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MALLESONS

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13 December 2018

To Market Announcements Office
ASX Limited
Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

By Facsimile: 1300 135 638

Dear Sir / Madam

Scout Security Limited (ASX: SCT) – Notice of initial substantial holder

We act for Prosegur Global Alarmas Row, S.L.U ("Prosegur").

Attached is a Form 603 Notice of initial substantial holder in relation to the above company lodged on behalf of Prosegur.

Yours sincerely



Robert Kelly | Senior Associate
King & Wood Mallesons

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Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme	Scout Security Limited ("Scout")
ACN	615 321 189
1. Details of substantial holder (1)	
Name	Prosegur Global Alarmas Row, S.L.U ("Prosegur")
ACN/ARSN (if applicable)	N/A

The holder became a substantial holder on 12 December 2018

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary Shares	10,837,368	10,837,368	9.1%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Prosegur	Prosegur was issued ordinary shares in the Company by way of a Subscription Agreement set out in Annexure B and obtained a relevant interest in the Company by virtue of 608(1) of the Corporations Act 2001 (Cth).	10,837,368 ordinary shares
The parties set out in Annexure A	Each related body corporate of Prosegur, being each of the entities listed in Annexure A, has a relevant interest in the shares in the Company by virtue of sections 12(2)(a) and 608(3) of the Corporations Act 2001 (Cth)	10,837,368 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Prosegur	Prosegur	Prosegur	10,837,368 ordinary shares
The parties set out in Annexure A	Prosegur	Prosegur	10,837,368 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-Cash	

Prosegur	12 December 2018	\$2,980,276	N/A	10,837,368 ordinary shares
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6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
See Annexure A.	Prosegur is the holder of a relevant interest in the securities. The entities listed in Annexure A are each associates of Prosegur by virtue of section 12(2)(a) of the Corporations Act 2001 (Cth) and are each deemed to be substantial holders in Scout as a result of their association.

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Prosegur	Calle Pajaritos, 24, 28007 Madrid, Spain
See Annexure A.	See Annexure A.

Signature

print name Antonio Rubio

Capacity: as sole director of Prosegur

sign here

date 12 / December / 2018

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

Name	Address
Prosegur Compania de Seguridad, S.A	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Gestión de Activos, S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Global Alarmas S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Compañía Ridur 2016, S.A.	Calle Pajaritos, 24, 28007 Madrid, Spain
Formación Selección y Consultoría S.A.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Gestión de Activos International S.L.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur International SIS S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur USAP International S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur International Alarmas S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Soluciones S.A.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
MIV Gestión, S.A.	CL, CTRE Carga Aerea, OF A002 – 088820 Prat Llobregat, Barcelona
Prosegur Ciberseguridad, S.L.	Calle Pajaritos, 24, 28007 Madrid, Spain
Indiseg Evulion Group	calle Rambla Catalunya, 43.1º 1ª, 08007
Prosegur Assets Management, S.A.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Global SIS S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Servicios de Efectivo España S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Alarmas España S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Global CIT S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Cash, S.A.	Santa Sabina 8, Madrid, Spain
Prosegur Berlin S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur AVOS España SL	Calle Pajaritos, 24, 28007 Madrid, Spain
Armor Acquisition S.A.	Calle Pajaritos, 24, 28007 Madrid, Spain
Juncadella Prosegur Internacional S.A.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur International CIT 1, S.L.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur International CIT 2, S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Global Alarmas ROW S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Global CIT ROW S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Prosegur Global SIS ROW SLU	Calle Pajaritos, 24, 28007 Madrid, Spain
ESC Servicios Generales, S.L.U.	Calle Pajaritos, 24, 28007 Madrid, Spain
Contesta Teleservicios SA	Calle Antonio Lopez, 247 - planta 5 - 28041 Madrid - Spain
Integrum 2008 SL	Calle Antonio Lopez, 247 - planta 5 - 28041 Madrid - Spain
Bloggers Broker SL	Calle Antonio Lopez, 247 - planta 5 - 28041 Madrid - Spain
Contesta Servicios Auxiliares SL	Calle Antonio Lopez, 247 - planta 5 - 28041 Madrid - Spain
Prosegur International Handels GmbH	Poststrabe, 33, Hamburg
Prosegur Cash Services Germany GmbH	Kokkolastrasse 5, 40882, Ratingen

Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882, Ratingen
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882, Ratingen
Prosegur Berlin SL & Co KG.	Kokkolastrasse 5, 40882, Ratingen
Prosegur Security Holding France SAS	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest
Prosegur Services France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest
Prosegur Securite Humaine S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest
Prosegur Gestion d'Actifs France S.C.I.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest
Prosegur Accueil et Service S.A.S.	14 Rue des Serruries, 57070 Metz
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina, La Talaudiere
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609, 25010 Besancon Cedex 3
Prosegur Technologie S.A.S.U.	Parc Technologique de Metrotech, Bâtiment 2, 42650 St Jean Bonnefonds
Prosegur Formation et Competences, S.A.R.L.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest
Prosegur Securite Rapprochee	5 Place Berthe Morisot Ba, A2, Parc Technologique, 69800 Saint-Priest
Prosegur Cash Holding France SAS	1267 Ave Pierre et Marie, Curie, Z.I. Secteur C, 06700 Saint-Laurent Du, Var
Prosegur Traitement de Valeurs Azur, S.A.	1267 Ave Pierre et Marie, Curie, Z.I. Secteur C, 06700 Saint-Laurent Du Var
Prosegur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie, Curie, Z.I. Secteur C, 06700 Saint-Laurent Du, Var
Prosegur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange, ZA des Plaines de Jouques, 13420 Gemenos
Malcoff Holdings B.V.	Schouwburgplein, 30-34, Rotterdam
Luxpai Holdo S.A.R.L.	23, Av. Monterey – 2163, Luxembourg
Pitco Reinsurance SA	Av. Monterey, L-2163, Luxemburg
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163, Luxembourg
Prosegur Gestao de Activos Imobiliarios S.A.	Av. Infante Dom Henrique, 326, Lisboa
Prosegur Companhia de Seguranca, Ltda.	Av. Infante Dom Henrique, 326, Lisboa
Prosegur Distribucao e Servicos, Ltda.	Av. Infante Dom Henrique, 326, Lisboa
Prosegur Agencia Promocao e Comercializacao de Produtos e Servicos Unipessoal LDA.	Av. Infante Dom Henrique, 326, Lisboa
Dognaedis Lda.	Rua Pedro Nunes, Building IPN – Incubadora, Coimbra, 3030-199 - Portugal
Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda.	Av. Infante Dom Henrique, 326, Lisboa
Prosegur Alarmes Dissuasao Potugal Unipessoal Ltda.	Av. Infante Dom Henrique, 326, Lisboa
Prosegur SES Servicos Especiais de Seguranca Unipessoal Ltda.	Av. Infante Dom Henrique, 326, Lisboa
Prosegur ESSPP Empresa de Servicos Partilhados Unipessoal Lda.	Av. Infante Dom Henrique, 326, Lisboa

Transportadora de Caudales de Juncadella S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Argentina Holding, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Inversiones Argentina, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Holding CIT ARG, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Sistemas Integrales de Seguridad, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Seguridad y Vigilancia, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Gestion de Activos ARG SA	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Xiden, S.A.C.I.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Tecnologia Argentina, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
General Industries Argentina, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Tellex, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Prosegur, S.A.	Tres Arroyos 2835 Ciudad, de Buenos Aires
Servin Seguridad, S.A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires
Prosegur Holding SIS Ltda	Av. Ermanno Marchetti, nº 1.435, 5º andar, Sala 2, Lapa, Capital de Sao Paulo
Segurpro Vigilancia Patrimonial SA	Rua Fernando de Albuquerque, n 31 conjunto 72 Consolação - Sao Paulo, SP – CEP 01309-030
BIP Serviços de Vigilancia Patrimonial Ltda	Cidade de Olinda, Estado de Pernambuco, na Rua Alemanha, 101, Salgadinho, Sala 1
Prosegur Serviços e Participações Societarias SA	Av. Thomas Edison, 813 - 1º andar - Barra Funda – CEP 01140-001 São Paulo - SP
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado – Belo Horizonte - MG
Prosegur Sistemas de Segurança Ltda.	Guaratã, 667 - Prado – Belo Horizonte - MG
Prosegur Administração de Recebíveis Ltda.	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo - SP
Prosegur Tecnologia em Sistemas de Seg Elet e Incendios Ltda	Rua Barao do Bmanal, 1301, Vila Pompeia Sao Paulo CEP 024-000
SETHA Industria Eletronica Ltda	Rua Alvaro de Macedo, 134 e 144, Parada de Lucas, CEP.: 21.250-620 Rio de Janeiro / RJ
Prosegur Activa Alarmes S.A.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo
Prosegur Serviços Aeroportuarios Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo
Juncadella Prosegur Group Andina SA	Los Gobelinos 2567 Of. 203, Renca, Santiago
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago
Servicios Prosegur Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago

Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago
Prosegur Tecnología Chile Ltda	Avenida Loboza 8395, Mod. 3 Pudahuel – Santiago
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago de Chile
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago
Prosegur Chile, S.A.	Los Gobelinos 2567 Of. 203, Renca, Santiago
Prosegur Ciberseguridad, S.A.S.	TV 23 · 95-53 Bogota D.C.
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51, Ciudad de Bogotá
Compañía Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 Bogotá
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá
Inversiones BIV S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena
Prosegur Tecnología S.A.S.	Cra. 50 No. 71-80 Bogotá, Colombia
Servimax Servicios Generales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 Bogotá, Colombia
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 Bogotá, Colombia
Servimax Servicios Temporales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 Bogotá
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez - Asunción
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez - Asunción
Soluciones Integrales de Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960
Proservicios S.A.	Av. Los Próceres 250 Lima - Santiago de Surco
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco
Proseguridad S.A.	Av. Los Próceres 250 Lima - Santiago de Surco
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima
Reguard Security Corp, S.A.	Av. Los Próceres 250 - Surco - Lima
Proseguridad Selva SA	Cas. Palmawasi San Martin - Tocache - Uchiza
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima
Prosegur Activa Peru, S.A.	Av. Republica De Panama 3890 Lima - Surquillo
Prosegur Servicios Administrativos. S.A.	Av. Los Próceres 250 Lima - Santiago de Surco
Prosegur Gestion de Activos, S.A.	Calle La Chira 103 - Urbanización Las Gardenias - Santiago de Surco
Prosegur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 Mexico D.F.

Prosegur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 Mexico D.F.
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 Mexico D.F.
Prosegur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 Mexico D.F.
Prosegur Consultoria y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 Mexico D.F.
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña - 297
Prosegur Custodias, S.A. de C.V.	Estado de Mexico, Tlalnepantla de Baz, Los Reyes Industrial, calle Alfredo
Grupo Mercurio de Transportes SA de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas - 76
Prosegur Tecnologia SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña - 297
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B
Centro Nacional de Formacion Prosegur Asociacion Civil	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas - 76
Prosegur Uruguay B.V.	Westblaak 89, 3012 KG Rotterdam, The Netherlands
Marlina SA	Guarani 1531 - Montevideo, Uruguay
Loredat SA	Guarani 1531 Montevideo, Uruguay
Prosegur Transportadora de Caudales S.A.	Guarani 1531 - Montevideo, Uruguay
Prosegur Activa Uruguay, S.A.	Guarani 1531 - Montevideo, Uruguay
Nautiland, S.A.	Michellini, Zelmar 1121 - Maldonado
Blindados, S.R.L.	Guarani 1531 - Montevideo, Uruguay
Genper, S.A.	Guarani 1531 - Montevideo, Uruguay
GSM Telecom S.A.	Del pino, Simon 1055, Piriapolis, Maldonado
Coral Melody S.A.	Guarani 1531 - Montevideo, Uruguay
Tecnofren S.A.	Michellini, Zelmar 1121 - Maldonado
Roytronic S.A.	Guarani 1531 - Montevideo, Uruguay
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531 - Montevideo, Uruguay
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong
Imperial Dragon Security Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong
Pitco Shanghai Trading Co Ltd	North Shanxi Road 1438, Room 308 Shanghai 200060, China
Shanghai Meiyu Information Technology Co Ltd.	Room 519, Zhidan Road No. 180-190, Putuo District, Shanghai
Shanghai Pitco Information Technology Co Ltd.	Room 517, Zhidan Road No. 180-190 (double), Putuo District, Shanghai
Shanghai Bigu Investment Co Ltd.	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai
Shanghai Pitco Consulting Management Co Ltd.	Room 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai

Shangxi Laide Security Service Co Ltd.	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan
Shanghai Prosegur Security Service Co Ltd.	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai
Nanjing Zhong Dun Security Services Co Ltd.	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City
Prosec Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building, Singapore 048424
Prosec Cash Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216
Prosegur Singapore Pte LTD	3 New Industrial Road #04-01 Kimly Building, Singapore, 536197
Singpai Alarms Private Ltd.	111 Geylang Road, #01-01, Singapore 389216
Prointrans L.L.C.	411 Lafayette Street, 6 th Floor, New York, NY 10003
Prosegur SIS USA Inc	2655 S Le Jeune Road, Suite 905, Coral Gables, FL 33134
Prosegur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113
Prosegur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113
Prosegur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113
Prosegur Services Pty Ltd	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113
Prosegur Assets Management Pty Ltd.	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113
Cash Services Australia Pty Limited	Level 5, 205 Pacific Highway, St Leonards NSW 2065
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 - Johannesburg - South Africa
Beagle Technical (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195
Beagle Control (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195
Prime Hiring India Private Ltd	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road, New Delhi – 110001 – India Delhi, India
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas, La Rochelle
Dognaedis Limited	Gallows Hill Warwick CV34 6UW, United Kingdom
Prosegur Alarm Hizmetleri Anonim Sirk	Maslak, Ahi Evran Caddesi No: 21 Kat: 13 Polaris Plaza - Istanbul (antes Gayrettepe Mahallesi Yildiz Posta CAD. No: 8/34, Besiktas / Istanbul)

Annexure B

SCOUT SECURITY LIMITED
ACN 615 321 189
(Company)

and

PROSEGUR GLOBAL ALARMAS ROW, S.L.U.
(Investor)

and

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.
(Guarantor)

SUBSCRIPTION AGREEMENT

THIS AGREEMENT is made the _____ day of _____ 2018

BETWEEN

SCOUT SECURITY LIMITED (ACN 615 321 189) of Unit 7, 151 Macquarie Street, SYDNEY, NSW, AUSTRALIA, 2000 (**Company**);

AND

PROSEGUR GLOBAL ALARMAS ROW S.L.U. a company incorporated in Spain of calle Pajaritos 24 (28007 Madrid) (**Investor**);

AND

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. a company incorporated in Spain of calle Pajaritos 24 (28007 Madrid) (**Guarantor**).

RECITALS

- A. The Company is a public company limited by shares and listed on the ASX.
- B. The Investor has agreed to subscribe for:
- (a) the Subscription Shares at the Subscription Price; and
 - (b) the Subscription Options,
- and the Company has agreed to issue the Subscription Shares and Subscription Options to the Investor.
- C. The Parties have agreed to enter into this agreement to record the terms of the Subscriptions.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this agreement:

A\$ means Australian dollars.

Application Form means the application form set out in Schedule 2.

Applicable Law means the constitution of the Company, the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules, any regulatory guides published by ASIC and all other applicable laws and regulations in any jurisdiction.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market which it operates.

ASX Settlement Operating Rules means the operating rules of ASX Settlement Pty Ltd (ACN 008 504 532).

Board means the board of directors of the Company.

Business Day means a day on which banks are open for business in Perth, Western Australia, excluding a Saturday or a Sunday or a public holiday.

Commercial Agreement means the agreement set out in Annexure A to this agreement.

Company Warranties means the representations and warranties given by the Company to the Investor pursuant to clause 10.1.

Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the Parties before, on or after the date of this agreement relating to the business, technology or other affairs of the Party who provides the information, but excludes information which:

- (a) is in or becomes part of the public domain other than through a breach of this agreement or an obligation of confidence owed to the Party to whom the information belongs;
- (b) the recipient of the information can prove was already known to it at the time of disclosure by the Party to whom the information belongs (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) the recipient acquires from a source other than the Party to whom the information belongs, where such source is entitled to disclose it.

Corporations Act means the *Corporations Act 2001* (Cth).

Duty means any transfer, transaction or registration duty or similar charge imposed by any Government Authority and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them.

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any share or asset including, but not limited to, any retention of title; or
- (b) created or otherwise arising in or over any interest in any share or asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to, any or third party rights or interests and any agreement to grant or create any of the above and any other security interest within the meaning of section 12(1) or (2) of the *Personal Property Securities Act 2009* (Cth).

Event of Insolvency occurs in the event the Company becomes or is declared insolvent or bankrupt, admits in writing of its inability to pay its debts generally as they become due, or is the subject of any proceedings relating to its liquidation or insolvency or for the appointment of a receiver for it (that is not dismissed within 30 days), makes an assignment for the benefit of all or substantially all of its creditors, or enters into an agreement for composition, extension, or readjustment of all or substantially all of its obligations.

Exchange Rate means US\$1:A\$0.71

Excluded Information means information which would be required to be disclosed as "excluded information" under subsection 708A(6)(e).

Excluded Issue means:

- (a) an issue of securities to the Company's employees from time to time in accordance with the terms of any employee incentive plan of the Company;
- (b) an issue of securities upon conversion of any securities already in force as at the date of this agreement; or
- (c) an issue of securities pursuant to a takeover (whether by way of scheme of arrangement or takeover bid when the Company acquires (on an unconditional basis) not less than 50% of the relevant target company).
- (d) an issue of securities that has been disclosed by the Company to the Investor in writing prior to the date of this agreement, including in the legal opinion provided to the Investor by the Company's Australian legal counsel.

Government Authority means a government or government department, a governmental or semi-governmental or judicial person (whether autonomous or not) charged with the administration of any applicable law.

Group means in relation to either Party, entities directly or indirectly controlling, controlled by, or in common control with, that party and any Related Body Corporate of that Party.

Indemnified Losses means, in relation to any fact, matter or circumstance, all losses, costs, damages, expenses and other liabilities arising out of or in connection with that fact, matter or circumstance, including all reasonable legal and other professional expenses on a solicitor-client basis incurred in connection with investigating, disputing, defending or settling any claim, action, demand or proceeding relating to that fact, matter or circumstance (including any claim, action, demand or proceeding based on the terms of this agreement), but excluding indirect or consequential losses, loss of profit, loss of reputation or loss of opportunity.

Investor Shareholding means, at any time, the total of all Shares held in the Company by the Investor at that time.

Investor Warranties means the representations and warranties given by the Investor to the Company pursuant to clause 10.2.

Investor's Percentage means, at the relevant time, the Investor Shareholding as a percentage of all Shares.

Listing Rules means the listing rules of ASX.

New Issue means an offer to issue, or the issue of, new shares, Securities or any instrument convertible or exchangeable into shares of the Company.

Nominee Director means a director of the Company nominated by the Investor in accordance with clause 7.2.

Official List means the official list of the ASX as defined in the ASX Listing Rules as amended from time to time.

Option means an option to acquire a Share.

Party means a party to this agreement and **Parties** means all of them.

Permitted Encumbrances means a general security deed granted by the Company to a financier, details of which are set out in the Company's announcement of 28 September 2018.

Related Body Corporate has the meaning given to that expression in the Corporations Act.

Securities means:

- (a) shares of the Company;
- (b) debentures of the Company;
- (c) a legal or equitable right or interest in a security covered by paragraphs (a) or (b) above; and
- (d) options to acquire, by way of issue, a security covered by paragraphs (a), (b) or (c) above. This includes options to subscribe for unissued shares.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means, at any time, the registered holder of a Share.

Subscriptions means the subscription by the Investor for the Subscription Shares and the Subscription Options under this agreement.

Subscription Date means the date of this agreement.

Subscription Options means such number of Options as would result in Prosecur holding 19.90% of the Company's issued Shares following their exercise, on the terms and conditions set out in Schedule 1, with an exercise price of A\$0.28 per Option. In the event that no new Shares are issued prior to the Subscription Date, the Subscription Options shall be 16,005,508 Options with an aggregate exercise price of approximately US\$3,181,895 at the Exchange Rate.

Subscription Shares means 10,837,368 Shares, to be paid for and issued to the Investor in accordance with the terms and conditions of this agreement

Subscription Price means \$2,980,276 in aggregate for all the Subscription Shares, being approximately US\$2,115,996 at the Exchange Rate.

US\$ means US dollars.

Volume Weighted Average Price means the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Shares sold on ASX during the relevant period or on the relevant days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over Shares.

1.2 Interpretation

In this agreement unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, two or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression person includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to clauses, schedules, exhibits or annexures are references to clauses, schedules, exhibits and annexures to or of this agreement and a reference to this agreement includes any schedule, exhibit or annexure to this agreement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) a reference to time is to Western Standard Time as observed in Perth, Western Australia;
- (k) where an action is required to be undertaken on a day that is not a Business Day it shall be undertaken on the next Business Day;
- (l) a reference to a payment is to a payment by bank cheque or such other form of cleared funds the recipient otherwise allows in the relevant lawful currency specified; and
- (m) "**includes**" in any form is not a word of limitation.

1.3 Knowledge and awareness of the Company

A reference in this agreement to the Company's awareness or knowledge (in any grammatical form) will be taken to include all matters, facts and circumstances of which the Company or any officer or senior executive of the Company is actually aware or should reasonably have been aware had such persons made due and proper inquiries.

2. SUBSCRIPTION

Subject to the terms and conditions of this agreement, the Investor agrees to subscribe for, and the Company agrees to issue to the Investor, the Subscription Shares and the Subscription Options.

3. SUBSCRIPTION SHARES**3.1 Payment of Subscription Price**

Subject to the Company complying with its obligations under clause 3.2 and the Parties having entered into the Commercial Agreement, on the Subscription Date, the Investor must:

- (a) deliver to the Company the Application Form duly completed and executed by the Investor;
- (b) subject to clause 3.2, pay to the Company the Subscription Price in accordance with clause 4; and
- (c) deliver to the Company written evidence of payment in the form of a confirmation of receipt of payment from the bank referred to in clause 4 of the Subscription Price made under clause 3.1(b).

3.2 Payment Acknowledgement

- (a) The Parties acknowledge and agree that:
 - (i) on the Subscription Date, the Investor will pay, or procure the payment of, a sum of A\$2,816,901 to the Company; and
 - (ii) that the balance of the Subscription Price, being a sum of A\$163,375 (**Outstanding Amount**), will be paid to the Company in accordance with clause 4 within a period of 5 Business Days following the Subscription Date.
- (b) The Investor agrees to pay the Outstanding Amount to the Company in cleared funds within 5 Business Days following the Subscription Date and indemnifies the Company in relation to any breach of its obligation to pay the Outstanding Amount, including any expenses incurred by the Company as a result of it seeking enforcement of the Investor's obligation to pay the Outstanding Amount.

3.3 Issue of Subscription Shares

Subject to the Investor complying with its obligations under clause 3.1 and the Parties having entered into the Commercial Agreement, on the day the Company receives the Subscription Price in cleared funds, the Company must immediately:

- (a) issue the Subscription Shares to the Investor free from and clear of any Encumbrance;
- (b) enter the Investor in the Company's register of members as the holder of the Subscription Shares;
- (c) send holding statements in respect of the Subscription Shares to the Investor in accordance with Applicable Law;

- (d) apply to ASX and use its best endeavours (including doing everything ASX reasonably requires) to obtain official quotation of the Subscription Shares in the same class and on the same terms as all other Shares quoted on ASX on the Subscription Date; and
- (e) take all other steps necessary to give effect to the issue of the Subscription Shares to the Investor in accordance with Applicable Law;
- (f) lodge with ASX a notice in accordance with section 708A(5)(e) of the Corporations Act.
- (g) deliver to the Investor a legal opinion executed by the Seller's counsel in the form agreed between the Investor and the Company prior to the date of this agreement.

3.4 Completion

The Parties acknowledge and agree that:

- (a) completion of the Subscription does not occur, and shall be taken not to have occurred, unless and until all of the obligations of the Parties under clauses 3.1 to 3.3 have been satisfied; and
- (b) if any obligation specified in clauses 3.1 to 3.2 is not performed on the due date then, without prejudice to any other rights of the Parties, any document delivered or payment made under those clauses must be returned to the Party that delivered such document or paid such amount.

3.5 Reasonable endeavours

The Company and the Investor must:

- (a) use their best endeavours to obtain fulfilment of the requirements under this clause 3 applicable to it; and
- (b) keep each other informed of any circumstances which may result in any requirement under this clause 3 not being completed or satisfied in accordance with its terms.

3.6 Termination of Agreement

If any of the requirements under this clause 3 are not completed or satisfied or are not capable of being satisfied on the Subscription Date, and the party seeking to terminate has complied with clause 3.4, this agreement may be terminated at any time by the Company or the Investor by notice to the other Party.

4. MANNER OF PAYMENT

Subject to clause 3.3, on or prior to 4:00 pm on the Subscription Date, the Investor must pay the Subscription Price in immediately available funds to the account with the following details (or as otherwise directed by the Company):

Account Name:	Scout Security Limited
Bank:	Westpac
BSB:	036-051
Account:	495 845

Swift Code:

WPACAU2S

5. SUBSCRIPTION OPTIONS**5.1 Issue of Subscription Options**

Subject to and immediately after the Investor having been issued the Subscription Shares on the Subscription Date, the Company must:

- (a) issue the Subscription Options to the Investor free from and clear of any Encumbrance;
- (b) enter the Investor in the Company's register of Option holders as the holder of the Subscription Options;
- (c) send holding statements in respect of the Subscription Options to the Investor in accordance with Applicable Law; and
- (d) take all other steps necessary to give effect to the issue of the Subscription Options to the Investor in accordance with Applicable Law.

6. FUTURE FINANCING

- (a) The Company acknowledges and agrees that, during the period commencing on the date of this Agreement and ending on 31 December 2019, the Company will not issue any Shares or any other Securities with a view to raising capital without first providing the Investor written notice (**Funding Notice**) setting out the funds that it will be seeking to raise and offering the Investor the opportunity to exercise such number of Subscription Options (**Funding Options**) as would be required to meet the Company's funding needs.
- (b) If the Investor does not provide the Company a notice of exercise and the exercise price payable in respect of the Funding Options within 10 Business Days following receipt of the Funding Notice by the Investor, the Company will be permitted to issue securities to raise the amount of capital set out in the Funding Notice (subject to the requirements of clause 12).

7. INFORMATION RIGHTS AND BOARD REPRESENTATION**7.1 Information rights**

For so long as the Investor's Percentage is at least 10%, the Investor shall be entitled to receive from the Company, and the Company shall provide to the Investor, the following information once it has become public:

- (a) all financial reports in relation to the Company that are prepared in accordance with the Company's obligations under the Corporations Act;
- (b) all reports in relation to the Company that are prepared in accordance with the obligations under the ASX Listing Rules; and
- (c) details with respect to the key performance indicators of the Company.

7.2 Board representation

(a) The Company acknowledges and agrees that, unless otherwise agreed by the Investor:

(i) for so long as the Investor's Percentage is at least 5%, the Investor shall be entitled to appoint an observer to the Board on the following terms:

(A) the observer shall be given notice of all meetings of the Board at the same time as notice is given to all other Directors;

(B) the observer shall have voice but no right to vote at any meeting of the Board and will receive the same information as the other Directors,

provided that the observer is not entitled to observe a Board meeting during any period in which the Board is discussing any matter relating to the Company's relationship with the Investor or the Guarantor;

(ii) for so long as the Investor's Percentage is at least 10%, the Investor shall be entitled to appoint and remove one Nominee Director to the Board and the Company must have up to six (6) Directors;

(iii) for so long as the Investor's Percentage is at least 19.9%, the Investor shall be entitled to appoint and remove a second Nominee Director to the Board and the Company must have up to six (6) Directors,

provided that any Director(s) appointed to the Board in accordance with this clause shall be subject to the requirements of the Corporations Act and Listing Rules. For the avoidance of doubt, if Shareholders do not ratify the appointment of any Nominee Director, the rights of the Investor under this clause shall continue to exist and the Investor shall be entitled to appoint a new Nominee Director to replace any Nominee Director whose appointment is not ratified.

(b) Subject to the requirements specified in clause 7.2(a)(ii)–(iii), the Corporations Act, Listing Rules and the Constitution, and the relevant Nominee Director continuing to satisfactorily discharge their duties as a Director, the Company will use reasonable endeavors to:

(i) procure that the Board of the Company makes the appointments contemplated by clauses 7.2(a)(ii)–(iii) (including by utilizing any casual vacancy provisions in the Constitution to appoint a Nominee Director or a replacement Nominee Director if a Nominee Director is removed by the Investor or not ratified or re-elected by Shareholders); and

(ii) recommend the Company's shareholders to support the election or re-election of a relevant Nominee Director at each meeting of Shareholders of the Company at which a Nominee Director is required to stand for election or re-election.

8. PARTICIPATION RIGHT

8.1 Participation Right

On and from the Subscription Date, without limiting the Company's obligation to first comply with clause 6 if required, and subject to clause 8.2 below, if at any time the Company proposes to make a New Issue to any person, other than by way of an Excluded Issue, the Company must allow the Investor to participate in such New Issue (**Investor Issue**) on the following terms:

- (a) the Company shall offer the Investor in writing (**Investor Offer**) that number of New Securities required to enable the Investor to maintain the Investor's Percentage in the Company held immediately prior to that completion, immediately after the completion of the issue of the New Securities under the New Issue and Investor Issue;
- (b) if the consideration for the New Issue or any part of it comprises non-cash, then:
 - (i) if the New Securities are Shares, the Investor Issue will include a cash equivalent basis for each Share under the Investor Issue at a price equal to the Volume Weighted Average Price of the Company's Shares for the 5 trading days prior to the date the Company completes the New Issue; or
 - (ii) if the New Securities are not Shares, the Parties will agree a cash equivalent fair market value for each New Security that is not a Share, provided that if the Parties cannot agree such cash equivalent fair market value within 10 Business Days of making the New Issue (or any other date agreed by the Parties) the Parties will appoint a reputable independent expert to determine the cash equivalent fair market value. In each case all costs will be shared equally between the Parties;
- (c) the New Issue and Investor Issue will be on identical terms and conditions including (without limitation) the following:
 - (i) completion of the issue of the New Securities under the New Issue and Investor Issue must occur contemporaneously; and
 - (ii) if the Investor Issue requires Shareholder approval, then the New Issue shall not be completed unless and until such Shareholder approval has been obtained;
- (d) if the Investor wishes to participate in the Investor Issue, the Investor must notify the Company in writing by the later of the following:
 - (i) 10 Business Days following the Investor receiving the Investor Offer;
 - (ii) the period during which any other subscribers under the New Issue have to commit to their investment; and
 - (iii) such later date as agreed between the Parties;
- (e) if the Investor does not participate in an Investor Issue and, as a result, the Investor's Percentage is diluted (**Diluted Investor's Percentage**), any

subsequent Investor Issue will be by reference to the Diluted Investor's Percentage; and

- (f) no priority will be conferred on the Investor and the Investor will not be entitled to any special participation rights or entitlements in respect of any New Issue, save for the rights set out in this clause 8.

8.2 Conditions to participation right

The Company and the Investor acknowledge and agree that the Investor's rights under clause 8.1 are subject to the following conditions:

- (a) the Company being granted a waiver of ASX Listing Rule 6.18 (**Waiver**);
- (b) the Investor's rights under clause 8.1 will lapse if the Investor's Percentage falls below 5%, or such higher threshold as required by ASX;
- (c) the Investor's rights under clause 8.1 lapse if the strategic relationship between the Company and the Investor ceases or changes in such a way that it effectively ceases;
- (d) any Securities offered under the Investor's rights are offered for cash consideration that is either:
 - (i) no more favourable than cash offered by third parties to subscribe for Shares in the Company, or
 - (ii) where Securities are to be subscribed for with non-cash consideration, equivalent in value to the non-cash consideration offered by third parties to the Company;
- (e) the number of Securities to be issued to the Investor under such rights in the case of a diluting event must not be any greater than the number required for the Investor to maintain, after completion of the issue, its percentage holding in the Company immediately before the diluting event;
- (f) the Company discloses the rights of the Investor in any prospectus for such diluting event and in annual reports of the Company while the rights under clause 8.1 subsist; and
- (g) any other conditions imposed by ASX under the Waiver or otherwise.

The Company agrees to use all practical efforts to seek and secure a waiver from ASX to allow the Investor the benefit of rights equivalent to those expressed in clause 8.1.

9. PUT-OPTION

9.1 Buy-back

The Company and the Investor acknowledge and agree that the Investor shall have the option (**Buy-back Option**), exercisable at any time during which the Investor retains an interest in the Company's Shares by the Investor giving written notice of its exercise of the Buy-back Option to the Company (**Buy-back Notice**), to have the Company buy-back and cancel all Shares held by the Investor (**Buy-back Shares**) for US\$1 (**Buy-back**) on the following terms:

- (a) the Buy-Back is conditional upon and shall not come into effect unless Shareholder approval is obtained in respect of the Buy-back in accordance with section 257D of the Corporations Act (**Buy-back Condition**);
- (b) the Company will convene a meeting of Shareholders under which it will seek Shareholder approval for satisfaction of the Buy-back Condition as soon as reasonably practicable following receipt of a Buy-back Notice and procure that the Board recommend that the Shareholders pass such shareholder resolution, provided that each member of the Board makes that recommendation in accordance with, and subject to, their directors duties and Applicable Law;
- (c) in the event the Buy-back Condition is satisfied:
 - (i) the Investor agrees to transfer, and the Company agrees to buy-back, the Buyback Shares on the terms and conditions of this clause;
 - (ii) completion of the Buy-Back shall take effect on the date the Buy-back Condition is satisfied;
 - (iii) upon transfer of the Buyback Shares to the Company, they must be transferred to the Company free of Encumbrances;
 - (iv) the Investor will be prohibited under the Corporations Act from casting any votes in favour of the resolution required to be put to Shareholders for approval of the Buy-back;
 - (v) on the date the Buy-back Condition is satisfied, the Investor must deliver to the Company a completed transfer form for the Buy-back Shares which has been duly executed by the Investor;
 - (vi) if the Investor fails to comply with its obligation in paragraph (v), the Investor grants the Company a power of attorney and authority to complete any transfer form required for the transfer of the Buyback Shares to the Company.

9.2 Failure of Buy-back Condition

In the event the Buy-back Condition is not satisfied within 3 months following delivery of a Buy-back Notice by the Investor (**Buy-back Expiry Date**) the Company must use reasonable endeavours to procure purchasers for the Buy-back Shares as soon as possible following the Buy-back Expiry Date, with any proceeds received from the sale of Buy-back Shares to be retained by the Company.

10. REPRESENTATIONS AND WARRANTIES

10.1 Representations and warranties by Company

The Company represents and warrants to the Investor that, as at the date of this agreement and separately as at the date on which the Subscription Shares are issued to the Investor, except as otherwise fairly disclosed by the Company to the Investor in writing and countersigned by the Investor prior to the date of this agreement or included in the legal opinion referred to in clause 3.3(g):

- (a) **(Registration):** it is a corporation as that expression is defined in the Corporations Act having limited liability, registered (or taken to be registered) and validly existing under the Corporations Act;
- (b) **(Authority):** it has full power and authority to enter into this agreement and to perform its obligations under it;
- (c) **(Corporate authorisations):** it has taken all necessary action to authorise the execution, delivery and performance by it of this agreement in accordance with its terms;
- (d) **(Binding obligations):** this agreement constitutes its legal, valid and binding obligations and is enforceable in accordance with its terms;
- (e) **(Issue of Shares):** it has full power and authority and has obtained all third party consents necessary to allot and issue the Subscription Shares and, on their date of issue, any Shares issued upon exercise of the Subscription Options to the Investor in accordance with Applicable Law;
- (f) **(Subscription holding):** based on the Company's current issued Shares:
 - (i) the issue of the Subscription Shares will give the Investor the equivalent number of Shares necessary to obtain an 9.1% holding in the issued Shares of the Company; and
 - (ii) the issue of Shares upon exercise of the Subscription Options will give the Investor the equivalent number of Shares necessary to obtain a 19.9% holding in the issued Shares of the Company;
- (g) **(Encumbrances):** other than the Permitted Encumbrances, the Group has not granted or registered and there is not in existence any Encumbrance over any assets of the Group;
- (h) **(Ranking):** the Subscription Shares and any Shares issued upon exercise of the Subscription Options will be credited as fully paid and rank pari passu in all respects with all other Shares on issue;
- (i) **(Title to Subscription Shares and Subscription Options):** upon issue of the Subscription Shares and Subscription Options (and any Shares issued upon exercise of the Subscription Options), the Investor will acquire full legal and beneficial title to the Subscription Shares and Subscription Options and Shares, free and clear of any Encumbrance;
- (j) **(Accounts):** the statutory financial statements of the Company and the Group for the financial period ended on the last half year and full year of the Company, together with the notes thereto:
 - (i) present fairly and accurately in all material respects the financial position of the Company and the Group at the dates indicated and the statements of operations of the Company and the Group for the periods specified;
 - (ii) have been prepared in conformity with A-IFRS or generally accepted accounting principles in Australia that were in effect at the date of, or period covered by, each such statement, as applicable;

- (k) **(Position since accounts date):** since the accounts date in the accounts set out in paragraph (j) above:
- (i) the Company and each Group member has conducted its business in a normal and proper manner;
 - (ii) there has been no deterioration in the values of any of the fixed assets or properties owned or held by the Company and each Group member such that the market value of any fixed asset or property is less than the value attributed to it in the statutory financial statements;
 - (iii) neither the Company nor any Group member has entered into any unusual contract or commitment or otherwise departed from its ordinary course of business;
 - (iv) there has been no deterioration in the turnover, financial or trading position or the prospects of any of the Company and each Group member;
 - (v) the Company and each Group member has paid its creditors within the times agreed with them;
- (l) **(Assets and business):** the Company and its subsidiaries have the power to own their assets and to carry on their businesses as they are now being conducted and each of them legally and beneficially owns all of the material assets necessary to enable it to conduct its business as it is carried on as at the date of this agreement;
- (m) **(No Event of Insolvency):** no Event of Insolvency has occurred in relation to the Company or a member of the Group, nor is there any act which has occurred or to the best of its knowledge, is anticipated to occur which is likely to result in an Event of Insolvency in relation to the Company or a member of the Group;
- (n) **(No litigation):** the Company and any member of the Group is not a party to any investigation, prosecution, litigation, legal proceeding, arbitration, mediation or any other form of dispute resolution, and to the best of its knowledge no such proceedings are pending or threatened and there is no circumstance or fact that is likely to give rise to any such proceedings;
- (o) **(Compliance with Applicable Law):** the Company and each member of the Group is in compliance in all material respects with the Applicable Laws and other obligations and agreements binding on the Company or its members;
- (p) **(Subscription will comply with section 708A of the Corporations Act):**
- (i) the Company will provide, and there is nothing preventing it from providing, a notice under section 708A(5)(e) and (6) of the Corporations Act in accordance with clause 3.2(f) and the offer of the Subscription Shares will be an offer to which section 708A of the Corporations Act applies;
 - (ii) a determination under section 708A(2) of the Corporations Act is not in force in relation to the Company;

- (iii) the offer, allotment and issue of the Subscription Shares do not require a prospectus or disclosure document to be issued under Chapter 6D.2 of the Corporations Act;
- (q) **(Information)**: the information concerning the Company, its subsidiaries and their businesses and assets prepared by or on behalf of the Company and provided to the Investor before the date of this agreement in connection with the offer, subscription and issue of the Subscription Shares, the Subscription Options or this agreement is true and accurate in all material respects and not misleading in any material respect, and no information has been omitted or withheld from the Investor that would render the information provided to the Investor untrue, inaccurate or misleading in any material respect;
- (r) **(Excluded Information)**: the Company has taken all steps to ensure that there are no omissions of Excluded Information from the notice in accordance with section 708A(5)(e) and is not withholding any Excluded Information;
- (s) **(Continuous disclosure)**: the Company has:
 - (i) complied with all material disclosure requirements under Applicable Law, including without limitation Listing Rule 3.1 and is not withholding any information; or
 - (ii) no Excluded Information which would be required to be disclosed under section 708A(6)(e);
- (t) **(Official list)**: the Company:
 - (i) has been admitted to and is listed on the Official List;
 - (ii) has not been removed from the Official List and no removal from the Official List has been threatened by the ASX; and
 - (iii) the Subscription Shares are, and any Shares issued upon exercise of the Subscription Options will be, quoted on the ASX and the Subscription Shares have not been, and any Shares issued upon exercise of the Subscription Option will not be, suspended from quotation and no suspension has been threatened by the ASX.
- (u) **(No obligation regarding securities)**: other than as set out in the legal opinion provided to the Investor by the Company's Australian legal counsel, the Company is not under any obligation or commitment, and is not subject to any condition or requirement, to issue, allot, create, sell, transfer or otherwise dispose of, or redeem, repurchase, reduce, buy back or cancel, any securities (as defined in the Corporations Act), or grant any warrant, option or right of first refusal or other offer in respect of any securities, except as disclosed by the Company on ASX.
- (v) **(Group companies)**: the Company has full legal and beneficial ownership in the shares of each Group company;
- (w) **(Group business)**: since its last balance date:
 - (i) the business of the Company and each Group member has been carried on in the ordinary and usual course;

- (ii) there has been no change in the assets, total liabilities or financial condition or profitability of the Company or the Group from that set out in the last audited accounts except for changes in the ordinary course of business, or as notified to ASX on or before the date of this Agreement, none of which individually or in the aggregate could reasonably be expected to have a material adverse effect on the condition, financial or otherwise, of the Company and the Group; and
 - (iii) the business, assets, liabilities, financial position or prospects of the Company and the Group have not been materially or adversely affected by any matter, either financial or otherwise, except as notified to ASX on or before the date of this Agreement.
- (x) **(Intellectual property rights):** the Company or each Group members exclusively own or have valid and enforceable rights to use all Intellectual Property used in or necessary for the operation of the Business, in each case free and clear of any Encumbrances or other restrictions or limitations regarding ownership, use, license, disclosure or exploitation.

To the best of the Company's knowledge and belief, the conduct of the Company's business does not infringe, misappropriate, violate or otherwise come into conflict with any Intellectual Property rights of third parties, and neither the Company nor the Group has ever received any communication alleging the same (including cease and desist letters or invitations to take a patent license). To the best of the Company's knowledge and belief, no third party is infringing, misappropriating, violating or otherwise in conflict with any Intellectual Property rights of the Company;

- (y) **(Data protection):** the Company has complied at all times with all the legal obligations set out in the applicable laws and regulations regarding protection of personal data in its jurisdiction. Moreover, the Company has not assigned, communicated or transferred any personal data in breach of any applicable data protection law or regulation.
- (z) **(FCPA and anti-bribery)** the Company and none of the subsidiaries of the Company (as defined in the Corporations Act), directors or officers of the Company or its subsidiaries, nor, any agent, employee or affiliate of the Company or its subsidiaries, nor any person acting on behalf of any of them, is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act of 2010, as amended, Division 70 and Division 141 of the Commonwealth Criminal Code 1995 and the rules and regulations thereunder
- (aa) **(Exports):** the Company, none of the subsidiaries of the Company and no director or officer of the Company or its subsidiaries nor, any agent, employee or affiliate of the Company or its subsidiaries is an individual or entity **(Person)** that is or is owned or controlled by persons that are:
- (i) the subject of any sanctions or are otherwise designated as prohibited, denied, or debarred parties under orders, regulations or actions administered by the U.S. Department of Commerce, the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") or by the U.S. Department of State, or

any sanctions imposed by the European Union (including under Council Regulation (EC) No. 194/2008), the United Nations Security Council, Her Majesty's Treasury or any other relevant Government Authority and any activities sanctionable under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 or the Iran Sanctions Act, or sanctions of other country(ies) in which the Company or its subsidiaries engage in business activities (collectively, the "**Sanctions**"); or

- (ii) located, organized or resident in a country or territory that is the subject of Sanctions (including without limitation, Cuba, Iran, Libya, Syria, Sudan, North Korea, Myanmar) except to the extent such person is lawfully operating in such country or territory in accordance with applicable Sanctions laws and the Company will not directly or indirectly use the proceeds of the offer of the Subscription Shares or Subscription Options, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person,
 - (A) for the purpose of funding or facilitating the activities or business of or with any Person in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or
 - (B) in any other manner that will result in a violation of Sanctions by any person.
- (iii) Neither the Company, nor any subsidiaries of the Company and no director or officer of the Company or its subsidiaries nor, any agent, employee or affiliate of the Company or its subsidiaries has engaged in or intends to engage in trade, transactions or other forms of activity, including the provision of financing, training, know-how, advice or other services or support, either directly or indirectly through any third parties or third countries, with or to:
 - (A) any person or party subject to Sanctions or restrictions on dealings with such persons or parties, by the United Nations, the United States, or other country(ies) in which such subsidiary of Company engages in business activities (each a "**Sanctioned Party**");
 - (B) the 50% (fifty percent) or more owned, in aggregate, or controlled subsidiaries or affiliates, of a Sanctioned Party;
 - (C) with or to the following countries or their governments: Belarus, the region of Crimea, Cuba, Islamic Republic of Iran, Democratic People's Republic of Korea, Republic of the Sudan, and Syrian Arab Republic within the past five calendar years.

10.2 Representations and warranties by Investor

The Investor represents and warrants to the Company that, as at the date of this agreement and separately as at the date on which the Subscription Shares are issued to the Investor, on the date of issue of the Subscription Options and on each date on which the Subscription Options convert into Shares, except as

otherwise fairly disclosed by the Investor to the Company in writing prior to the date of this agreement:

- (a) **(Subscription):** the issue of Subscription Shares and Subscription Options (including any Shares to be issued upon exercise of the Subscription Options) to the Investor will not cause the Company to be in breach of any Applicable Law and the Company will not be required to issue a prospectus, information memorandum or any other form of disclosure document in relation to the Subscription Shares and Subscription Options (including any Shares to be issued upon exercise of the Subscription Options);
- (b) **(Authority):** it has full power and authority to enter into this agreement and to perform its obligations under it;
- (c) **(Binding obligations):** this agreement constitutes its legal, valid and binding obligations and is enforceable in accordance with its terms; and
- (d) **(No breach):** this agreement and the Subscription does not conflict with or result in a breach of any of the Investor's legal obligations (including any statutory, contractual or fiduciary obligation) or constitute or result in any default under any provision of its constitution or any material provision of any agreement, deed, writ, order, injunction, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound.

10.3 Indemnity by Company

- (a) The Company indemnifies the Investor against all Indemnified Losses incurred by the Investor as a consequence of any matter or thing being found to be in breach of or inconsistent with the Company Warranties.
- (b) The maximum amount which the Investor may claim against the Company for a breach of the Company Warranties is 100% of the Subscription Price plus the price paid by Prosegur for the Subscription Options, in the event that it has been exercised in accordance with this agreement. A claim for breach of the Company Warranties shall not be made unless the amount of the Indemnified Losses reasonably claimed exceeds \$20,000 (in which event, for the avoidance of doubt, the Company shall be liable for the whole of that amount and not merely the excess).
- (c) The Company shall not be liable in respect of a claim in connection with a breach of Company Warranties unless the Investor has given written notice to the Company setting out reasonable details of the specific matter in respect of which the claim is made within 12 months after the Subscription Date.

10.4 Indemnity by Investor

- (a) The Investor indemnifies the Company against all Indemnified Losses incurred by the Company as a consequence of any matter or thing being found to be in breach of or inconsistent with the Investor Warranties.
- (b) The maximum amount which the Company may claim against the Investor for a breach of the Investor Warranties is 100% of the

Subscription Price plus the price paid by Prosegur for the Subscription Options, in the event that it has been exercised in accordance with this agreement. A claim for breach of the Investor Warranties shall not be made unless the amount of the Indemnified Losses reasonably claimed exceeds \$20,000 (in which event, for the avoidance of doubt, the Investor shall be liable for the whole of that amount and not merely the excess).

- (c) The Investor shall not be liable in respect of a claim in connection with a breach of Investor Warranties unless the Company has given written notice to the Investor setting out reasonable details of the specific matter in respect of which the claim is made within 12 months after the Subscription Date.

11. GUARANTEE

The Guarantor:

- (a) unconditionally and irrevocably guarantees to the Company, the due performance of the Investor's obligations under this agreement; and
- (b) as a separate and additional liability, indemnifies the Company against all loss, actions, proceedings and judgments of any nature, incurred by, brought, made or recovered against the Company arising from any default in the performance of the Investor's obligations under this agreement.

12. CONFIDENTIALITY

All Confidential Information exchanged between the Parties under this agreement or during negotiations preceding this agreement is confidential to them and may not be disclosed to any person except:

- (a) employees, directors, officers, legal advisers auditors and other consultants of the Party or any of its Related Bodies Corporate requiring the information for the purposes of this agreement;
- (b) with the consent of the Party who supplied the information which consent may be given or withheld in its absolute discretion;
- (c) if a Party is required to do so by law or a stock exchange; or
- (d) if a Party is required to do so in connection with legal proceedings or defending any legal proceedings relating to this agreement.

The Company may not make press or other announcements or releases relating to this agreement and the matters referred to in this agreement or about the Investor without the prior approval of the Investor to the form and manner of the announcement or release unless and to the extent that disclosure is required to be made by the Company by law, by Government Authority or by a stock exchange. To the extent that the announcement or release is required to be made by the Company by law, by a Government Authority or by a stock exchange, the Company must, as far as reasonably possible, consult with the Investor as to the content of any such announcement or release.

13. COSTS AND DUTY
13.1 Costs and expenses

All legal costs and expenses, including due diligence fees, incurred by the Investor shall be borne by the Company to a maximum of US\$50,000.

13.2 Duty

The Company must pay all Duty chargeable, payable or assessed in relation to this agreement and the issue of the Subscription Shares to the Investor.

14. NOTICES
14.1 Notices in writing

Each notice authorised or required to be given to a Party shall be in legible writing and in English addressed to the Party's address set out in clause 14.2 (or such other address nominated in accordance with clause 14.3).

14.2 Initial address of Parties

The initial address of the Parties shall be as follows:

Party	Address	Attention	E-mail
Company	Unit 7, 151 Macquarie Street, SYDNEY, NSW, AUSTRALIA, 2000	Dan Roberts	dan@scoutalarm.com
Investor and Guarantor	Calle Pajaritos 24 (28007 Madrid)	Javier López Huerta	- javier.lopez-huerta@prosegur.com

14.3 Change of address

Each Party may from time to time change its address by giving notice pursuant to clause 14.1 to the other Parties.

14.4 Receipt of notice

Any notice given pursuant to clause 14.1 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery;
- (b) if sent by mail, two (2) Business Days from and including the day of posting; or
- (c) if sent by e-mail, when a delivery confirmation report is received by the sender which records the time that the e-mail was delivered to the addressee's e-mail address (unless the sender receives a delivery failure notification indicating that the e-mail has not been delivered to the addressee).

but if the delivery or receipt is on a day that is not a Business Day or is after 5:00 pm (addressee's time) it is regarded as received at 9:00 am on the following Business Day.

15. VARIATION

No modification or alteration of the terms of this agreement shall be binding unless made in writing dated subsequent to the date of this agreement and duly executed by the Parties.

16. WAIVER

- (a) Waiver of any right, power, authority discretion or remedy arising upon default under this agreement must be in writing and signed by the Party granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of a right, power, authority, discretion or remedy created or arising upon default under this agreement, does not result in a waiver of that right.
- (c) A Party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this agreement or on a default under this agreement as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A Party may not rely on any conduct of another Party as a defence to exercise of a right, power, authority, discretion or remedy by that other Party.

17. FURTHER ASSURANCE

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Party to effectively carry out and give effect to the terms and intentions of this agreement.

18. GOVERNING LAW AND JURISDICTION

This agreement shall be governed by and construed in accordance with the law from time to time in the State of Western Australia and the Parties agree to submit to the non-exclusive jurisdiction of the courts of Western Australia and the courts which hear appeals therefrom.

19. TIME OF ESSENCE

Time is of the essence of this agreement in respect of any date or period determined under this agreement.

20. ENTIRE AGREEMENT

This agreement shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

21. COUNTERPARTS

This agreement may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

SCHEDULE 1 – TERMS AND CONDITIONS OF SUBSCRIPTION OPTIONS

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price

Subject to paragraph 9, the amount payable upon exercise of each Option will be \$0.28 (**Exercise Price**).

3. Expiry Date

Each Option will expire at 5:00 pm (WST) on 31 December 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the earlier of:

- (a) Expiry Date; or
- (b) the date the Investor requests that any outstanding Option be cancelled for no consideration.

4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

7. Timing of issue of Shares on exercise

As soon as practicable, and in any event within 2 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) subject to clause 7(d), if required, give ASX a notice that complies with section 708(5)(e) of the Corporations Act; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options; and

- (d) if a notice to be delivered under clause 7(b) for any reason is not able to be given or not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of not being in a position to issue such a notice or such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and otherwise do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

8. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

9. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

11. Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

12. Transferability

The Options are not transferable, except between the Investor and any Related Body Corporate of the Investor.

SCHEDULE 2 – APPLICATION FORM

APPLICATION FORM

Scout Security Limited
ACN 615 321 189
(Company)

PROSEGUR GLOBAL ALARMAS ROW S.L.U. (Investor) hereby applies to the Company for 10,243,278 fully paid ordinary shares in the capital of the Company (**Shares**).

The Investor will transfer to the Company an amount of \$2,816,901 in Australian dollars and in immediately available funds to the account nominated by the Company.

Details of the Investor:

Name: PROSEGUR GLOBAL ALARMAS ROW S.L.U. a company incorporated in Spain
Address: Calle Pajaritos 24 (28007 Madrid)
Contact Person: Javier López- Huerta
Contact Investor: JAVIER.LOPEZ-HUERTA@PROSEGUR.COM

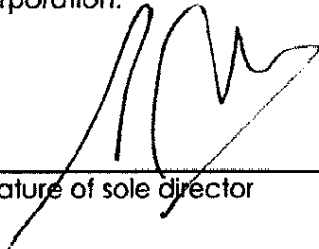
By signing and lodging this Application Form with the Company, the Investor:

1. declares that the agreements, statements, declarations and acknowledgments contained in the following paragraphs are given for the benefit of the Company;
2. declares that all details and statements made by the Investor in this Application Form are complete and accurate;
3. agrees to be bound by the Constitution of the Company;
4. represents, warrants and undertakes to the Company that the Investor has full right and authority to sign and lodge this Application Form, to subscribe for the Shares and to perform the other obligations set out in this Application Form, and has taken all action and obtained all regulatory and other consents, approvals and authorisations necessary in that respect;
5. acknowledges that the Investor has made its own enquiries concerning the Company and its business and affairs and that the Company makes no representation or warranty to the Investor other than set out in the Subscription Agreement dated on or about the date of this Application form;
6. requests the Company to, upon receipt of this Application Form signed by the Investor, issue the Subscription Shares and Subscription Options to the Investor pursuant to the Subscription Agreement;
7. acknowledges that this Application form is irrevocable; and

9. acknowledges that returning this Application Form with the application monies will constitute the Investor's offer to subscribe for Subscription Shares and Subscription Options, and that no notice of acceptance of this Application Form will be provided.

NOTE: Return of the Application Form with your payment of the application monies will constitute your offer to subscribe for the Shares. This Application Form is for the Investor and must not be passed onto any person without written permission from the Company.


EXECUTED by PROSEGUR GLOBAL
ALARMAS ROW S.L.U.
in accordance with its constituent
documents and the laws in its place of
incorporation:



Signature of sole director

ANTONIO RUBIO

Name of sole director



Signature of witness

JAVIER LÓPEZ HUERTA

Name of witness

EXECUTED by the Parties as an agreement.

EXECUTED BY SCOUT SECURITY LIMITED

ACN 615 321 189

in accordance with section 127 of the
Corporations Act 2001 (Cth):



Signature of director

DANIEL ROBERTS

Name of director



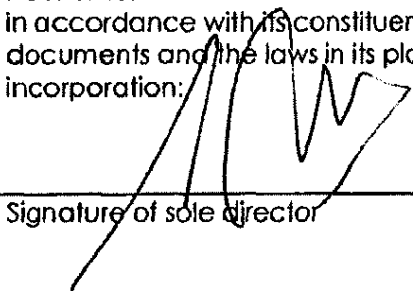
Signature of ~~director~~/company
secretary
(please delete as applicable)

STUART USHER

Name of ~~director~~/company secretary
(please delete as applicable)

**EXECUTED BY PROSEGUR GLOBAL ALARMAS
ROW S.L.U.**

in accordance with its constituent
documents and the laws in its place of
incorporation:


Signature of sole director

ANTONIO RUBIO
Name of sole director



Signature of witness

JAVIER LOPEZ-HUERTA
Name of witness

SIGNED by


.....
Signature of attorney

JAVIER HERGUETA


.....
Name of attorney (block letters)

By executing this document the attorney
states that the attorney has received no
notice of revocation of the power of attorney

as attorney for **PROSEGUR COMPAÑIA DE
SEGURIDAD, S.A.** under power of
attorney dated:

.....

in the presence of:


.....
Signature of witness

JAVIER LOPEZ-HUERTA

.....
Name of witness (block letters)

SIGNED by


.....
Signature of attorney

MIGUEL JOVER


.....
Name of attorney (block letters)

By executing this document the attorney
states that the attorney has received no
notice of revocation of the power of attorney

as attorney for **PROSEGUR COMPAÑIA DE
SEGURIDAD, S.A.** under power of
attorney dated:

.....

in the presence of:


.....
Signature of witness

JAVIER LOPEZ-HUERTA

.....
Name of witness (block letters)

ANNEXURE A – COMMERCIAL AGREEMENT

SCOUT SECURITY LIMITED
ACN 615 321 189
(Scout AU)

and

SCOUT SECURITY, INC.
(Scout US)

and

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.
(Prosegur)

COMMERCIAL AGREEMENT

THIS AGREEMENT is made the _____ day of _____ 2018

BETWEEN

SCOUT SECURITY LIMITED (ACN 615 321 189) of Unit 7, 151 Macquarie Street, SYDNEY, NSW, AUSTRALIA, 2000 (**Scout AU**);

AND

SCOUT SECURITY, INC., a Delaware corporation, of 210 N. Racine Ave., Unit 2M, Chicago, IL 60607 (**Scout US**);

AND

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. a company incorporated in Spain of calle Pajaritos 24 (28007 Madrid) (**Prosegur**).

RECITALS

- A. Scout AU is a public company limited by shares and listed on the ASX.
- B. Scout US is a wholly owned subsidiary of Scout AU that has developed, and continues to design and develop, the Company Technology.
- C. The Company wishes to commercialise the Company Technology and bring products to market.
- D. Prosegur, directly or through one or more subsidiaries, is engaged in the business of designing, installing, monitoring, and integrating security systems in the commercial and residential markets (**Prosegur Applications**).
- E. Prosegur wishes to acquire and the Company wishes to provide to Prosegur, certain exclusive rebranding and reseller rights with respect to Company Products pursuant to the terms and conditions set forth in this Agreement.
- F. This Agreement is a condition of and partial consideration for Prosegur's entry into the Subscription Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

Affiliate means a business entity now or hereafter controlled by, controlling or under common control with a Party. Control exists when an entity owns or controls directly or indirectly more than 50% of the outstanding equity representing the right to vote for the election of directors or other managing authority of another entity.

Agreement and this Agreement means the agreement constituted by this document and includes any schedules and annexures.

Branded Products means Company Products and Company Technology that are sold in Commercial Markets under the branding of the Company.

Business Day means a day that is not a Saturday, Sunday or public holiday in Western Australia or the United States.

Commercial Market means for use in or by any businesses or organizations, including but not limited to large enterprises, small or medium businesses, non-profit companies, or in residences by individual consumers.

Company means Scout AU and Scout US.

Company Products means all existing products, products currently in development, and products developed in the future bearing the Company's brand or that have been or will be developed or designed by or for the Company for Commercial Markets, including but not limited to mobile applications, hardware, dealer portal, smart home integrations and any other products necessary to operate the Company's security solutions, but does not include the Company's third-party logistics software or any future versions thereof or any products developed by the Company solely for any third party for distribution under such third party's brand (and not the Company's brand) where such products are subject to exclusivity arrangements with that party.

Company Technology means the products, including software, hardware, applications, and other technology developed by or for the Company for integration with or into indoor and outdoor security systems.

Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the Parties before, on or after the date of this agreement relating to the business, technology or other affairs of the Party who provides the information (the **Disclosing Party**), but excludes information which:

- (a) is in or becomes part of the public domain other than through a breach of this agreement or an obligation of confidence owed to the Party to whom the information belongs;
- (b) the recipient of the information (the **Receiving Party**) can prove was already known to it at the time of disclosure by the Party to whom the information belongs (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) the Receiving Party develops independently without use of the Disclosing Party's Confidential Information or acquires from a source other than the Party to whom the information belongs, where such source is entitled to disclose it.

Government Authority means a government or government department, a governmental or semi-governmental or judicial person (whether autonomous or not) charged with the administration of any applicable law.

Insolvency Event occurs in the event the Company becomes or is declared insolvent or bankrupt, admits in writing of its inability to pay its debts generally as they become due, or is the subject of any proceedings relating to its liquidation or

insolvency or for the appointment of a receiver for it (that is not dismissed within 30 days), makes an assignment for the benefit of all or substantially all of its creditors, or enters into an agreement for composition, extension, or readjustment of all or substantially all of its obligations.

Intellectual Property means inventions, works of authorship, designs, know-how, ideas, information, trade secrets, and other technology and intellectual property, plus all rights (including patent rights, copyrights, trade secret rights and all other intellectual property rights) in and to the foregoing.

Party means a party to this Agreement and **Parties** has a corresponding meaning.

Prosegur Products means Company Products that are the subject of the Formal Agreement.

Subscription Date has the meaning set out in the Subscription Agreement.

Subscription Price has the meaning set out in the Subscription Agreement.

Subscription Shares has the meaning set out in the Subscription Agreement.

Subscription Agreement means the subscription agreement to which this Agreement is annexed.

Term means the period commencing on the date of this Agreement and continuing for a period of 18 months (or such longer period as agreed between the Parties in writing).

Territory means Spain, Portugal, Argentina, Peru and Chile.

1.2 Company liability

Security AU and Scout US are each individually and collectively referred to in this Agreement as the "Company" and are jointly and severally obligated hereunder with respect to the obligations of Company, but, except as otherwise expressly stated herein, any performance or notice by Prosegur to any of them will be considered performance and notice to all and to the Company).

2. COMMERCIAL ARRANGEMENTS

- (a) Subject to Prosegur having paid the Subscription Price to the Company, the Parties agree that they will use reasonable commercial endeavours throughout the Term to negotiate and enter into an agreement on mutually agreeable terms under which the Company will grant to Prosegur exclusive rights in relation to Branded Products within the Territory (**Formal Agreement**) for at least 5 years after such Formal Agreement is signed.
- (b) The Parties will act reasonably and in good faith in negotiating the Formal Agreement and the Company agrees that it shall not during the Term discuss, negotiate or enter into any agreement or other arrangement similar to, or that could be inconsistent or conflicting with, the foregoing or the Formal Agreement as it applies to Commercial Markets within the Territory.

3. INTELLECTUAL PROPERTY

3.1 Company Products

Prosegur acknowledges and agrees that the Company shall be free to develop any Company Products and Company Technology, independently or in collaboration with one or more third parties, subject only to any express exclusivity or other prohibitions contained in this Agreement or any other subsequently entered into written and executed agreement between the Parties, provided that any such Company Products or Company Technology so developed shall be made available to Prosegur in accordance with the terms of the Formal Agreement (subject to any exclusivity granted in favour of third parties and disclosed to Prosegur before the date of this Agreement or further exclusivity granted in relation to white labelled products based on Company Products or Company Technology developed solely by the Company for the third party that are not Branded Products, provided that no third party shall be granted an exclusive right to white label Company Products or Company Technology within the Territory).

3.2 Jointly developed products

- (a) In the event that, at Prosegur's specific request, Prosegur and the Company jointly conceive or develop any products, services, or other security solutions that the Company had not previously taken affirmative actions to begin development of (**Jointly Developed Products**), any such Jointly Developed Products shall be owned by and remain exclusive to Prosegur unless otherwise agreed in writing by the Parties, and the Company hereby makes all assignments necessary to achieve the foregoing, provided that the Company shall not be obliged to assign any of the underlying technology on which such Jointly Developed Products operate, which forms part of the Company Technology, to Prosegur in accordance with this clause.
- (b) The Parties shall work together to enter into a licence agreement on mutually agreeable terms whereby Prosegur shall grant to the Company, for no additional consideration, a world-wide (excluding the Territory), non-exclusive, irrevocable, transferable, perpetual license (under Intellectual Property assigned to Prosegur in clause (a) above) to use Jointly Developed Products in Company Products, including the sale of Company Products into the Commercial Market, unless mutually agreed upon by the Parties to be excluded.

3.3 Intellectual Property rights

Each Party shall retain all right, title and interest to its respective Intellectual Property, including any Intellectual Property that is owned or controlled by that Party prior to the date of this Agreement, as well as (subject to clauses 3.2 and 3.4) any Intellectual Property that is independently conceived or developed by a Party subsequent to the date of this Agreement.

3.4 Jointly conceived Intellectual Property

- (a) All right, title and interest to any Intellectual Property in Jointly Developed Products (**Jointly Developed IP**) shall be retained by Prosegur (unless otherwise expressly agreed by both Parties in writing) and the Company

hereby makes all assignments necessary to achieve the foregoing ownership.

- (b) For the avoidance of doubt, paragraph (a) above shall not operate in such a way as to transfer any Intellectual Property in Company Products or Company Technology to Prosegur.

4. COMPANY INSOLVENCY

- (a) The Company acknowledges and agrees that, under the Formal Agreement and subject to any regulatory or shareholder approvals required at the time of entry into the Formal Agreement, the Company will grant to Prosegur a perpetual, non-exclusive, irrevocable, worldwide, transferable, sublicensable, royalty-free license to make, use, modify, sell, market, distribute, offer for sale, export, import and otherwise commercialize, exploit and exercise the Prosegur Products, including such Company Technology that is expressly required by such Prosegur Products (including without limitation in each case any related Source Materials, derivatives and Intellectual Property). Prosegur agrees to not exercise its rights pursuant to the foregoing license unless and until an Insolvency Event has occurred.
- (b) At any time after execution of the Formal Agreement and subject to any regulatory or shareholder approvals required at the time of entry into the Formal Agreement, within 30 days of Prosegur's request, and at Prosegur's sole cost and expense (provided that Prosegur is the only beneficiary):
 - (i) the Company shall hold all source code related to Prosegur Products in escrow for Prosegur's benefit, to be released if an Insolvency Event occurs in respect of the Company;
 - (ii) the Company shall deposit into escrow with Iron Mountain Intellectual Property Management as the escrow agent pursuant to a mutually-agreed software escrow agreement the source code and documentation for applicable Prosegur Products and Company Technology that is expressly required by such Prosegur Products and service offerings, together with any subsequent updates to the source code and documentation as and when they become available (collectively, **Source Materials**); and
 - (iii) the Company shall:
 - (A) update the Source Materials once per calendar quarter during the Term and for five (5) years thereafter;
 - (B) reroute data from all installed Prosegur Products to a Prosegur managed data server; and
 - (C) take all necessary actions to reroute all future communications from Prosegur Products to Prosegur servers.
- (c) The Source Materials shall be released to Prosegur upon an Insolvency Event and shall be licensed to Prosegur pursuant to clause 4(a).

- (d) This clause 4 shall survive termination of the Formal Agreement.

5. CONFIDENTIALITY

- (a) The Receiving Party agrees:
- (i) to hold the Disclosing Party's Confidential Information in confidence and to take reasonable precautions to protect such Confidential Information (including, without limitation, all precautions the Receiving Party employs with respect to its own confidential materials);
 - (ii) not to divulge any such Confidential Information or any information derived therefrom to any third person;
 - (iii) not to make any use whatsoever at any time of such Confidential Information except for the purposes of this Agreement;
 - (iv) not to copy or reverse engineer any such Confidential Information; and
 - (v) not to export or reexport (within the meaning of U.S. or other export control laws or regulations) any such Confidential Information or product thereof.
- (b) The Receiving Party also agrees that, even within Receiving Party, Confidential Information will be disseminated only to those employees, officers and directors with a clear and well-defined "need to know" for purposes of the business relationship between the Parties.
- (c) Without granting any right or license, the Disclosing Party agrees that the foregoing shall not apply with respect to any information after five years following the disclosure thereof or any information that the Receiving Party can document:
- (i) is or becomes (through no improper action or inaction by the Receiving Party or any affiliate, agent, consultant or employee of the Receiving Party) generally available to the public;
 - (ii) was in its possession or known by it prior to receipt from the Disclosing Party, provided the Receiving Party complies with restrictions imposed thereon by third parties;
 - (iii) was rightfully disclosed to it by a third party, provided the Receiving Party complies with restrictions imposed thereon by third parties; or
 - (iv) was independently developed without use of any Confidential Information of the Disclosing Party.
- (d) The Receiving Party may make disclosures:
- (i) required by the rules of a recognised securities exchange on which the Receiving Party's securities are quoted, provided that the Receiving Party gives the Disclosing Party notice of the proposed

disclosure and provides a reasonable opportunity to the Disclosing Party to comment on the form and content of the disclosure of such information (subject to the requirements of the rules of the relevant securities exchange); or

- (ii) required by law or court order provided the Receiving Party uses diligent reasonable efforts to limit disclosure and to obtain confidential treatment or a protective order and allows the Disclosing Party to participate in the proceeding. Notwithstanding anything else, nothing in this Section will be deemed to prohibit a party from (or limit a party with respect to) the exercise of any rights licensed or assigned to it hereunder.

6. WARRANTIES AND INDEMNITIES

- (a) The Company has and will have all rights in and to all Company Intellectual Property, as well as that necessary to Company Products, necessary to grant the rights to Prosegur set forth in this Agreement and that Company Products do not and will not infringe any patent, trademark, copyright or other intellectual property right of any third party.
- (b) The Company warrants to Prosegur that as of the date hereof the Company has the full power and authority to perform or otherwise satisfy its obligations under this Agreement, and the performance or other satisfaction of its obligations does not conflict with or breach any material provision of any agreement, whether written or oral, by which Company is bound.
- (c) Prosegur warrants to Company that, as of the date hereof, Prosegur has the full power and authority to perform or otherwise satisfy its obligations under this Agreement and the performance or other satisfaction of its obligations does not conflict with or breach any material provision of any agreement, whether written or oral, by which Prosegur is bound.
- (d) Each of the parties will indemnify and defend the other against any adverse claims by third parties that, if proven, would form the basis for a claim of breach of the indemnifying Party's warranties in this Agreement. The parties expect that the Formal Agreement will include customary representations, warranties and indemnifications, including without limitation an indemnity by the Company for intellectual property infringement.

7. NOTICES

7.1 Notices in writing

Each notice authorised or required to be given to a Party shall be in legible writing and in English addressed to the Party's address set out in clause 7.2 (or such other address nominated in accordance with clause 7.3).

7.2 Initial address of Parties

The initial address of the Parties shall be as follows:

Party	Address	Attention	E-mail
Company	Unit 7, 151 Macquarie Street, SYDNEY, NSW, AUSTRALIA, 2000	Dan Roberts	dan@scoutalarm.com
Prosegur	Calle Pajaritos 24 (28007 Madrid)	Javier López-Huerta	javier.lopez-huerta@prosegur.com

7.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 7.1 to the other Parties.

7.4 Receipt of notice

Any notice given under this Agreement will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery;
- (b) if sent by mail, two (2) Business Days from and including the day of posting; or
- (c) if sent by e-mail, when a delivery confirmation report is received by the sender which records the time that the e-mail was delivered to the addressee's e-mail address (unless the sender receives a delivery failure notification indicating that the e-mail has not been delivered to the addressee),

but if the delivery or receipt is on a day that is not a Business Day or is after 5:00 pm (addressee's time) it is regarded as received at 9:00 am on the following Business Day.

8. NON-ASSIGNMENT

- (a) No Party may assign any or all of its rights and obligations under this Agreement to any person except with the prior written consent of the other Party which consent shall not unreasonably be withheld.
- (b) Notwithstanding the foregoing, either Party may assign this Agreement without consent to:
 - (i) any Affiliate of that Party, provided that the Affiliate must be obliged to assign the interest back to the relevant Party if it ceases to be an Affiliate of the Party and provided that the Affiliate agrees in writing to assume all the obligations of the assigning Party; or
 - (ii) to a successor in interest of that Party whether through a merger, corporate reorganization or sale of all or substantially all of the assets or business of that Party.

9. FURTHER ASSURANCE

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Party to effectively carry out and give effect to the terms and intentions of this Agreement. Without limiting the generality or effect of the foregoing, the Company shall, at the request of Prosegur and without further consideration, execute and deliver any forms, deeds or other documents, and take and perform any actions reasonably necessary to perfect or confirm the escrow or any other element of the arrangements contemplated by and agreed in the Formal Agreement, including, without limitation:

- (a) seeking, as soon as reasonably practicable after the final terms of the Formal Agreement have been substantively finalised between the parties, an opinion from ASX under Listing Rule 10.8 as to whether Listing Rule 10.1 applies to any element of the Formal Agreement;
- (b) if, in the opinion of ASX, any element of the Formal Agreement requires approval under Listing Rule 10.1, seeking, as soon as reasonably practicable following receiving such an opinion, any relevant shareholder approval required to comply with Listing Rule 10.1 (including expeditiously commissioning an independent expert to opine on the relevant elements of the transaction); and
- (c) ensuring that Prosegur is consulted with sufficient time to review and comment on any documentation associated with (a) and (b) above.

10. ENTIRE AGREEMENT

This Agreement shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

11. SURVIVAL

Clauses 3 to 17 shall survive expiration of this Agreement.

12. COUNTERPARTS

This agreement may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

13. SEVERANCE

If any provision or part of a provision of this Agreement is held or found to be void, invalid or otherwise unenforceable in accordance with its terms (whether in respect of a particular Party or generally), it will be deemed to be severed to the extent that it is void or to the extent of voidability, invalidity or unenforceability, but the remainder of that provision will remain in full force and effect and all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision shall be and continue to be valid and forceful in accordance with their terms.

14. VARIATION

No modification or alteration of the terms of this Agreement shall be binding unless made in writing dated subsequent to the date of this Agreement and duly executed by the Parties.

15. COSTS

Each Party shall bear their own legal costs of and incidental to the preparation, negotiation and execution of this Agreement.

16. GOVERNING LAW

This Agreement shall be governed by and construed under the laws of the State of Illinois and the United States without regard to conflicts of laws provisions thereof.

17. COUNTERPARTS

This Agreement may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

EXECUTED by the Parties as an agreement.

**EXECUTED BY SCOUT SECURITY LIMITED ACN
615 321 189**)
in accordance with section 127 of the)
Corporations Act 2001 (Cth):)

Signature of director

Signature of director/company
secretary
(please delete as applicable)

Name of director

Name of director/company secretary
(please delete as applicable)

EXECUTED BY SCOUT SECURITY, INC.)
in accordance with its constituent)
documents and the laws in its place of)
incorporation:)

Signature of director

Signature of director/company
secretary
(please delete as applicable)

Name of director

Name of director/company secretary
(please delete as applicable)

SIGNED by

.....
Signature of attorney

.....
Name of attorney (block letters)

By executing this document the attorney states that the attorney has received no notice of revocation of the power of attorney

as attorney for **PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.** under power of attorney dated:

.....

in the presence of:

.....
Signature of witness

.....
Name of witness (block letters)

SIGNED by

.....
Signature of attorney

.....
Name of attorney (block letters)

By executing this document the attorney states that the attorney has received no notice of revocation of the power of attorney

as attorney for **PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.** under power of attorney dated:

.....

in the presence of:

.....
Signature of witness

.....
Name of witness (block letters)