate used on property provisions is 8%.

Deferred taxation

| | <u>Group 29 March 2013</u> |
|--|----------------------------|
| | <u>£'000</u> |
| Difference between accumulated depreciation and capital allowances | (2,700) |
| Short term timing differences | 4,549 |
| Capital gains | 4,472 |
| Tax losses and other deductions | (383) |
| Deferred tax provision | <u>5,938</u> |
| Deferred tax provision at end of period | <u>5,938</u> |

18 Share capital

| | <u>29 March 2013</u> |
|---|----------------------|
| | <u>£'000</u> |
| Allotted, called up and fully paid | |
| 2 ordinary shares of £1 each | — |
| 161,676,261 A ordinary shares of £0.64 each | 103,473 |
| 243,571,047 B ordinary shares of £0.64 each | 155,885 |
| 21,328,806 C ordinary shares of £0.64 each | 13,650 |
| | <u>273,008</u> |

Iceland Topco Limited (Formerly Oswestry Topco Limited)
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A, B and C ordinary shares rank pari passu in all respects except as detailed below.

Voting rights

A ordinary shareholders are entitled to two votes per share, except where a change of control occurs, following which each A share will carry one vote on such resolutions. B ordinary shareholders are entitled to one vote per share. C ordinary shareholders are not entitled to receive notice of, attend or vote at any general meeting of the company, or vote on any resolution of any kind.

Priority and amounts receivable in a winding up

On a return of capital or a winding up but not otherwise, the surplus assets of the company remaining after the payment of its liabilities and available for distribution shall be distributed rateably amongst the holders of the "A" ordinary shares, "B" ordinary shares and "C" ordinary shares provided all subscription monies due to the company have been paid, by reference to the number of shares held by such shareholders at that time.

Dividends

The A, B and C shareholders are entitled to receive dividends apportioned proportionately to the number of ordinary shares held.

19 Reserves

| <u>Profit and loss account</u> | <u>Group 2013</u> |
|---|-----------------------|
| | <u>£'000</u> |
| Profit for the 5 week period | 13,566 |
| Profit for the 52 week period | 15,938 |
| At end of period | <u>29,504</u> |
| | |
| <u>Other reserves</u> | <u>Group</u> |
| | <u>£'000</u> |
| Created on issue of shares as part of acquisition | <u>132,239</u> |

20 Notes to the cash flow statement

(a) Net cash inflow from operating activities

| | <u>5 week period</u> | <u>52 week period</u> | <u>57 week period to 29 March 2013</u> |
|----------------------------------|--------------------------|---------------------------|--|
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Operating profit | 20,568 | 108,388 | 128,956 |
| Depreciation | 2,348 | 34,232 | 36,580 |
| Amortisation of goodwill | 5,684 | 75,941 | 81,625 |
| Amortisation of debt issue costs | 595 | 7,734 | 8,329 |
| (Increase)/decrease in stock | (3,906) | 7,043 | 3,137 |
| (Increase)/decrease in debtors | (20,649) | 7,213 | (13,436) |
| Increase in creditors | 36,632 | 9,454 | 46,086 |
| (Decrease) in provisions | (4,166) | (10,047) | (14,213) |
| | <u>37,106</u> | <u>239,958</u> | <u>277,064</u> |

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

(b) Analysis of changes in net debt

| | Cash flows | Acquisition | Non cash flows | At 29 March 2013 |
|--------------------------------|------------------|----------------|----------------|------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 127,545 | — | — | 127,545 |
| Debt due in more than one year | (1,027,500) | — | 27,700 | (999,800) |
| Finance leases | 1,425 | (4,393) | — | (2,968) |
| | <u>(898,530)</u> | <u>(4,393)</u> | <u>27,700</u> | <u>875,223</u> |

The non cash flow movements relate to loan fees, accrued interest and foreign currency translation.

21 Capital commitments

The group and company had contracted capital commitments of £Nil.

22 Operating lease commitments

Group annual commitments under non-cancellable operating leases are as follows:

| | Land and buildings 29 March 2013 | Other 29 March 2013 |
|--------------------------|---|---------------------------|
| | £'000 | £'000 |
| Expiring | | |
| Within one year | 2,638 | 2,257 |
| Within two to five years | 13,415 | 13,306 |
| After five years | 56,564 | 875 |
| | <u>72,617</u> | <u>16,438</u> |

The company had no operating lease commitments.

23 Contingent liabilities

The company is party to a cross-guarantee between certain fellow group undertakings in respect of bank loans. The amount outstanding at the end of the period was £781.3 million.

24 Related party transactions

Advantage has been taken of the exemption in paragraph 3 of FRS8 in respect of the disclosure of transactions and balances with other wholly owned group undertakings.

During the period Iceland Foods Limited, a subsidiary company of Iceland Topco Limited, charged £10,000 for accounting services to As Nature Intended Limited, a company related by virtue of common shareholders of Iceland Foods Limited. Iceland Foods Limited also recharged amounts to As Nature Intended Limited of £26,009. At the period end, £9,968 was outstanding from this company.

Iceland Foods Limited made donations totalling £86,207 to The Iceland Foods Charitable Foundation, a related party by virtue of common trustees/ officers.

Included within other provisions is £8,500,000 in relation to the potential liabilities of M C Walker's additional C shares in Iceland Topco Limited which have been underwritten by Iceland Foods Limited.

Iceland Topco Limited (Formerly Oswestry Topco Limited)
Financial statements for the 57 week period to 29 March 2013
Notes to the financial statements

25 Fair value of assets and liabilities

The group has derivative financial instruments at the balance sheet date that it has not recognised at fair values as follows:

Interest rate swaps with a fair value of £6,067,629 (liability) and forward currency contracts in relation to euro denominated loans with a fair value of £301,354,140 (asset).

26 Reconciliations

Reconciliation of retained profit to consolidated profit and loss account:

| | 2013 |
|--|-------------|
| | £m |
| Retained profit per page 5 | 99.6 |
| Amortisation of goodwill | (76.0) |
| Amortisation of loan fees | (7.7) |
| Retained profit for the period 25 February 2012 to 30 March 2012 | 13.6 |
| | 29.5 |

Reconciliation of EBITDA to business review (page 4):

| | 5 week period | 52 week period | 57 week period |
|---|----------------------|-----------------------|-----------------------|
| | £'000 | £'000 | £'000 |
| Profit on ordinary activities before interest and tax | 23,294 | 111,917 | 135,211 |
| Add: | | | |
| Amortisation of goodwill (note 10) | 5,684 | 75,941 | 81,625 |
| Amortisation of loan fees (note 2) | 595 | 7,734 | 8,329 |
| Depreciation (note 11) | 2,347 | 34,233 | 36,580 |
| Deduct: | | | |
| One-off property income | (2,726) | — | (2,726) |
| Profit on disposal of fixed assets | — | (448) | (448) |
| Profit on disposal of a business | — | (3,081) | (3,081) |
| | 29,194 | 226,296 | 255,490 |

27 Disposal

On 29 September 2012 CT Ice Limited (formerly Cooltrader Limited) sold its trade and assets. The assets and liabilities sold were:

| | Book value and fair value |
|------------------------------------|----------------------------------|
| | £000s |
| Fixed assets | 6,593 |
| Satisfied by: | |
| Consideration | 13,300 |
| Associated costs of sale | (3,626) |
| | 9,674 |
| Profit on sale of trade and assets | 3,081 |

Independent auditor's report to the members of Iceland Foods Group Limited

We have audited the financial statements of Iceland Foods Group Limited for the 53 week period ended 30 March 2012 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of movements in shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 March 2012 and of the group's profit for the 53 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
14 June 2012

Iceland Foods Group Limited
Financial statements for the 53 week period ended 30 March 2012
Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared on a going concern basis. The directors have considered the current performance of the group, the forecasted results of the business for the period to 30 March 2012, current retail trends and general economic conditions in making this assessment.

The consolidated accounts represent the results for the group for the period ended 30 March 2012.

The principal accounting policies of the group are set out below. The policies have been applied consistently in dealing with items which are considered to be material in relation to the group's financial statements and remain unchanged from the previous years.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings together with the group's share of the net assets and results of associated undertakings and joint ventures. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition.

A separate profit and loss account for the parent company is not presented with the group financial statements as permitted by section 408 of the Companies Act 2006.

Investments in associated undertakings

Investments in joint ventures and associated undertakings are carried in the consolidated balance sheet at the group's share of their net assets at the date of acquisition and of their post acquisition retained profits or losses, together with any goodwill arising on the acquisition, net of amortisation. The investor's share of the results is included within the consolidated profit and loss account.

Turnover

Turnover represents the value of goods sold in the ordinary course of business, stated net of sales incentives and Value Added Tax.

Turnover is recognised when the risks and rewards of the transaction have been transferred.

In relation to retail and appliance sales, turnover is recognised at the point of sale within stores. Turnover regarding the warehouse storage business is the total amount of rental income receivable, this is recognised in the period to which it relates.

Cost of sales

Cost of sales represents all costs incurred up to the point of sale including the operating expense of the trading outlets.

Investments

Shares in subsidiary undertakings are stated at cost less amounts written off where, in the opinion of the directors, there has been a diminution in the value of the investments.

Iceland Foods Group Limited

Financial statements for the 53 week period ended 30 March 2012

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation, or if lower, their recoverable amount measured in accordance with FRS11 "Impairment of fixed assets and goodwill", being the higher of value in use and net realisable value. Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | | |
|---------------------|---|---|
| Freehold building | – | 2% per annum |
| Leasehold building | – | Amortised on a straight line basis over the life of the lease |
| Plant and equipment | – | 4% to 20% per annum |
| Motor vehicles | – | 10 – 25% per annum |

Freehold land is not depreciated.

Leasehold premiums and improvements are depreciated in equal annual instalments over the lesser of the unexpired term of the lease and 50 years. However, the element of leasehold premium paid to acquire a beneficial rental is written off over the period to the first open market rent review.

Property provisions

Under FRS12 a provision should be recognised when there is a present obligation as a result of a past event, a transfer of economic benefits is probable to settle the obligation and a reliable estimate can be made. In respect of leased properties, where the economic benefits from occupying the leased properties are less than the obligations payable under the lease, a provision is made for the present value of the estimated future net cash outflows for each lease. The provision unwinds on a systematic basis within operating costs in line with the lease costs. The provision is reviewed on a regular basis.

A dilapidation provision is in place based on the directors' estimates of dilapidation charges. A provision is recognised when the directors become aware that the group has an obligation under the property lease. The provision is reviewed regularly on an individual property basis and the provision adjusted as required.

All property provisions are discounted at the group's cost of capital in accordance with FRS12.

Leasing commitments

Where the group enters into a lease or hire purchase contract where substantially all the risks and rewards of ownership of the asset have passed to the group, the lease is treated as a finance lease. The asset is recognised in the balance sheet as a tangible fixed asset at the present value of the minimum lease payments and is depreciated over the shorter of the lease term and the asset's useful economic life. Future instalments under such leases, net of finance charges, are included in creditors.

The interest elements of the rental obligations are charged in the profit and loss account over the period of the lease and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Reverse premiums and rent free periods received as inducements to enter into operating lease agreements are released to the profit and loss account over the period to the next rent review, when it is expected the prevailing rental will be payable.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration over the fair value of the net assets acquired) arising on business combinations is capitalised.

Iceland Foods Group Limited

Financial statements for the 53 week period ended 30 March 2012

Purchased goodwill is amortised over its estimated useful economic life up to a maximum of 20 years. The length of time is presumed to be the maximum useful life of purchased goodwill as it is difficult to make projections beyond this point. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently, if circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the economic life of that asset as follows:

Goodwill - 20 years

Stocks

Stocks are stated at the lower of cost and net realisable value after making allowances for obsolete and slow moving items. Cost is determined at the latest purchase price of the goods, using a FIFO basis. Net realisable value is the estimated selling price less all further costs to completion and all marketing, selling and distribution costs.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Pensions

The group operates a defined contribution and a stakeholder scheme whereby contributions payable are charged to the profit and loss account in the period in which they become payable. The assets of the defined contribution scheme were held separately from those of the group.

Taxation

The charge for taxation is based on the profit for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted at the balance sheet date. Current and deferred tax is recognised in the profit and loss account except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at year end exchange rates or contracted rates where appropriate. Exchange differences arising on trading transactions are included in the profit and loss account.

Iceland Foods Group Limited

Financial statements for the 53 week period ended 30 March 2012

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Debt issue costs are offset against the debt and amortised over the term of the loan.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Share based payments

For equity settled awards, the services received from employees are measured by reference to the fair value of the share options. The fair value is calculated at grant date as recognised in profit and loss, together with a corresponding increase in shareholders equity on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value.

Iceland Foods Group Limited
Financial statements for the 53 week period ended 30 March 2012
Consolidated profit and loss account

| | 53 week period ended 30 March 2012 | 52 week period ended 25 March 2011 |
|---|---|---|
| | £'000 | £'000 |
| Group turnover | 1 2,613,663 | 2,388,380 |
| Cost of sales | (2,334,025) | (2,146,720) |
| Gross profit | 279,638 | 241,660 |
| Administrative expenses before exceptional items | (117,988) | (111,808) |
| Exceptional administrative items | 7 (17,600) | — |
| Administrative expenses | (135,588) | (111,808) |
| Gross operating profit | 144,050 | 129,852 |
| Share of operating loss in associates | (64) | (48) |
| Profit / (loss) on disposal of fixed assets | 2,763 | (5) |
| Profit on ordinary activities before interest and taxation | 146,749 | 129,799 |
| Interest receivable and similar income | 5 1,146 | 511 |
| Interest payable and similar charges | 6 (383) | (1,003) |
| Profit on ordinary activities before taxation | 2 147,512 | 129,307 |
| Taxation on profit on ordinary activities | 9 (51,938) | (47,573) |
| Profit for the financial period | 20 95,574 | 81,734 |

All activities relate to continuing operations.

The group had no recognised gains and losses other than those included in the profit and loss account above.

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Foods Group Limited (Company No 6071707)
Financial statements for the 53 week period ended 30 March 2012
Consolidated and company balance sheet

| | Note | Group | | Company | |
|--|------|------------------|------------------|------------------|------------------|
| | | 30 March 2012 | 25 March 2011 | 30 March 2012 | 25 March 2011 |
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Intangible assets | 11 | 383,151 | 408,694 | — | — |
| Tangible assets | 12 | 160,574 | 167,185 | — | — |
| | | 543,725 | 575,879 | — | — |
| Investments | | | | | |
| Investments in group undertakings | 13 | — | — | 747,402 | 747,402 |
| Investments in associates | | 226 | 290 | — | — |
| | | 543,951 | 576,169 | 747,402 | 747,402 |
| Current assets | | | | | |
| Stocks | 14 | 92,853 | 85,839 | — | — |
| Debtors due within one year | 15 | 101,015 | 89,778 | 1,334 | 1,330 |
| Debtors due after one year | | — | — | 225,388 | 229,326 |
| Cash at bank and in hand | | 85,128 | 67,296 | — | — |
| | | 278,996 | 242,913 | 226,722 | 230,656 |
| Creditors: amounts falling due within one year | 16 | (399,922) | (415,467) | (127) | (50,336) |
| Net current (liabilities)/assets | | (120,926) | (172,554) | 226,595 | 180,320 |
| Total assets less current liabilities | | 423,025 | 403,615 | 973,997 | 927,722 |
| Creditors: amounts falling due after more than one year | 17 | (407) | (708) | (627,214) | (477,147) |
| Provisions for liabilities | 18 | (27,489) | (14,352) | — | — |
| Net assets | | 395,129 | 388,555 | 346,783 | 450,575 |
| Capital and reserves | | | | | |
| Called up share capital | 19 | 1,000 | 1,000 | 1,000 | 1,000 |
| Profit and loss account | 20 | 394,129 | 387,555 | 345,783 | 449,575 |
| Shareholders' funds | | 395,129 | 388,555 | 346,783 | 450,575 |

These financial statements were approved and authorised for issue by the board of directors on 14 June 2012, and signed on its behalf by;

T S Dhaliwal

Director

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Foods Group Limited
Financial statements for the 53 week period ended 30 March 2012
Consolidated cash flow statement

| | Note | 53 week period ended 30 March 2012 | | 52 week period ended 25 March 2011 | |
|--|------|---|------------------|---|-----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Net cash inflow from operating activities | 21a | | 235,911 | | 190,651 |
| Returns on investments and servicing of finance | | | | | |
| Interest paid | | (556) | | (701) | |
| Interest received | | 1,175 | | 524 | |
| Interest element of finance lease rental payments | | (61) | | (76) | |
| | | | 558 | | (253) |
| Taxation | | | | | |
| UK corporation tax paid | | | (45,993) | | (41,772) |
| Capital expenditure and financial investment | | | | | |
| Purchase of tangible fixed assets | | (25,380) | | (24,541) | |
| Receipts from sales of tangible fixed assets | | 3,073 | | 160 | |
| Decrease in interest in associates | | 64 | | 505 | |
| | | | (22,243) | | (23,876) |
| Cash inflow before financing | | | 168,233 | | 124,750 |
| Dividends | | | | | |
| Dividends paid | | (100,000) | | (100,000) | |
| | | | (100,000) | | (100,000) |
| Financing | | | | | |
| New loans in the period | | 50,000 | | 50,000 | |
| Loan repayments in the period | | (100,000) | | (60,000) | |
| Capital element of finance lease payments | | (339) | | (292) | |
| | | | (50,339) | | (10,292) |
| Increase in cash in the period | 21b | | 17,894 | | 14,458 |

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Foods Group Limited

Financial statements for the 53 week period ended 30 March 2012

Reconciliation of net cash flow to movement in net funds

| | Note | 53 week period ended 30 March 2012 | 52 week period ended 25 March 2011 |
|--|-------------|---|---|
| | | £'000 | £'000 |
| Increase in cash in the period | | 17,894 | 14,458 |
| Cash outflow from change in debt and lease financing – cash flows | | 50,339 | 10,292 |
| Change in net debt resulting from cash flows | | 68,233 | 24,750 |
| Cash inflow from change in debt and lease financing – non cash flows | | (344) | (634) |
| Movement in net debt in the period | | 67,889 | 24,116 |
| Net funds / (debt) at beginning of period | | 16,503 | (7,613) |
| Net funds at end of period | 21b | 84,392 | 16,503 |

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Foods Group Limited

Financial statements for the 53 week period ended 30 March 2012

Reconciliation of movements in shareholders' funds

| | Group 53 week period ended 30 March 2012 | Company 53 week period ended 30 March 2012 | Group 52 week period ended 25 March 2011 | Company 52 week period ended 25 March 2011 |
|---|--|--|--|--|
| | £'000 | £'000 | £'000 | £'000 |
| Profit / (loss) on ordinary activities after taxation | 95,574 | (14,775) | 81,734 | 366,380 |
| Dividends paid | (100,000) | (100,000) | (100,000) | (100,000) |
| Share based payment contribution from ultimate parent undertaking | 11,000 | 11,000 | — | — |
| Net additions/(deductions) in shareholders' funds | 6,574 | (103,775) | (18,266) | 266,380 |
| Opening shareholders' funds | 388,555 | 450,575 | 406,821 | 184,195 |
| Closing shareholders' funds | 395,129 | 346,800 | 388,555 | 450,575 |

The accompanying accounting policies and notes form an integral part of these financial statements

Iceland Foods Group Limited
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Notes to the financial statements

1 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below, however the directors consider that it would be seriously prejudicial to include additional segmental information.

| | 53 week period ended 30 March 2012 | 52 week period ended 25 March 2011 |
|---------------|---|---|
| | £'000 | £'000 |
| UK | 2,581,080 | 2,359,001 |
| Europe | 31,428 | 28,683 |
| Rest of World | 1,155 | 696 |
| | <u>2,613,663</u> | <u>2,388,380</u> |

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

| | 53 week period ended 30 March 2012 | 52 week period ended 25 March 2011 |
|---|---|---|
| | £'000 | £'000 |
| Goodwill amortisation (administrative expenses) | 25,543 | 25,543 |
| Loan fee amortisation | 344 | 634 |
| Cost of share based payments | 11,000 | — |
| Depreciation of fixed assets | | |
| Owned assets | 31,321 | 31,508 |
| Leased assets | 360 | 360 |
| (Profit)/loss on disposal of fixed assets | (2,763) | 5 |
| Operating lease payments | | |
| Hire of plant and equipment | 15,697 | 12,676 |
| Buildings | 71,576 | 69,551 |
| Amounts receivable by the auditors and their associates in respect of | | |
| Audit of these financial statements | 26 | 25 |
| Fees payable to the company's auditor for other services: | | |
| Audit of financial statements of other group undertakings | 93 | 92 |
| Tax advisory services | 55 | — |
| Taxation compliance services | 67 | 67 |
| Other assurance services | 75 | — |
| Corporate finance | 75 | — |
| Other services | <u>1,099</u> | <u>112</u> |

3 Directors and employees

Staff costs including directors' emoluments

| | 53 week period ended 30 March 2012 | 52 week period ended 25 March 2011 |
|-----------------------|---|---|
| | £'000 | £'000 |
| Wages and salaries | 231,830 | 209,788 |
| Social security costs | 12,794 | 12,574 |
| Other pension costs | 1,743 | 13,698 |
| | <u>246,367</u> | <u>236,060</u> |

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During the year, two (2010: two) directors accrued benefits under a defined contribution scheme.

The average number of persons (full time equivalents) employed by the group (including directors) during the period was as follows:

| | <u>Number of employees</u> | |
|---------------------------|---|---|
| | <u>53 week period ended 30 March 2012</u> | <u>52 week period ended 25 March 2011</u> |
| Sales and distribution | 13,324 | 12,797 |
| Office and administration | 678 | 665 |
| | <u>14,002</u> | <u>13,462</u> |

The average number of persons (actual) employed by the group (including directors) during the period was as follows:

| | <u>Number of employees</u> | |
|---------------------------|---|---|
| | <u>53 week period ended 30 March 2012</u> | <u>52 week period ended 25 March 2011</u> |
| Sales and distribution | 23,264 | 22,241 |
| Office and administration | 722 | 712 |
| | <u>23,986</u> | <u>22,953</u> |

The company has no employees and no remuneration is paid through the company.

Directors' emoluments (including benefits in kind):

| | <u>53 week period ended 30 March 2012</u> | <u>52 week period ended 25 March 2011</u> |
|---|---|---|
| | £'000 | £'000 |
| Directors' emoluments | 7,500 | 2,413 |
| Pension contributions | 76 | 76 |
| Loss of office | 1,572 | — |
| | <u>9,148</u> | <u>2,489</u> |
| Amounts in respect of the highest paid director | | |
| Emoluments | 3,812 | 963 |
| Pension contributions | — | — |
| | <u>3,812</u> | <u>963</u> |

Included in the above is £4,094,500 in relation to the exit of a director from the business which is shown in exceptional items in the profit and loss and provisions in the balance sheet.

A fair value charge of £11,000,000 (2011: £Nil) has been made in respect of share based payment awards to directors. See note 4 for details.

4 Share based payment

During the year an award was granted to a director of the company to acquire C shares in the ultimate parent undertaking for £nil. The criteria attached to the share based payment related to past services provided to the group by the director and thus the share based payment is considered to be fully vested during the year.

Iceland Foods Group Limited
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The charge of £11,000,000, recognised in profit and loss during the year represents the fair value of the C shares at the grant date of the award. No share options are outstanding at the year end. The charge has been recognised within Iceland Foods Group Limited.

The fair value has been calculated with reference to the value of the business adjusted for a minority discount.

5 Interest receivable and similar income

| | 53 week period ended 30 March 2012 | 52 week period ended 25 March 2011 |
|---------------------------|---|---|
| | <u>£'000</u> | <u>£'000</u> |
| Bank interest receivable | 944 | 383 |
| Other interest receivable | 202 | 128 |
| | <u>1,146</u> | <u>511</u> |

6 Interest payable and similar charges

| | 53 week period ended 30 March 2012 | 52 week period ended 25 March 2011 |
|--|---|---|
| | <u>£'000</u> | <u>£'000</u> |
| Finance charges in respect of finance leases | 61 | 76 |
| Bank interest payable | 322 | 927 |
| | <u>383</u> | 1,003 |

7 Exceptional administrative items

| | 53 week period ended 30 March 2012 | 52 week period ended 25 March 2011 |
|----------------------|---|---|
| | <u>£'000</u> | <u>£'000</u> |
| Business restructure | <u>17,600</u> | <u>—</u> |

The above costs relate to one off transactions entered into in relation to the management buyout that occurred on 9 March 2012.

8 Result for the period

In accordance with section 408 of the Companies Act 2006 the parent company is exempt from the requirement to present its own profit and loss account. The loss for the financial period ended 30 March 2012 dealt within the financial statements of the company was £14,792,000 (2011:profit of £366,380,000), which primarily relates to administrative expenses.

Iceland Foods Group Limited
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Notes to the financial statements

9 Taxation

(a) Analysis of charge in period

| | <u>53 week period ended 30 March 2012</u> | <u>52 week period ended 25 March 2011</u> |
|--|---|---|
| | £'000 | £'000 |
| UK corporation tax | | |
| Current tax on profit for the period | 55,834 | 48,083 |
| Prior period over provision | <u>(2,633)</u> | <u>(47)</u> |
| Total current tax | 53,201 | 48,036 |
| Deferred tax | | |
| Origination and reversal of timing differences | <u>(1,263)</u> | <u>(463)</u> |
| Tax charge for the period | <u>51,938</u> | <u>47,573</u> |

(b) Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2011: higher) than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained below:

| | <u>53 week period ended 30 March 2012</u> | <u>52 week period ended 25 March 2011</u> |
|---|---|---|
| | £'000 | £'000 |
| Current tax reconciliation | | |
| Profit on ordinary activities before tax | 147,512 | 129,307 |
| Current tax at 26% (2011: 28%) | 38,353 | 36,206 |
| Effects of | | |
| Expenses not deductible for tax purposes | 2,884 | 923 |
| Depreciation on ineligible | 1,224 | 3,000 |
| Goodwill amortisation not deductible for tax purposes | 6,641 | 7,168 |
| Depreciation in excess of capital allowances | 1,174 | 895 |
| Utilisation of tax losses | (367) | (272) |
| Other timing differences | 5,895 | 152 |
| Other permanent differences | 30 | 11 |
| Adjustments in respect of prior periods | <u>(2,633)</u> | <u>(47)</u> |
| Total current tax charge (see 9(a)) | <u>53,201</u> | <u>48,036</u> |

There are unutilised tax losses within the group of £411,000 (2011: £1,792,000) available to relieve against future profits.

There are unutilised tax losses within the company of £Nil (2011: £Nil) available to relieve against future profits.

During the period, most of the group's tax losses brought forward (some of which were not recognised in the prior year) were utilised, reducing the effective rate of tax. The unutilised tax losses above relate to losses the group have not been able to utilise elsewhere.

Iceland Foods Group Limited
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10 Dividends

The aggregate amount of dividends comprises:

Interim dividends paid in respect of the current period:

| | 53 week period ended 30 March 2012 | 52 week period ended 25 March 2011 |
|---|---|---|
| | £'000 | £'000 |
| Nil (2011: 107.794p) per A1 ordinary share | — | 73,940 |
| Nil (2011: 107.794p) per A2 ordinary share | — | 9,060 |
| Nil (2011: 107.794p) per B1 ordinary share | — | 15,135 |
| Nil (2011: 107.794p) per B2 ordinary share | — | 1,865 |
| 100.000p (2011: Nil) per A ordinary share | 77,000 | — |
| 100.000p(2011: Nil) per B ordinary share | 17,000 | — |
| 100.000p (2011: Nil) per C ordinary share | 5,000 | — |
| 100.000p (2011: Nil) per D ordinary share | 1,000 | — |
| | <u>100,000</u> | <u>100,000</u> |

11 Intangible fixed assets

| | Goodwill £'000 |
|--------------------------------|---------------------------|
| Cost | |
| At beginning and end of period | <u>510,867</u> |
| Amortisation | |
| At beginning of period | (102,173) |
| Charge for the period | <u>(25,543)</u> |
| At end of period | <u>(127,716)</u> |
| Net book value | |
| At end of period | <u>383,151</u> |
| At beginning of period | <u>408,694</u> |

Iceland Foods Group Limited
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12 Tangible fixed assets

| <u>Group</u> | <u>Land and buildings</u> | | | | <u>Motor vehicles</u> | <u>Total</u> |
|------------------------|---------------------------|-----------------------|------------------------|----------------------------|-----------------------|-----------------------|
| | <u>Freehold</u> | <u>Long leasehold</u> | <u>Short leasehold</u> | <u>Plant and equipment</u> | | |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | | |
| Cost | | | | | | |
| At beginning of period | 24,113 | 9,624 | 96,792 | 204,073 | 15,092 | 349,694 |
| Additions | 399 | 180 | 6,674 | 17,942 | 185 | 25,380 |
| Disposals | (1) | (13) | (112) | (733) | (2,351) | (3,210) |
| At end of period | <u>24,511</u> | <u>9,791</u> | <u>103,354</u> | <u>221,282</u> | <u>12,926</u> | <u>371,864</u> |
| Depreciation | | | | | | |
| At beginning of period | (959) | (3,112) | (54,563) | (111,933) | (11,942) | (182,509) |
| Charged in period | (174) | (382) | (10,143) | (20,009) | (973) | (31,681) |
| Disposals | 1 | 6 | 86 | 632 | 2,175 | 2,900 |
| At end of period | <u>(1,132)</u> | <u>(3,488)</u> | <u>(64,620)</u> | <u>(131,310)</u> | <u>(10,740)</u> | <u>(211,290)</u> |
| Net book value | | | | | | |
| At end of period | <u>23,379</u> | <u>6,303</u> | <u>38,734</u> | <u>89,972</u> | <u>2,186</u> | <u>160,574</u> |
| Net book value | | | | | | |
| At beginning of period | <u>23,154</u> | <u>6,512</u> | <u>42,229</u> | <u>92,140</u> | <u>3,150</u> | <u>167,185</u> |

Included in the above amounts (plant and equipment and motor vehicles) are the following in respect of assets held under finance leases and similar hire purchase contracts.

| | <u>Net book value As at 30 March 2012</u> | <u>Depreciation Period to 30 March 2012</u> | <u>Net book value As at 25 March 2011</u> | <u>Depreciation Period to 25 March 2011</u> |
|-------|---|---|---|---|
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Total | <u>411</u> | <u>360</u> | <u>771</u> | <u>360</u> |

13 Investments

| <u>Company</u> | <u>Shares in group undertakings</u> |
|--|-------------------------------------|
| | <u>£'000</u> |
| Cost and net book value at beginning and end of period | <u>747,402</u> |

The principal undertakings where the group has more than a 20% holding are as follows:

| <u>Name of company</u> | <u>Country of incorporation</u> | <u>Principal activity</u> | <u>Class and percentage of shares held</u> |
|----------------------------------|---------------------------------|------------------------------|--|
| Subsidiary undertakings | | | |
| Icebox Holdings Limited* | England and Wales | Dormant | 100% ordinary |
| Icebox Midco Limited* | England and Wales | Dormant | 100% ordinary |
| Ice Acquisitions Limited* | England and Wales | Dormant | 100% ordinary |
| Iceland Foods Limited* | England and Wales | Wholesale and retail grocers | 100% ordinary |
| Bejam Group Limited* | England and Wales | Property rental | 100% ordinary |
| Burgundy Limited | England and Wales | Non-trading | 100% ordinary |
| Iceland Overseas Limited* | England and Wales | Non-trading | 100% ordinary |
| Trans European Insurance Limited | Guernsey | Insurance underwriting | 100% ordinary |

Iceland Foods Group Limited

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Notes to the financial statements

| <u>Name of company</u> | <u>Country of incorporation</u> | <u>Principal activity</u> | <u>Class and percentage of shares held</u> |
|---|---------------------------------|----------------------------|--|
| International Trading and Export Limited* | England and Wales | Import and export of foods | 100% ordinary |
| Iceland Foodstores Limited* | England and Wales | Non-trading | 100% ordinary |
| Cooltrader (Holdings) Limited | England and Wales | Holding company | 100% ordinary |
| Cooltrader Limited | England and Wales | Retail grocers | 100% ordinary |
| Cooltrader Acquisitions Limited* | England and Wales | Holding company | 100% ordinary |
| Deeside Storage Limited | England and Wales | Warehouse storage | 100% ordinary |
| Kingdom Inland Trading Limited | England and Wales | Non-trading | 100% ordinary |
| Bejam Freezer Food Centres Limited* | England and Wales | Dormant | 100% ordinary |
| St Catherines Frozen Foods Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Limited | England and Wales | Dormant | 100% ordinary |
| Iceland Group Limited | England and Wales | Dormant | 100% ordinary |
| Iceland (Nominees) Limited* | England and Wales | Dormant | 100% ordinary |
| Iceland Limited (Gibraltar) | Gibraltar | Dormant | 100% ordinary |
| Iceland Foods Hungary KFT | Hungary | Retail grocers | 100% ordinary |
| Iceland Foods Czech SRO | Czech Republic | Retail grocers | 100% ordinary |
| Beech House Deeside Limited | England and Wales | Property management | 100% ordinary |

* directly owned by the company

Associated undertaking

| | | | |
|----------------------------------|-------------------|---------------------|--------------|
| Ice and Easy Limited | England and Wales | Wholesale | 50% ordinary |
| Ramsgate Flat Management Limited | England and Wales | Property management | 20% ordinary |

The following subsidiaries are not included in the consolidated financial statements on the grounds of materiality:

Iceland Limited
 Iceland Group Limited
 Iceland (Nominees) Limited
 Iceland Limited (Gibraltar)

These companies were all non-trading during the year and did not generate a profit or loss. The only balances in the financial statements are represented by intra-group balances and reserves.

14 Stocks

| <u>Group</u> | <u>30 March 2012</u> | <u>25 March 2011</u> |
|-----------------------|----------------------|----------------------|
| | <u>£'000</u> | <u>£'000</u> |
| Consumables | 1,705 | 1,455 |
| Goods held for resale | 91,148 | 84,384 |
| | <u>92,853</u> | <u>85,839</u> |

Iceland Foods Group Limited
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15 Debtors

| | <u>Group</u> | | <u>Company</u> | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>30 March 2012</u> | <u>25 March 2011</u> | <u>30 March 2012</u> | <u>25 March 2011</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Trade debtors | 15,661 | 19,648 | — | — |
| Amounts owed by group undertakings | — | — | 225,388 | 229,326 |
| Other debtors | 28,514 | 19,708 | 1,299 | 1,295 |
| Other taxation and social security costs | 3,732 | 2,884 | — | — |
| Prepayments and accrued income | 53,108 | 47,538 | 35 | 35 |
| | <u>101,015</u> | <u>89,778</u> | <u>226,722</u> | <u>230,656</u> |

Included within other debtors is £2,047,000 (2011: £572,000) in relation to a deferred tax asset.

Amounts owed by group undertakings all fall due after more than one year in the current and prior period.

16 Creditors: amounts falling due within one year

| | <u>Group</u> | | <u>Company</u> | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>30 March 2012</u> | <u>25 March 2011</u> | <u>30 March 2012</u> | <u>25 March 2011</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Bank overdrafts | — | 62 | — | — |
| Bank loans | — | 49,656 | — | 49,656 |
| Obligations under finance leases and hire purchase contracts | 329 | 367 | — | — |
| Trade creditors | 300,110 | 278,418 | — | — |
| Corporation tax | 31,384 | 24,163 | — | — |
| Other taxation and social security | 4,671 | 3,738 | — | — |
| Other creditors | 12,818 | 14,125 | — | — |
| Accruals and deferred income | 50,610 | 44,938 | 127 | 680 |
| | <u>399,922</u> | <u>415,467</u> | <u>127</u> | <u>50,336</u> |

17 Creditors: amounts falling due after more than one year

| | <u>Group</u> | | <u>Company</u> | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>30 March 2012</u> | <u>25 March 2011</u> | <u>30 March 2012</u> | <u>25 March 2011</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Obligations under finance leases and hire purchase contracts | 407 | 708 | — | — |
| Amounts owed to group undertakings | — | — | 627,214 | 477,147 |
| | <u>407</u> | <u>708</u> | <u>627,214</u> | <u>477,147</u> |

Analysis of debt

| | <u>Group</u> | | <u>Company</u> | |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>30 March 2012</u> | <u>25 March 2011</u> | <u>30 March 2012</u> | <u>25 March 2011</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Debt can be analysed as falling due | | | | |
| In one year or less, or on demand | — | 49,718 | — | 49,656 |

Debt is analysed net of debt issue costs.

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The maturity of the group's obligations under finance leases and hire purchase contracts is as follows:

| | <u>30 March 2012</u> | <u>25 March 2011</u> |
|------------------------------|--------------------------|--------------------------|
| | <u>£'000</u> | <u>£'000</u> |
| Within one year | 329 | 367 |
| In the second to fifth years | 407 | 708 |
| | <u>736</u> | <u>1,075</u> |

Amounts due under hire purchase contracts are secured on the assets to which they relate.

18 Provisions for liabilities

| <u>Group</u> | <u>Other provisions</u> | <u>Property provisions</u> | <u>Deferred taxation (see below)</u> | <u>Total</u> |
|------------------------|-----------------------------|--------------------------------|--|----------------------|
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| At beginning of period | 4,771 | 9,507 | 74 | 14,352 |
| Provided in period | 18,576 | — | 212 | 18,788 |
| Utilised in period | (2,379) | (1,220) | — | (3,599) |
| Released in period | (984) | (1,068) | — | (2,052) |
| At end of period | <u>19,984</u> | <u>7,219</u> | <u>286</u> | <u>27,489</u> |

The other provisions principally relate to business restructuring initiatives, liabilities that arose in the group following the management buyout on 9 March 2012 and disputes concerning property issues and staffing disputes that the directors feel it is necessary to provide for within Iceland Foods Limited. The directors believe it would be seriously prejudicial to disclose any further information in relation to these provisions as the disputes are ongoing.

The property provisions primarily relate to the expected future costs of vacant leasehold properties, asbestos removal from older properties and dilapidations on leasehold properties. The timing in relation to the utilisation of these provisions is dependent on the lease terms. The discount rate used on property provisions is 8% (2011: 8%).

Deferred taxation

| | <u>Group</u> | | <u>Company</u> | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>30 March 2012</u> | <u>25 March 2011</u> | <u>30 March 2012</u> | <u>25 March 2011</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Difference between accumulated depreciation and capital allowances | (1,944) | (486) | — | — |
| Short term timing differences | (2,246) | (682) | — | — |
| Capital gains | 2,535 | 1,135 | — | — |
| Tax losses and other deductions | (106) | (465) | — | — |
| Deferred tax asset | <u>(1,761)</u> | <u>(498)</u> | <u>—</u> | <u>—</u> |
| Deferred tax asset at beginning of period | (498) | (35) | — | — |
| Charge in period | (1,263) | (463) | — | — |
| Deferred tax asset at end of period | <u>(1,761)</u> | <u>(498)</u> | <u>—</u> | <u>—</u> |

The deferred tax asset is made up of a deferred tax asset of £2,047,000 (2011: £572,000) as per note 15 and a deferred tax liability of £286,000 (2011: £74,000) as above.

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19 Called up share capital

| | <u>30 March 2012</u> | <u>25 March 2011</u> |
|---------------------------------------|--------------------------|--------------------------|
| | £'000 | £'000 |
| Authorised | | |
| 685,938 A1 ordinary shares of £1 each | — | 686 |
| 84,047 A2 ordinary shares of £1 each | — | 84 |
| 140,406 B1 ordinary shares of £1 each | — | 141 |
| 17,302 B2 ordinary shares of £1 each | — | 17 |
| 60,239 C1 ordinary shares of £1 each | — | 60 |
| 12,049 D1 ordinary shares of £1 each | — | 12 |
| 769,985 A ordinary shares of £1 each | 770 | — |
| 169,996 B ordinary shares of £1 each | 170 | — |
| 50,000 C ordinary shares of £1 each | 50 | — |
| 10,000 D ordinary shares of £1 each | 10 | — |
| | <u>1,000</u> | <u>1,000</u> |
| | | |
| Allotted, called up and fully paid | | |
| 685,938 A1 ordinary shares of £1 each | — | 686 |
| 84,047 A2 ordinary shares of £1 each | — | 84 |
| 140,406 B1 ordinary shares of £1 each | — | 141 |
| 17,302 B2 ordinary shares of £1 each | — | 17 |
| 60,239 C1 ordinary shares of £1 each | — | 60 |
| 12,049 D1 ordinary shares of £1 each | — | 12 |
| 769,985 A ordinary shares of £1 each | 770 | — |
| 169,996 B ordinary shares of £1 each | 170 | — |
| 50,000 C ordinary shares of £1 each | 50 | — |
| 10,000 D ordinary shares of £1 each | 10 | — |
| | <u>1,000</u> | <u>1,000</u> |

During the year the A1 and A2 ordinary shares were converted to A ordinary shares. B1 and B2 ordinary shares were converted to B ordinary shares. C1 and D1 ordinary shares were converted to C and D ordinary shares respectively. 10,239 C ordinary shares and 2,049 D ordinary shares were subsequently converted to B ordinary shares.

Voting rights

In the prior year each A1, B1, C1 and D1 ordinary shareholder was entitled to one vote per share at general meetings of the company. Each A2 and B2 ordinary share entitled the holder to receive notice of and to attend but not to speak or vote at, general meetings of the company.

A, B, C and D ordinary shareholders are entitled to one vote per share at general meetings of the company.

Priority and amounts receivable in a winding up

On a return of capital or a winding up but not otherwise, the surplus assets of the company remaining after the payment of its liabilities and available for distribution shall be distributed rateably amongst the holders of the "A" ordinary shares, "B" ordinary shares, "C" ordinary shares and "D" ordinary shares if vested and provided all subscription monies due to the company have been paid, by reference to the number of shares held by such shareholders at that time.

Dividends

The A, B, C and D (prior year A and B) shareholders are entitled to receive dividends apportioned proportionately to the number of ordinary shares held.

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Notes to the financial statements

20 Profit and loss account

| | <u>Group</u> £'000 | <u>Company</u> £'000 |
|---|-----------------------|-------------------------|
| At beginning of period | 387,555 | 449,575 |
| Profit /(loss) for the period | 95,574 | (14,792) |
| Dividends paid | (100,000) | (100,000) |
| Share based payment contribution from ultimate parent undertaking | 11,000 | 11,000 |
| At end of period | <u>394,129</u> | <u>345,783</u> |

21 Notes to the cash flow statement

(a) Net cash inflow from operating activities

| | <u>53 week period ended 30 March 2012</u> £'000 | <u>52 week period ended 25 March 2011</u> £'000 |
|---|--|--|
| Operating profit | 144,050 | 129,852 |
| Share of associate operating loss | (64) | (48) |
| Depreciation | 31,681 | 31,868 |
| Amortisation of goodwill | 25,543 | 25,543 |
| Amortisation of debt issue costs | 344 | 634 |
| Share based payment contribution from ultimate parent undertaking | 11,000 | — |
| (Increase) in stock | (7,014) | (5,314) |
| (Increase) in debtors | (10,802) | (22,832) |
| Increase in creditors | 28,249 | 32,635 |
| Increase / (decrease) in provisions | 12,924 | (1,687) |
| | <u>235,911</u> | <u>190,651</u> |

(b) Analysis of changes in net debt

| | <u>At 26 March 2011</u> £'000 | <u>Cash flows</u> £'000 | <u>Non cash flows</u> £'000 | <u>At 30 March 2012</u> £'000 |
|--------------------------------|--|--------------------------------|------------------------------------|--|
| Cash at bank and in hand | 67,296 | 17,832 | — | 85,128 |
| Bank overdrafts | (62) | 62 | — | — |
| | 67,234 | 17,894 | — | 85,128 |
| Debt due in less than one year | (49,656) | 50,000 | (344) | — |
| Finance leases | (1,075) | 339 | — | (736) |
| | <u>16,503</u> | <u>68,233</u> | <u>(344)</u> | <u>84,392</u> |

The non cash flow movements relate to amortisation of loan fees.

22 Capital commitments

The group and company had contracted capital commitments of £Nil (2011: £Nil).

In relation to forward currency contracts there is a commitment at the year end to purchase \$406,000 (£250,351) (2011: \$3,207,000 (£1,997,008)). The fair value of this contract is disclosed in note 26.

Iceland Foods Group Limited
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23 Operating lease commitments

Group annual commitments under non-cancellable operating leases are as follows:

| | Land and buildings 30 March 2012 | Land and buildings 25 March 2011 | Other 30 March 2012 | Other 25 March 2011 |
|--------------------------|---|---|------------------------------------|------------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Expiring | | | | |
| Within one year | 3,495 | 1,794 | 1,259 | 2,299 |
| Within two to five years | 17,313 | 19,331 | 13,260 | 9,622 |
| After five years | 59,222 | 51,578 | 1,523 | 3,395 |
| | <u>80,030</u> | <u>72,703</u> | <u>16,042</u> | <u>15,316</u> |

The company had no operating lease commitments.

24 Contingent liabilities

The company is party to a cross-guarantee between certain fellow group undertakings in respect of bank loans. The amount outstanding at the end of the period was £860 million (2011: £50 million).

25 Related party transactions

Advantage has been taken of the exemption in paragraph 3 of FRS8 in respect of the disclosure of transactions and balances with other wholly owned group undertakings.

During the period Iceland Foods Limited, a subsidiary company of Iceland Foods Group Limited, received rental income of £Nil (2011: £22,411) from As Nature Intended Limited, a company related by virtue of common shareholders of Iceland Foods Limited. During the period, Iceland Foods Limited charged £10,000 (2011: £10,000) for accounting services to As Nature Intended Limited. Iceland Foods Limited recharged amounts to As Nature Intended Limited of £54,245 (2011: £Nil). At the period end, £15,813 (2011: £13,341) was outstanding from this company.

Iceland Foods Limited had a loan due from Ice and Easy Limited, a company related by virtue of common shareholders. At the period end, the outstanding balance amounted to £1,585,532 (2011: £1,585,532).

Iceland Foods Limited made donations totalling £1,035,322 (2011: £1,564,843) to The Iceland Foods Charitable Foundation, a related party by virtue of common trustees/ officers.

Purchases of £538,366 (2011: £465,193) were made from Ice and Easy Limited. At the period end, amounts due to Ice and Easy Limited amounted to £31,037 (2011: £31,844).

Iceland Foods Limited recharged amounts to DBC Food Service Limited, a company related by virtue of common shareholders, of £439,968 (2011: £124,206). At the period end, the outstanding balance amounted to £Nil (2011: £13,775).

In addition International Trading Exports and Exports Limited sold goods with a value of £700,403 (2011: £193,001) to DBC Foodservice Limited, a company related by virtue of a common shareholders. At the period end, £Nil (2011: £56,783) was owed to the company in respect of these sales.

Included within other provisions is £10,000,000 (2011: £Nil) in relation to the potential liabilities of M C Walker's additional C shares in Oswestry Topco Limited which have been underwritten by Iceland Foods Limited.

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26 Fair value of assets and liabilities

The group has derivative financial instruments at the balance sheet date that it has not recognised at fair values as follows:

Fixed interest swaps with a fair value of £Nil (2011: £Nil), the loss on fixed rate interest hedges in the period was £Nil (2011: £Nil) and forward currency contracts £5,944 (asset) (2011:£17,011 (liability)).

27 Immediate and ultimate parent undertaking

On 9 March 2012 the company was acquired by Oswestry Acquico Limited as part of a management buyout. This is considered to be the immediate parent company of the company. The ultimate parent undertaking and ultimate controlling related party of the company is Oswestry Topco Limited. Both companies are incorporated in England and Wales.

Oswestry Topco Limited will prepare consolidated financial statements that include the results of the company for the period ended 29 March 2013.

28 Reconciliations

Reconciliation of retained profit to consolidated profit and loss account:

| | <u>2012</u> | <u>2011</u> |
|----------------------------|-------------|-------------|
| | £m | £m |
| Retained profit per page 3 | 132.4 | 107.9 |
| Amortisation of goodwill | (25.5) | (25.5) |
| Amortisation of loan fees | (0.3) | (0.7) |
| Share based payment costs | (11.0) | — |
| | <u>95.6</u> | <u>81.7</u> |

Reconciliation of EBITDA to business review (page 4):

| | <u>2012</u> | <u>2011</u> |
|---|-----------------------|----------------|
| | £'000 | £'000 |
| Profit on ordinary activities before interest and tax | 146,749 | 129,799 |
| Add: | | |
| Amortisation of goodwill (note 11) | 25,543 | 25,543 |
| Amortisation of loan fees (note 2) | 344 | 634 |
| Depreciation (note 12) | 31,681 | 31,868 |
| Exceptional administrative items (note 7) | 17,600 | — |
| Cost of share based payments (note 4) | 11,000 | — |
| Share of operating loss in associates | 64 | 48 |
| Deduct: | | |
| One-off property income | (2,763) | — |
| | <u>230,218</u> | <u>187,892</u> |

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