

Report of the Board of Directors of Infrax cvba for the financial year 2015
to the General Meeting of 20 april 2016

In accordance with the legal and statutory provisions we report on the activities of Infrax cvba during the past financial year and we present the annual accounts of 2015 for approval

Infrax cvba is the operating company of Infrax Limburg, Infrax West, Iveg, PBE and Riobra.

The company is, within the framework of the policies as set out by its partners, responsible for the operation, maintenance and development of the grids in the disciplines of electricity, natural gas, cable TV, communications and sewerage.

Composition of the Board of Directors

- In the Extraordinary General Meeting of 4 March 2015, an amendment to the articles of association was approved by which the Board of Directors may henceforth co-opt a maximum of four independent directors. The co-opted directors are selected on the basis of their experience in the sector and/or their technical knowledge. As a consequence of this, the Board of Directors has co-opted the following directors:
 - Willem-Frederik Schiltz
 - Hendrik Bogaert
 - Andries Gryffroy
 - Peter Vanvelthoven
- As an intermunicipal company active in more than one region, PBE is henceforth subject to the Decree on Intermunicipal Cooperation. This has resulted in a rearrangement of the mandates: Mr Tom Dehaene and Mr Jo Stulens, both deputies of the Province of Flemish Brabant, have submitted their resignation as directors of Infrax and have been replaced by Mr Geert Cluckers and Mr Didier Reynaerts. Mr Tom Dehaene and Mr Jo Stulens continue to sit in the Board of Directors as observers until the end of this legislature.
- On the recommendation of the Board of Directors of Infrax West, Mr Bert Maertens, Mayor of Izegem, has been designated as director to replace Didier Vandeputte, who will continue to attend the meetings of the Board of Directors as an observers until the end of this legislature.

Strategy

The Board of Directors has approved an update of the vision and strategy of Infrax. Infrax wants to be the leading utility company in Flanders, where customers can easily turn for all of their comfort needs. With the expertise of its employees, Infrax wishes to expand infrastructure and services for its municipalities.

The realisation of this vision is founded on four pillars: 1° growth in scope and services offered, 2° focus on the customer in all of our business processes, 3° employees and 4° municipalities. In an innovative way, Infrax wants to support municipalities and cities in their striving for stability and attractiveness for their population and companies.

The municipality of Voeren joins Infrac for electricity

On 25 June 2015, the municipality Voeren decided to transfer the management of its electricity network to Infrac on 1 January 2016. Until the end of 2015 Ores was still the distribution network operator for electricity in Voeren. Ores is mainly active in Wallonia. With the addition of Voeren, all Limburg municipalities are now connected to Infrac for electricity.

New network rates for electricity and natural gas starting with 2015

At the end of December 2014, the VREG approved the network rates for 2015, at which time they were adjusted to the higher cost level. The network rates that had been applied in the period 2010-2014 did not foresee the enormous success of solar panels (including the extent of the obligatory buyout of the certificates) whereby the network operators piled up large deficits and had to take out loans to finance them.

Therefore the network rates for electricity have also risen sharply in 2015. The rate increase ensures that no additional deficits will be built up as a consequence of green power certificates, but does not solve the problem of the recovery of deficits since 2010.

On the other hand, since 2015 a significant decrease of the network rates for natural gas could be carried out.

For all of Infrac, the permitted income in 2015 for electricity distribution in Flanders amounted to 428 million euro (this is an increase of 84 million euro compared with 2013), and for natural gas distribution, 66.5 million euro (a decrease of 21 million euro). Furthermore, in determining the rates for electricity, a significant decrease in the amounts of transported kWh was taken into account.

Because of this, the network rates for electricity at Infrac increased by an average of 41 % in 2015. The network rates for natural gas at Infrac decreased in 2015 by an average of 17 %. For each distribution network operator the increase or decrease is different.

Prosumer rate

Since 1 July 2015 a new rate is in force for customers with solar panels connected to a reversible electricity meter: the prosumer rate. Thanks to this rate, that comes to approximately 78 euro/kWh, the owners of solar panels also contribute to the use of the electricity network.

Someone who produces electricity himself actually makes double use of the electricity network: to place electricity on it when his own usage is lower than what the solar panels are producing or to draw electricity from it when his own production is not sufficient, for example in the evening or at night.

Corporation tax

Since 1 January 2015, the intercommunal utility companies are no longer automatically exempt from corporation tax.

Riobra and Inter-Aqua – exclusively active in sewerage system management – have adjusted their articles of association and will no longer be paying dividends to their associates. As a consequence, the regulatory commission has decided to exempt both companies from corporation tax and to subject them to the tax on legal persons.

The other Infrac DNBs are subject to corporation tax since 1 January 2015.

In 2015 the Infrac group bore a tax burden of 32 million euro. Of this, 24 million euro was recuperated via an increase of the distribution network rates for electricity and natural gas. The pricing methodology of the VREG provides for a fair net remuneration of the shareholders.

As a consequence of the corporation tax, the VREG has increased the permitted electricity income for 2015 to 443.5 million euro (+15.4 million or +4 %) and the natural gas income for 2015 to 74.8 million euro (+8.3 million or +13 %). The rate increase went into force on 1 August 2015.

Recovery balances

The Court of Appeals of Brussels, at the request of Infrac, passed a judgement on 30 June 2015 about the question as to which of the two regulators (the federal CREG or the regional VREG) must formally set the balances in the period 2010-2014. In its judgement the Court established that it was up to the VREG to pronounce on the balances – also on the ones built up between 2010 and 2014.

As a consequence, the VREG, after a round of consultations, decided to recuperate the balances from 2010-2014 over a period of 5 years, beginning with 2016. Earlier the VREG had already decided to process the balances of 2008-2009, that were already formally approved by the CREG, in the rates of 2015 and 2016.

Regulatory balances at December 31, 2015

Until the end of 2014, the regulatory framework according to the cost plus method has been applied by the CREG. This provided for a distinction between 'manageable' and 'non-manageable' costs.

The difference between the estimated and the actual incurred non-manageable costs is considered as a liability ("regulatory" liability) or receivable ("regulatory" asset) towards the customer and is therefore settled via the tariffs for a following regulatory period.

The difference between the estimated and actual volumes of transported energy is also settled via the tariffs for a following regulatory period. These differences result in an increase or a decrease in the future tariffs.

As of 2015, the VREG approved a new pricing methodology based on income related regulation ("price cap"). The new method provides for a distinction between exogenous costs and an endogenous costs. Exogenous costs are costs on which the network operator can have no impact whatever. These costs are limitatively listed by the VREG.

Balances of exogenous costs and exogenous volume differences can be settled in future tariffs.

Since the corporation tax could only be settled in the tariffs as of August 1, 2015, the VREG decided to consider 7/12th of the missed income corporation tax as an exogenous volume difference.

The table below shows the status of the balances as of 31 December 2015 for the regulated activity, electricity, as they were also included in the annual reports of 2015 of the Infrac distribution network companies concerned (- deficit and booked as a claim, + surplus and booked as a debt).

Balances for electricity distribution		
Balances of non-manageable costs per 31/12/2014	(1)	-303.600.537
Recovery of 2008/2009 balances in 2015	(2)	+10.261.313
Balances of exogenous costs and volume differences in 2015	(3)	+52.392.189
Balances of federal contribution to the end of 2014	(4)	- 8.186.890
Total	(5)	-249.133.925

(-: deficit, will raise rates in the following pricing period; +: surplus, will lower rates in the following pricing period)

Comment: under the CWAPE, only 10 % of the 2008/2009 balances could be included in 2015.

The surplus of exogenous costs in 2015 is mainly a consequence of the abolishment of the ceiling on the solidarization of the green power certificates and the combined heat and power certificates in 2014 and 2015.

The table below shows the surplus as of 31/12/2015 for the regulated activity, natural gas, as it was included in the annual reports of 2015 of the Infrac distribution network companies concerned (- deficit and booked as a claim, + surplus and booked as a debt).

Balances for natural gas distribution		
Balances of non-manageable costs on 31/12/2014	(1)	49.028.805
Return of 50 % of balances 2008/2009 in 2015	(2)	-10.659.297
Balances of exogenous costs and volume differences in 2015	(3)	-4.150.997
Total	(5)	34.218.511

(-: deficit, will raise rates in the following pricing period; +: surplus, will lower rates in the following pricing period)

These tables must be treated with the necessary reservation since the VREG has not yet definitely confirmed these amounts. The complete recovery is therefore only certain on the final confirmation of the regulator.

Valuation of green power certificates (GPC) and combined heat and power certificates (CHPC)

Both for green power and for combined heat and power there was a surplus of certificates in Flanders again in 2015 and only a limited portion of the certificates could be sold by the network operators.

At the end of 2015 the stock of green power certificates, and combined heat and power certificates represented 253.2 million euro, or an increase of 43.1 million euro. The banked and non-banked GPCs are valued at 93 euro and 88 euro per item respectively. For the CHPCs this is 27 and 20 euro respectively. The stock of certificates is included in the annual financial statements of the network operators under accruals of the assets.

Stock	31/12/2015		31/12/2014		Increase	
	Number	Value	Number	Value		
GPC	2.690.126	239.062.278	2.127.470	189.548.550	+562.656	+49.513.728
CHPC	663.800	14.094.601	985.346	20.539.045	-321.546	-6.444.444
Total	3.353.926	253.156.879	3.112.816	210.087.595	+241.110	+43.069.284

In its decision of 10 January 2014, the Flemish government determined that all network operators must immobilise (bank) 1.5 million certificates during a number of years, in other words, not to offer them on the market in order to restore supply and demand. The banking for Infrax relates to 466,238 GPCs and 118,875 CHPCs. The Flemish government guarantees the banked certificates (at 93 euro per banked GP certificate and at 27 euro per banked CHP certificate or in total 46.6 million euro) and has reimbursed the financing costs for 2015. For the non-banked certificates there might be a risk that they cannot be sold on the market in the future for a price of 88 euro and 20 euro respectively, which could cause an additional deficit in the exogenous costs of the network operators. The stock value of the non-banked certificates amounts to ca. 206.6 million euro.

New network rates for electricity and natural gas in 2016

On 23 October 2015 the VREG announced the permitted income for 2016. For electricity distribution that is, taking into account the decree on various provisions with regard to energy, 448,566,781 euro.

This budget takes into account:

- the recovery over 5 years of the historical deficits from the period 2010-2014. In 2016 this will enable Infrax to recuperate 70,567,480 euro from the past.
- the abolishment of the free kWh starting with 2016
- the abolishment of the ceiling on the solidarization of green power certificates and combined heat and power certificates.

As a consequence, at Infrax the network rates for electricity will increase by an average of 1.15 % on 1 January 2016.

The permitted income for natural gas will be 71,121,212 euro. This includes a return of 16,201,339 euro on balances from the past. For natural gas the rates decrease by an average of 4.86 %.

Increased contribution to Energy Fund starting on 1 March 2016

The contribution to the Energy Fund was already introduced by the decree of 19 December 2014. The contributions, calculated per utility connection point, serve to finance the operational costs of the VREG and the costs of subsidies for green power projects.

In order to tackle the problem of the historical stocks of unsold certificates fundamentally, the Flemish Government has increased the contribution to the Energy Fund to a considerable degree starting on 1 March 2016. The new contribution is dependent on the consumption bracket and will produce in total 492 million euro on an annual basis. This ought to be sufficient to eliminate the surplus of certificates in Flanders by 2021.

Construction of a heating network at Antwerp Nieuw Zuid launched

The city of Antwerp has decided to install a heating network in the development of “Nieuw Zuid,” the new district behind the Antwerp Palace of Justice. For this it has granted a concession to the consortium “Warmte@Zuid” with as members Infrax, Waterlink, Indaver and Dalkia. In this consortium Infrax has been appointed as project leader. Iveg will become owner of the installations and is completely responsible for the financing.

Once the entire district has been developed, the heating network at Nieuw Zuid will consist of about five kilometres of heating lines and will thus provide more than 5000 residents with heat. This makes it one of the largest new developments in the area of heating networks in Flanders. At the end of 2015 phase 1 (ca. 1/3 of the site) was completely finished and the first residents could be connected to the heating network.

Infrax is helping to build a steam network in the Waasland harbour

Ecluse cvba has as its purpose, the construction of an industrial heating network in the Waasland harbour (harbour on the left bank at Antwerp). It will transport steam that is released from the combustion installation of Indaver/Sleco to surrounding companies. Annually this installation processes thermally more than 1 million tons of household and comparable company refuse that cannot be recycled.

This project will result in as much CO₂ savings as 50 windmills and is supported by the Flemish Government by a grant for important strategic ecology support (10 million euro).

Infrax is participating in this project and is to be the operator. The final go/no go will be decided in June/July 2016.

Heating network in Harelbeke

In this project the waste heat of the household refuse incinerator of IMOG in Harelbeke will be employed usefully. In 2016 the works will be started in which Infrax will install a heating network of 2.6 km along the Leie. The capacity of the heat extraction amounts to 6 MW, later expandable to 18 MW. The investments are estimated at 4.2 million euro. This project can benefit from Flemish subsidies for green heating projects for an amount of 569,000 euro.

For the extraction of the heat from IMOG, there will be collaboration with Eandis, that is installing a heating network itself at Kuurne.

Establishment of a Heating Company Flanders

Both Infrac and Eandis have the ambition to develop heating networks in Flanders. Since the installation of heating networks has a limited profitability, to prevent needless competition in the area, a principle agreement to work together has been made. To this end a heating company Flanders will be established. The establishment of the heating company is planned for the first semester of 2016.

Infra-X-net

The agreement with Telenet provides that the cable infrastructure will remain the property of the DSOs and that Infrac may provide certain services on this infrastructure to the cable municipalities.

In this context Infrac provides the following services to the municipalities via the cable network:

- Infra-LAN-net: this is the connecting of different buildings of the municipalities/OCMW to one computer network of their own;
- Infra-TEL-net: this is the connecting of telephony and telephone exchanges of buildings to the main building of the municipality. That main building will then be connected over the cable network with the Infrac shared telephony operator;
- Infra-INTER-net: the provision of broadband access to the internet via the cable network for the various buildings.

This new service is enjoying great commercial success: at the end of 2015, 82 municipalities and the province of Limburg signed up for these services, which signifies a success rate of 85 % for the municipalities connected to the cable network.

Roadrunner Project

Roadrunner is the name of the project for the expansion of the current bandwidth of 606/862 MHz to 1 GHz. This expansion is necessary because of the continually greater demand for data volume, speed, interactive services, HQ video, etc. To continue to meet this demand, the cable television network must be expanded continually. All equipment and materials that are not 1GHz compatible, (main line amplifiers, distribution amplifiers, splitters, connection boxes and connectors) must be replaced.

The cost price of Roadrunner for all of Infrac is estimated at 46 million euro, being ca. €80/customer. The rollout will continue until 2018.

Public Wi-Fi

The Board of Directors gave its agreement for Public Wi-Fi to be offered as a new service to the cable municipalities of Infrac.

Six test projects were set up: Hasselt, Genk, Neerpelt, Diest, Diksmuide and Torhout where temporary networks are being installed, one Wi-Fi zone per municipality. The intention is to gain practical experience in preparation for a rollout to interested municipalities. The public Wi-Fi's are connected to the glass fibre network of Infrac that connects municipal buildings

with each other and with Infrac. The participating municipalities make a one-time investment in the hardware (access points, antennas, etc.), the civil electricity and network works, and the installation cost, whether or not financed from available funds of the DNB. The test projects are running smoothly and are having great success.

Sewerage

Infrac provides sewerage services in 83 municipalities. This makes Infrac the largest sewerage operator in Flanders.

In 2015 EUR 43 million were invested in the sewage system. This is 9 million less than in 2014. This drop is due to the reduced investment in road works by the municipalities and points to the budgetary constraints that many municipalities are struggling with.

In order to achieve the European objectives in the field of improving water quality, considerable financial resources are necessary for investment in and management of sewerage. Infrac sees various possibilities for ensuring a balanced financing:

- an increase in the municipal purification contribution on the drinking water bill;
- the introduction of a capacity component in the municipal purification contribution;
- an increase in the investment grants from the Flemish region for expansion investments, replacement and maintenance of the existing system;
- the introduction of an avoidable contribution for the accelerated drainage of rainwater;
- a sufficient annual increase in the Municipal Fund so that the municipalities are in a position to finance the balance from their general funds.

In her circular of April 2014 minister Joke Schauvliege stated that the municipal sewage revenues may only be used for (new) investment and maintenance expenditure on sewerage. The term 'investments' is also taken to mean the restoration of the superstructure or the construction of a new superstructure.

The Boards of Directors of Inter-aqua, Riobra, Infrac West and Iveg are meeting that demand and will therefore no longer pay dividends from the sewerage business. Any profits will be reserved and kept available in sewerage funds.

The following activities can be financed through these sewerage funds:

1. investment grants for investments without the intervention of the Flemish Region;
2. (additional) grants for works in the private domain;
3. road construction combined with sewerage- and possibly road repairs.

The creation of a sewerage fund will also provide a major impetus for additional investment in sewerage infrastructure.

Adaptation of investment rules for sewerage systems

Infrac has a proposal ready for the revision of its investment rules. Infrac wants to create space for necessary investments by an increase of the contribution of Infrac. The contribution will be related to the priority of the investments for Infrac (not a priority, a moderate priority or a high priority) and will also be dependent on the type of purpose (ecological (expansion/optimisation) or functional (replacement/flooding)).

The increased flat rate for road repair is comparable with the intervention of Aquafin.

These interventions will be applicable retroactively for all projects tendered after 1 January 2015. If this should lead to a decrease, then the confirmed engagements will be honoured.

Increase in water purification levy as of 1 January 2015

The Flemish Government decided at the end of 2014 to increase the supra-municipal water purification levy from 0,96 euro/m³ to 1,2088 euro/m³, or an increase of 26 %.

The municipal water purification levy is established by decree at a maximum of 1.4 x the supra-municipal rate. As a consequence, the maximum municipal water purification levy has also experienced an increase of 26 % and because of this has risen to 1.6923 euro/m³.

Most of the Boards of Directors decided to apply this maximum rate in 2015 as well. The available budget increased because of this in 2015 by 15 million euro.

KLIP offered to municipalities (sewerage system databank)

Starting on 1 January 2016 the location data of the piping is to be supplied in digital form to the Agency for Geographical Information in Flanders (AGIV). As a consequence, a digital sewerage system databank is needed.

Infrac has decided to offer non-sewerage system associates the following services:

- inventory and composition of the databank (according to Infrac estimates)
- actual maintenance of the databank (processing when built, planning)
- automatic exchange of information with the KLIP server

New rate structure for water starting with 2016

The Flemish Government reached an agreement on 12 June 2015 about a new uniform rate structure for drinking water and the water purification levy starting on 1 January 2016. In application of the coalition agreement, the free 15 m³ per person domiciled is abolished.

A fixed component with a family correction is being introduced. For the usage two rates are applied: a basic rate for usage limited to 30 m³ per residential unit and increased by 30 m³ per person domiciled. The rate is doubled for any usage above that.

Publi-T Capital increase

The Infrac DNBs have subscribed to the capital increase of Publi-T, the reference shareholder of ELIA. On the one hand, Publi-T wants to anticipate an expected capital increase of Elia, on the other hand, this makes it possible for a number of bank loans to be repaid. For the Infrac-DNBs this capital increase means an investment of ca. 23 million euro.

Joint procurement by municipalities

At the request of a number of municipalities, Infrac has decided to offer the municipalities possibilities for 'joint procurement'. Infrac will facilitate the full procurement process and put its expertise, in the form of a central contracting department, at the disposal of the municipalities. By economies of scale, this cooperation, in addition to administrative simplification, should lead to financial savings by the municipalities.

The organisation, the working methods, the tasks and responsibilities have been described in a cooperation agreement to be concluded between Infrac and the municipalities.

In the meantime, the following joint procurement programmes for the municipalities have been initiated:

- roadside weed control + monitoring (zero measurement);
- electronic luncheon vouchers;
- payment terminals;
- external service for health and safety at work ("EDPBW");
- medical inspections;
- CNG vehicles;
- mobile telephony.

Judicial framework

In 2015 the Infrac-DNBs were involved in the following procedures:

1. Boonen and others v. Electrabel: In this case more than 1,600 parties were claiming before the Justice of the Peace in Deurne (a provisional reimbursement for) the repayment of the distribution fees paid since 2009, as well as a ban on charging distribution fees in the future on the basis of article 49 (sic) of the Law of December 15, 2009 (which, among other things, enacts two Royal Decrees on tariffs). Their claim was based on a judgement by the Constitutional Court on May 31, 2011 which annuls the legal enactment of certain articles from the tariff regulations, which according to the claimants would remove any basis for charging distribution fees. Their claim was directed against Electrabel, and was subsequently extended by the claimants to Electrabel Customer Solutions. Electrabel has served a third-party notice upon almost all Belgian operators. Both the Belgian State and the CREG were involved in the case. In his judgement of January 31, 2014 the Justice of the Peace stated that he had no jurisdiction on the matter and referred the case to the Court of Appeal in Brussels.
2. Booms and Asman v. CREG: In April 2011 the CREG had adjusted the distribution tariffs of Inter-energa and Iveg. Those decisions were challenged by two natural persons at the Brussels Court of Appeal. In June 2012 the Court considered that the tariff adjustment was justified, but that the CREG based this on an incorrect legal provision. The Court pointed out, however, that it would be advisable that the consequences of the decisions of the CREG temporarily remain in force until the latter could take new decisions. Nevertheless, the Court found, that the Electricity Act did not empower it to order that the consequences of an illegal decision by the CREG remain in force temporarily, while the Council of State does have such powers. The Court of Appeal therefore asked the Constitutional Court whether this is discriminatory or not. In its judgement of July 9, 2013

the Constitutional Court considered that it is not contrary to the constitutional principle of equality.

Meanwhile, the CREG had instituted a provision in cassation against the judgement of the Court of Appeal. This provision is currently pending. The Court of Cassation has fully rejected the cassation appeal in his judgement of November 23, 2015. The case can be heard again before the Court of Appeal in Brussels.

3. Zonstraal/VREG: On 1 July 2014, the pricing authority with regard to distribution network rates for electricity and gas was transferred from the federal level to the Regions. Implementing its new pricing authority, the Flemish energy regulator, VREG, adopted a pricing methodology for the regulatory period of 2015-2016 on 30 September 2014. Zonstraal, a sector association for solar energy, together with two natural persons (who indicated that they are owners of solar panels) have initiated an appeal for the suspension and annulment of this pricing methodology at the Court of Appeals at Brussels. Because the VREG, however, was of the opinion that only the Council of State was authorised to take cognisance of appeals against decisions of the VREG, the requesting parties then initiated an appeal (for the suspension and annulment) of this same pricing methodology at the Council of State. The four distribution network operators of the Infrac group Iveg, Infrac West, Inter-energa and the PBE (the “Infrac-DNBs”) joined the procedure before the Council of State in support of the VREG.

The Court has in (the motivation of) an interlocutory judgment indicated that it is competent, but it has suspended dealing with the case awaiting a final pronouncement of the Council of State in order to avoid contradictory pronouncements.

By a judgement of 1 October 2015 the Council of State rejected the request for suspension because of a lack of urgency, without pronouncing on its competence. Then the requesting parties asked that the legal proceedings be continued. The VREG and the Infrac DNBs submitted their pleadings on 11 January and 22 January 2016 respectively. The following step is that the requesting parties can submit a pleading of reply.

4. Lampiris/VREG: In this case Lampiris has initiated a series of appeals at the Council of State for the annulment of the decisions of the VREG of December 2014 for the approval of the rates of the Flemish distribution network operators (including the Infrac DNBs). These procedures are directed against *individual rate decisions* of the VREG (see no. 3 above). The Infrac DNBs have joined in the procedures that relate to the approval decisions relating to their electricity and gas rates.

In the case related to Inter-energa (natural gas) an Auditor’s report was lodged on 30 September 2015. The Auditor states that from a pragmatic viewpoint, the preferable option is to submit a report in only one of the cases and to wait for a judgement on that case before submitting a report on the other cases. In the report of 30 November 2015, the Auditor states that the Council of State has no judicial authority to take cognisance of disputes concerning rate decisions, and decided on the rejection of the appeal of Lampiris.

On 17 February 2016 the term expires for Inter-energa to submit a final pleading.

5. Proximus activating claim: In response to the acquisition of the cable television customers and the establishment of a long-term lease to the cable network by Telenet, Belgacom, nu Proximus, has initiated a claim at the Court of First Instance for the annulment of the contracts and for obtaining remuneration for damages. At first instance,

this claim was rejected (verdict of 6/4/2009). Hereupon Proximus has initiated a higher appeal at the Court of Appeals at Antwerp. But the case has been assigned to the cause list.

In response to a judgement of the Council of State in this case (dd. 26 May 2014), Belgacom has submitted a Statement in Support of Claim accompanied by a report of Frontier Economics.

Proximus demands in its statement that the complete documents related to the agreement between Telenet, Interkabel and the cable companies be made available. At the same time it demands that these agreements be declared void and that the various cable companies be condemned to a provisional remuneration for damages. The Board of Directors is persuaded that the risks and associated uncertainties, taking into account all known current elements, have been sufficiently provided for in Interkabel and/or the annual accounts of the DNBs concerned.

Rating A with stable outlook

The rating agency Fitch confirmed the rating on October 8, 2015: a flat A-rating with a stable outlook. Thanks to the strong link with the public shareholders and the Flemish government there was an uplift of 1 'notch': from A- to A. This qualitative rating on the one hand reflects the solid financial basis and, on the other hand, the confidence of stakeholders in the strategy of the group.

A rating is an informed judgement on the credit worthiness of an issuer of bonds and is an important criterion that institutional investors use. A rating also gives more financing flexibility and strengthens the image of Infrax as a reliable financial partner. In addition, the VREG bases itself on companies with an A-rating to determine the 'allowed' financing costs.

Revision of lines of credit

Infrax has renewed its existing lines of credit. For this a European call for tenders was issued for credit lines for a value of 200 million euro and this was done with public notification via the negotiation procedure.

The tender was awarded to Belfius Bank and KBC Bank, each for 100 million euro. The Infrax DNBs stand surety pro rata their capital in Infrax.

Financial instruments

Infrax makes use of financial instruments such as referred to in Article 96, 8° of the Companies Code. To cover its long-term loans, an interest rate swap (IRS) on a loan of 70 million euro was concluded in 2011 with a duration of 20 years till 2031.

Investments

The Infracx group made investments in 2015 worth a total value of 202,6 million euro gross. This is 16,2 million euro less than in 2014.

Investments per activity in millions of EUR					
Electricity	Electricity	Electricity	Electricity	Electricity	Total
84,6	36,0	42,7	23,8	15,5	202,6
(+2,1)	(-5,0)	(-8,6)	(-8,4)	(+3,7)	(-16,2)

(x): increase or decrease in comparison to 2014

Result

Infracx cvba operates as a 'cost and revenues centre'. Infracx cvba provides for operations in the name and on behalf of its shareholders. The result is that the costs and revenues that Infracx realises on behalf of its members are offset via the balance sheet. Only the costs of Infracx itself appear on the P&L accounts. These are mainly its own staffing costs, costs related to the head office and ICT costs (hardware). Also, the cost of the pilot projects 'smart meters' and 'Atrias' are booked within Infracx cvba.

Infracx's profit is EUR 231.508. There is no financial profit or extraordinary profit.

It will be proposed at the General Meeting to add an amount of 11.575 euros to the legal reserves, and the balance, 219.933 euros, to be paid out to the shareholders as dividends.

Important events after the closure of the annual accounts for 2015

There are no important events after the closure of the annual accounts to be mentioned that might have an impact on the accounts.

Comments and notes to the balance sheet and the statement of operating income & expenses for 2015

Please refer to the comments contained in the statutory annual accounts and the appendices to the statutory annual accounts.

The Board of Directors proposes the following for the General Meeting:

- a) to approve the annual accounts and the included processing of the profits as proposed;
- b) and to grant discharge to the directors and the auditor for the exercise of their duties.

The board of directors finally would like to thank the staff for their commitment and dedication, as well as the shareholders for their firm and lasting confidence.

Wim Dries
Chairman