



## FLUVIUS SYSTEM OPERATOR CV

organised as a cooperative company (coöperatieve vennootschap/société coopérative) under Belgian law  
Brusselssesteenweg 199, 9090 Melle, Belgium  
BE 0477.445.084 (RLE Ghent, section Ghent)

**EUR 5,000,000,000**

### Guaranteed Euro Medium Term Note Programme

guaranteed on a several but not joint basis by

Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas

Under the EUR 5,000,000,000 Guaranteed Euro Medium Term Note Programme (the “**Programme**”) described in this base prospectus (the “**Base Prospectus**”), Fluvius System Operator CV (the “**Issuer**”) may from time to time issue notes denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below) (the “**Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed EUR 5,000,000,000 (or its equivalent in any other currencies). The Notes are guaranteed by Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas (each a “**Guarantor**” and together the “**Guarantors**”), each on a several but not joint basis, subject to the *pro rata* limitations set out in their respective guarantee (each a “**Guarantee**”).

Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions herein. Notes to be issued under the Programme may be Fixed Rate Notes, Floating Rate Notes, Zero-Coupon Notes (each as defined in Part IV – ‘Terms and conditions of the Notes’) or a combination of the foregoing, depending on the Interest and Redemption basis (each as defined in Part IV – ‘Terms and conditions of the Notes’) specified in the relevant Final Terms (as defined below). The Notes will be issued in the Specified Denomination(s) specified in the relevant Final Terms. The minimum Specified Denomination of the Notes shall be at least EUR 100,000 (or its equivalent in any other currency). The Notes have no maximum Specified Denomination.

The Notes may be issued on a continuing basis to the Dealers specified below and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “**Dealer**” and together the “**Dealers**”). References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

The English version of this Base Prospectus has been approved on 9 November 2021 by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) (the “**FSMA**”) in its capacity as competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). It contains information relating to the issue by the Issuer of Notes under the Programme and must be read in conjunction with the documents incorporated by reference herein. The FSMA has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. This approval should not be considered as an endorsement of the Issuer or the Guarantors nor of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in any Notes. This Base Prospectus has been prepared in English and has been translated into Dutch. Without prejudice to the responsibility of the Issuer and the Guarantors for inconsistencies between the different language versions of the Base Prospectus, in case of inconsistencies between the English and Dutch language versions of the Base Prospectus, the English version will prevail.

Application has been made to Euronext Brussels (“**Euronext Brussels**”) for Notes issued under the Programme during the period of twelve months from the date of approval of the Base Prospectus to be listed on Euronext Brussels and to be admitted to trading on the regulated market of Euronext Brussels. References in this Base Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been listed and admitted to trading on the regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended (“**MiFID II**”). The Issuer may also issue Notes which are not listed or request the listing of Notes on any other stock exchange or market.

This Base Prospectus is valid for twelve months from its date of approval. The obligation to supplement the Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The Notes will be issued in dematerialised form in accordance with the provisions of the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*), as amended (the “**Belgian Companies and Associations Code**”) and cannot be physically delivered. The Notes will be represented exclusively by book entry in the records of the securities settlement system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**NBB-SSS**”). The Notes can be held by their holders through direct participants in the NBB-SSS, whose membership extends to securities such as the Notes (each a “**Participant**”) and through other financial intermediaries which in turn hold the Notes through any Participant.

Information on the aggregate nominal amount of Notes, interest (if any) payable in respect of such Notes, the issue price of such Notes and other information which is applicable to each Tranche (as defined in Part IV – ‘Terms and conditions of the Notes’) of such Notes will be set out in a final terms document (the “**Final Terms**”) which will be delivered to the FSMA and Euronext Brussels on or before the date of issue of the Notes of such Tranche. Copies of Final Terms in relation to Notes to be listed on Euronext Brussels will be published on the website of the Issuer (<https://over.fluvius.be/en/thema/investor-relations/ratings-and-bonds/bonds>).

The Issuer has been rated A3 by Moody’s France SAS (“**Moody’s**”) and A+ by Creditreform Rating AG (“**Creditreform**”). The Guarantors are not rated. Each of Moody’s and Creditreform is established in the European Union (the “**EU**”) and registered under Regulation (EC) No 1060/2009 on credit rating agencies, as amended (the “**EU CRA Regulation**”). Notes issued under the Programme may be rated or unrated. When an issue of a certain Series (as defined in Part IV – ‘Terms and conditions of the Notes’) of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Issuer and such rating will be specified in the relevant Final Terms. Whether or not a rating in relation to any Series of Notes will be treated as having been issued by a credit rating agency established in the EU and registered under the EU CRA Regulation will be disclosed in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Notes issued under this Programme constitute debt instruments. An investment in such Notes involves risks. By subscribing to the Notes, investors lend money to the Issuer who undertakes to pay interest (if any) and to reimburse the principal on the maturity date. In case of bankruptcy or default by the Issuer or the Guarantors, however, investors may not recover the amounts they are entitled to and risk losing all or a part of their investment. Prospective investors should furthermore take into account the risks relating to the enforcement of the Guarantees as indicated in the risk factor entitled “*The enforcement of the Guarantees is subject to limitations stemming from the particular nature of the Guarantors*” in Part II – ‘Risk factors’. Each prospective investor must carefully consider whether it is suitable for that investor to invest in the Notes in light of its knowledge and financial experience and should, if required, obtain professional advice. Prospective investors should read the Base Prospectus in its entirety and, in particular, the risk factors described under Part II – ‘Risk factors’ before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the Notes. In case of an issue of Green Notes, investors should in particular read the risk factor entitled “*Notes issued with a specific use of proceeds, such as Green Notes, may not meet investor expectations or requirements, in which case investors have no specific recourse against the Issuer*”, which sets out, among other things, the risk that the use of proceeds of any Green Notes does not necessarily meet the requirements set out in the Green Financing Framework of the Issuer or certain investor expectations or requirements (including under any future applicable regulations).

The Notes are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium by any Dealer to “consumers” (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended.

#### Co-Arrangers of the Programme

BELFIUS BANK

BNP PARIBAS FORTIS

BELFIUS BANK

Dealers of the Programme  
BNP PARIBAS FORTIS

BNP PARIBAS

The date of this Base Prospectus is 9 November 2021.

## **IMPORTANT INFORMATION**

### **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS**

In this Base Prospectus, references to the “**Fluvius Economic Group**” are to the Issuer, its subsidiaries, joint ventures and associated companies (being, on the date of this Base Prospectus, Atrias CV, De Stroomlijn CV, Fluvius OV, Interkabel and Synductis CV) and the Guarantors.

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving the necessary information with regard to the Issuer, the Guarantors and the Notes which, according to the particular nature of the Issuer, the Guarantors and the Notes, is material to enable investors to make an informed assessment of the assets and liabilities, profits and losses, financial position and prospects of the Issuer and the Guarantors, the rights attaching to the Notes and the reasons for the issuance of the Notes and its impact on the Issuer and the Guarantors.

Each Tranche of Notes will be issued on the terms set out in Part IV – ‘Terms and Conditions of the Notes’, as completed by the relevant Final Terms.

This Base Prospectus is to be read in conjunction with any supplements thereto and all documents which are incorporated herein by reference (see Part III – ‘Documents incorporated by reference’) and, in relation to any Tranche of Notes, is to be read and construed together with the relevant Final Terms. Unless specifically incorporated by reference into this Base Prospectus, information contained on websites mentioned herein does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

To the fullest extent permitted by law, none of the Co-Arrangers or the Dealers accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by a Co-Arranger or a Dealer or on its behalf in connection with the Issuer, the Guarantors or the issue and offering of the Notes or for the acts or omissions of the Issuer, the Guarantors or any other person (other than the relevant Co-Arranger or Dealer) in connection with the issue and offering of the Notes. Each of the Co-Arrangers and the Dealers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Base Prospectus, any such statement or any such act or omission. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantors, the Co-Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Co-Arrangers or the Dealers undertakes to review the financial condition or affairs of the Issuer or the Guarantors during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Co-Arrangers or the Dealers. None of the Co-Arrangers or the Dealers makes any representation as to the suitability of any Notes issued as “Green Notes” to fulfil environmental and sustainability criteria required by prospective investors. None of the Co-Arrangers or the Dealers have undertaken, or are responsible for, any assessment of the eligibility criteria, any verification of whether the Eligible Green Projects (as defined in Part IX – ‘Green Financing Framework’) meet the eligibility criteria or any monitoring of the use of proceeds.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or the Guarantors or such other information as is in the public domain and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors or any of the Co-Arrangers or the Dealers.

Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantors since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantors since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. If at any time during the life of the Programme the Issuer shall be required to prepare a supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantors, the Co-Arrangers or the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantors.

The Notes may not be a suitable investment for all investors. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement and all information contained in the relevant Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal and/or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices, interest rates and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation, by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

#### **RESTRICTIONS ON DISTRIBUTION AND OFFERS AND SALES OF NOTES**

The distribution of this Base Prospectus and any Final Terms and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms come, are required by the Issuer, the Guarantors, the Co-Arrangers and the Dealers to inform themselves about

and to observe any such restriction. For a description of certain restrictions on offers and sales of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see Part XI – ‘Subscription and sale’.

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any U.S. State securities laws. Subject to certain exceptions, Notes may not be offered or sold within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S.

**Prohibition of sales to EEA retail investors** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”) or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, the Issuer has not prepared a key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**Prohibition of sales to UK retail investors** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA 2000**”) and any rules or regulations made under the FSMA 2000 to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, the Issuer has not prepared a key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Prohibition of sales to consumers in Belgium** – The Notes are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium by any Dealer to any “consumer” (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended.

## **MIFID II PRODUCT GOVERNANCE AND TARGET MARKET ASSESSMENT**

For each issue of Notes, the Dealers acting as manufacturers in respect of the Notes pursuant to MiFID II will produce and communicate to the Issuer the target market assessment in respect of the Notes and determine which channels for distribution of the Notes are appropriate. The Final Terms in respect of such Notes will include a legend entitled “*MiFID II Product Governance*” which will outline the relevant target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate.

Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593, as amended (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Co-Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Nothing stated herein should be construed as limiting the protections granted to potential investors under mandatorily applicable investor protection rules, including any such rules included in MiFID II.

#### **UK MIFIR PRODUCT GOVERNANCE AND TARGET MARKET ASSESSMENT**

For each issue of Notes, the Dealers acting as manufacturers in respect of the Notes pursuant to Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”) will produce and communicate to the Issuer the target market assessment in respect of the Notes and determine which channels for distribution of the Notes are appropriate. The Final Terms in respect of such Notes will include a legend entitled “*UK MiFIR Product Governance*” which will outline the relevant target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate.

Any person subsequently offering, selling or recommending the Notes (a “**UK distributor**”) should take into consideration the target market assessment. However, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a UK manufacturer in respect of such Notes, but otherwise neither the Co-Arrangers nor the Dealers nor any of their respective affiliates will be a UK manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Nothing stated herein should be construed as limiting the protections granted to potential investors under mandatorily applicable investor protection rules, including any such rules included in UK MiFIR.

#### **BENCHMARK REGULATION**

Amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011, as amended (the “**Benchmark Regulation**”). If any such reference rate does constitute such a benchmark, the relevant Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to Article 36 of the Benchmark Regulation. Not every reference rate will fall within the scope of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms (or, if located outside the European Union, recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer and the Guarantors do not intend to update the Final Terms to reflect any change in the registration status of the administrator.

#### **PRESENTATION OF INFORMATION**

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “**euro**”, “**EUR**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

This Base Prospectus contains various amounts and percentages which have been rounded and, as a result, when those amounts and percentages are added up, they may not total.

The statements in this Base Prospectus with respect to market and other industry data have been accurately reproduced from independent industry publications and reports by research firms or other published independent sources and, as far as the Issuer is aware and is able to ascertain from such sources, no facts have been omitted which would render such information inaccurate or misleading.

#### **RESPONSIBILITY STATEMENT**

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Base Prospectus, provided that each of the Guarantors will only be responsible for the information relating to itself and its respective Guarantee. To the best of the knowledge of the Issuer and the Guarantors (each of the Guarantors however only with respect to the information for which it is responsible), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus has been prepared in English and has been translated into Dutch. The Issuer and the Guarantors are responsible for the consistency between the English and the Dutch language versions of this Base Prospectus, provided that each of the Guarantors will only be responsible for the translation of the information relating to itself and its respective Guarantee. Without prejudice to the responsibility of the Issuer and the Guarantors for inconsistencies between the different language versions of the Base Prospectus, in case of inconsistencies between the English and Dutch language versions of the Base Prospectus, the English language version will prevail.

#### **FORWARD-LOOKING STATEMENTS**

This Base Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuer's or Guarantors' business strategies, trends in its business, competition and competitive advantage, regulatory changes and restructuring plans.

Words such as "believes", "expects", "projects", "anticipates", "seeks", "estimates", "intends", "plans" or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer nor the Guarantors intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of the global economy in general and the strength of the economy of Belgium and the Flemish Region; (iv) the potential impact of sovereign risk in certain European Union countries; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuer, the Guarantors or the Fluvius Economic Group; (vii) the effects of, and changes in, fiscal, monetary, trade and tax policies, financial and company regulation and currency fluctuations; (viii) the possibility of the imposition of foreign exchange controls by government and monetary authorities; (ix) operational factors, such as systems failure, human error, or the failure to implement procedures properly; (x) actions taken by regulators with respect to the Issuer's, the Guarantors' and/or the Fluvius Economic Group's business and practices; (xi) the adverse resolution of litigation and other contingencies; (xii) the medium- to long-term impact of the Covid-19 pandemic on the

Fluvius Economic Group's operations and financial position and (xiii) the Issuer's, the Guarantors' and/or the Fluvius Economic Group's success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive. When evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Base Prospectus.

#### **BASE PROSPECTUS SUPPLEMENT**

If at any time the Issuer shall be required to prepare a supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on Euronext Brussels and to be admitted to trading on the regulated market of Euronext Brussels, shall constitute a supplement as required by Article 23 of the Prospectus Regulation.

If at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes.

#### **STABILISATION**

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or any person acting on behalf of any Stabilising Manager(s)) in the relevant Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche.

Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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## PART I – OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) 2019/980, as amended.

Words and expressions defined in Part IV – ‘Terms and Conditions of the Notes’ shall have the same meanings in this overview.

### INFORMATION RELATING TO THE ISSUER AND THE GUARANTORS

**Issuer:** Fluvius System Operator CV, a cooperative company (*coöperatieve vennootschap/société cooperative*) organised under the laws of Belgium, having its registered office at Brusselsesteenweg 199, 9090 Melle, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0477.445.084 (RLE Ghent, section Ghent).

The Legal Entity Identifier (LEI) of the Issuer is 549300WSQWO0M3PK2J78.

**Guarantors:** Notes issued by the Issuer are guaranteed on a several but not joint basis, subject to the *pro rata* limitations as set out in the Guarantees and the relevant Final Terms (provided that, in aggregate, the sum of the amounts of the Notes covered by such Guarantees in each case adds up to 100% of the amount of the Notes issued), by each of:

Fluvius Antwerpen, a mission entrusted association (*opdrachthoudende vereniging/association chargée de mission*) organised under the laws of Belgium, having its registered office at Antwerpsesteenweg 260, 2660 Antwerp (Hoboken), Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0212.704.370 (RLE Antwerp, section Antwerp).

Fluvius Limburg, a mission entrusted association (*opdrachthoudende vereniging/association chargée de mission*) organised under the laws of Belgium, having its registered office at Trichterheideweg 8, 3500 Hasselt, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0207.165.769 (RLE Antwerp, section Hasselt).

Fluvius West, a mission entrusted association (*opdrachthoudende vereniging/ association chargée de mission*) organised under the laws of Belgium, having its registered office at Noordlaan 9, 8820 Torhout, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0205.157.176 (RLE Ghent, section Ostend).

Intercommunale Maatschappij voor Gas en Elektriciteit van het Westen (Gaselwest), a mission entrusted association (*opdrachthoudende vereniging/ association chargée de mission*) organised under the laws of Belgium,

having its registered office at President Kennedypark 12, 8500 Kortrijk, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0215.266.160 (RLE Ghent, section Kortrijk).

Intercommunale Maatschappij voor Energievoorziening in West- en Oost-Vlaanderen (Imewo), a mission entrusted association (*opdrachthoudende vereniging/association chargée de mission*) organised under the laws of Belgium, having its registered office at Brusselsesteenweg 199, 9090 Melle, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0215.362.368 (RLE Ghent, section Ghent).

Intercommunale Vereniging voor Energieleveringen in Midden-Vlaanderen (Intergem), a mission entrusted association (*opdrachthoudende vereniging/association chargée de mission*) organised under the laws of Belgium, having its registered office at Franz Courtensstraat 11, 9200 Dendermonde, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0220.764.971 (RLE Ghent, section Dendermonde).

Intercommunale Vereniging voor de Energiedistributie in de Kempen en het Antwerpse (Iveka), a mission entrusted association (*opdrachthoudende vereniging/association chargée de mission*) organised under the laws of Belgium, having its registered office at Koningin Elisabethlei 38, 2300 Turnhout, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0222.030.426 (RLE Antwerp, section Turnhout).

Iverlek, a mission entrusted association (*opdrachthoudende vereniging/association chargée de mission*) organised under the laws of Belgium, having its registered office at Aarschotsesteenweg 58, 3012 Leuven (Wilsle), Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0222.343.301 (RLE Leuven).

Provinciale Brabantse Energiemaatschappij (PBE), a mission entrusted association (*opdrachthoudende vereniging/association chargée de mission*) organised under the laws of Belgium, having its registered office at Diestsesteenweg 126, 3210 Lubbeek, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0203.563.111 (RLE Leuven).

Riobra, a mission entrusted association (*opdrachthoudende vereniging/association chargée de mission*) organised under the laws of Belgium, having its registered office at Oude Baan 148, 3210 Lubbeek, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0878.051.819 (RLE Leuven).

Sibelgas, a mission entrusted association (*opdrachthoudende vereniging/association chargée de mission*) organised under the laws of Belgium, having its registered office at Stadhuis, Grote Markt, 1800 Vilvoorde,

Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0229.921.078 (RLE Brussels, Dutch-speaking division).

**Principal activities of the Issuer and the Guarantors:** The management and operation of multi-utility grids (distribution of electricity and gas, district heating, sewerage, water and data).

## INFORMATION RELATING TO THE PROGRAMME

**Description:** Euro Medium Term Note Programme (the “**Programme**”).

**Co-Arrangers:** Belfius Bank SA/NV and BNP Paribas Fortis SA/NV.

**Dealers:** Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and BNP Paribas.

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches (as defined below) or in respect of the whole Programme. References in this Base Prospectus to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

**Paying Agent, Calculation Agent and Listing Agent:** Belfius Bank SA/NV.

**Size:** Up to EUR 5,000,000,000 (or its equivalent in any other currencies) aggregate nominal amount of Notes outstanding at any one time pursuant to the Programme. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement (as defined in Part XI – ‘Subscription and sale’).

**Method of Issue:** The Notes will be issued on a syndicated or a non-syndicated basis.

The Notes will be issued in series (each a “**Series**”). Each Series may comprise one or more tranches (each a “**Tranche**”) issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will be subject to identical terms in all respects.

**Currencies:** Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer.

**Maturity:** Subject to compliance with all relevant laws, regulations and directives and unless previously redeemed or purchased and cancelled, each Note will have the maturity as specified in the relevant Final Terms, provided that no Notes will be issued with a maturity of less than one year.

**Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount as specified in the relevant Final Terms.

- Interest:** Notes to be issued under the Programme (i) bear interest calculated by reference to a fixed rate of interest (such Note, a “**Fixed Rate Note**”), (ii) bear interest calculated by reference to a floating rate of interest (such Note, a “**Floating Rate Note**”), (iii) do not bear interest (such Note, a “**Zero-Coupon Note**”) or (iv) are a combination of the foregoing, depending on the Interest and Redemption basis specified in the relevant Final Terms.
- The method of calculating interest (if any) may vary between the issue date and the maturity date of the relevant Series.
- Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
- Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined:
- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc., including, if specified in the relevant Final Terms, the ISDA Benchmark Supplement; or
  - (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service set out in the relevant Final Terms.
- The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.
- Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
- Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
- Zero-Coupon Notes:** Zero-Coupon Notes will be offered and sold at a discount or premium to their nominal amount and will not bear interest.
- Specified Denomination:** The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms, save that the minimum denomination of each Note will be (i) such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and (ii) in any case, not less than EUR 100,000 (or its equivalent in any other currency).
- Status of the Notes:** The Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and shall at all times rank *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, present and

future, but, in the event of insolvency, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

- Status of the Guarantees:** The obligations of each Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of such Guarantor and rank and shall at all times rank equally with all other existing and future unsecured and unsubordinated obligations of the relevant Guarantor from time to time outstanding (save for certain obligations required to be preferred by law).
- Redemption:** The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Notes will be redeemed either (i) at 100 per cent. of the Calculation Amount or (ii) at an amount per Calculation Amount specified in the relevant Final Terms.
- Optional Redemption:** The relevant Final Terms will state either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable, as the case may be (i) at the option of the Issuer (either in whole or in part), (ii) at the option of the Noteholders, (iii) at the Make-whole Redemption Amount (as defined in Part IV – ‘Terms and conditions of the Notes’), (iv) on a Residual Maturity Call Optional Redemption Date (as defined in Part IV – ‘Terms and conditions of the Notes’) and/or (v) upon a Substantial Purchase Event (as defined in Part IV – ‘Terms and conditions of the Notes’). In case the Notes may be redeemed prior to their stated maturity, the relevant Final Terms will state the terms applicable to such redemption.
- Withholding Tax:** All payments of principal and interest by or on behalf of the Issuer and/or by a clearing system and/or a participant in a clearing system in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- In that event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required.
- Negative Pledge:** The Terms and Conditions of the Notes contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*).
- Cross-Default:** The Terms and Conditions of the Notes contain a cross-default provision as further described in Condition 9(c) (*Cross-Default*).

<b>Form of Notes:</b>	<p>The Notes are issued in dematerialised form in accordance with the Belgian Companies and Associations Code (<i>Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations</i>), as amended, and cannot be physically delivered. The Notes will be represented exclusively by book entry in the records of the NBB-SSS operated by the National Bank of Belgium (the “<b>NBB</b>”) or any successor thereto (the “<b>NBB-SSS</b>”). The Notes can be held by their holders through direct participants in the NBB-SSS, whose membership extends to securities such as the Notes (each a “<b>Participant</b>”) and through other financial intermediaries which in turn hold the Notes through any Participant. The Notes are accepted for settlement through the NBB-SSS and are accordingly subject to the applicable Belgian regulations, including the Belgian Act of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 (each as amended or re-enacted or as their application is modified by other provisions from time to time) and the Terms and Conditions governing the participation in the NBB-SSS and its annexes, as issued or modified by the NBB from time to time. The Noteholders will not be entitled to exchange the Notes into notes in bearer form.</p>
<b>Governing Law:</b>	<p>The Notes and the Guarantees and any non-contractual obligations arising out of or in connection with the Notes and the Guarantees are governed by, and shall be construed in accordance with, Belgian law.</p>
<b>Ratings:</b>	<p>Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
<b>Listing and Admission to Trading:</b>	<p>Application has been made to Euronext Brussels for Notes issued under the Programme to be listed on Euronext Brussels and to be admitted to trading on the regulated market of Euronext Brussels.</p> <p>The Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The relevant Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange and/or market.</p>
<b>US Selling Restrictions:</b>	<p>Regulation S, Category 1. TEFRA is not applicable to the Notes, as specified in the relevant Final Terms.</p>
<b>Selling Restrictions:</b>	<p>There are restrictions on the offer, sale and transfer of the Notes. See Part XI – ‘Subscription and sale’.</p>

## PART II – RISK FACTORS

*This section sets out the risks which the Issuer and the Guarantors believe are specific to them, the Fluvius Economic Group and/or the Notes and which are deemed to be material to investors for making an informed investment decision in respect of Notes issued under the Programme. Any such factors may affect the Issuer's and the Guarantors' ability to fulfil their obligations under such Notes. All of these factors are contingencies which may or may not occur and the inability of the Issuer and the Guarantors to fulfil their obligations under any Notes may occur for other reasons which may not be considered material risks by the Issuer and the Guarantors based on the information currently available to them or which they may not currently be able to anticipate.*

*In accordance with the requirements of the Prospectus Regulation, the most material risk factors within each category have been presented first according to an assessment made by the Issuer and the Guarantors based on the probability of their occurrence and the expected magnitude of their negative impact. The exact order in which the remaining risk factors are presented is not necessarily indicative of the probability of those risks actually occurring or of the scope of any potential negative impact thereof.*

*Prospective investors should carefully assess all of the risk factors described in this section and should also read the detailed information set out elsewhere in this Base Prospectus, including in any documents incorporated by reference herein, and reach their own views prior to making any investment decision, and should consult with their own professional advisers if they consider it necessary.*

*Terms defined in Part IV – 'Terms and Conditions of the Notes' shall have the same meaning where used in this section. Any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated and/or replaced from time to time.*

*Due to the particular structure of the Fluvius Economic Group, all risk factors set out below relate to this economic group as a whole and not just to the Issuer and the Guarantors.*

### **RISKS RELATING TO THE ISSUER, THE GUARANTORS AND THE FLUVIUS ECONOMIC GROUP**

#### **Risks related to the regulatory and legislative framework**

The Issuer's and the Guarantors' revenues, and the conduct of their activities, are dependent on actions and decisions of regulatory and legislative bodies. As at 31 December 2020, 90.8% of the Fluvius Economic Group's revenues were derived from regulated activities (being the distribution of electricity and gas, public lighting and sewerage). At that same date, 4.6% of the Fluvius Economic Group's revenues were derived from cable television infrastructure ("CATV"), which is also regulated from a technical and customer-oriented point of view, but which is not subject to tariff regulations like the distribution of electricity and gas, public lighting<sup>1</sup> and sewerage and which is, hence, currently not subject to tariff-related risks. The related risks mainly include the following:

*The Issuer and the Guarantors are subject to extensive and evolving regulations and legislation which may affect their operational and financial performance.*

The Issuer's and Guarantors' activities are subject to extensive regulations and legislation at three levels: European, Belgian federal and Flemish regional. For an overview of the current regulatory and legislative

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<sup>1</sup> Up until 2021, part of the public lighting activity was considered a public service obligation included in the regulated electricity tariffs. As from 1 January 2022, this is no longer the case.

framework applicable to the Guarantors, please refer to section 4 – ‘Regulatory and contractual framework applicable to the Guarantors’ in Part VII – ‘Description of the Issuer and the Guarantors’.

The applicable regulatory and legislative framework for gas and electricity distribution has been amended over the course of 2021, amongst other things to implement elements of the Clean Energy Package<sup>2</sup> that fall within the regional competences, which have led to increased requirements and obligations on distribution system operators (“DSOs”) such as certain of the Guarantors, including regarding energy efficiency and performance, and onshore renewables. It is expected to further evolve in the future. In the coming years, further amendments can in particular be expected to the Flemish legislative framework, notably in response to future European legislation that may result from the vast set of legislative proposals (including on energy efficiency, energy performance and renewables) that have been published, and are still to be published, by the European Commission to achieve its Green Deal targets (the “Fit for 55” package).<sup>3</sup> Other aspects related to the Issuer’s and the Guarantors’ activities that might change due to legislative or regulatory measures are, for example, the public service obligations (the introduction of new public service obligations or the extension or withdrawal of existing ones), additional capex requirements for the Guarantors within the frameworks of the energy transition, the climate objectives, technological progress or others. All of such amendments may negatively impact the Issuer’s and the Guarantors’ operations and profitability or impose substantial encumbrances on the operational efficiency of the Issuer and Guarantors. Please also refer to the risk factor entitled “*Future public service obligations may require the Issuer and the Guarantors to pre-finance certain costs vis-à-vis their customers, having a negative impact on their liquidity position*”.

The Fluvius Economic Group is also subject to regulatory and legislative requirements in relation to their sewerage activities. For these activities, the applicable European and Flemish legislation requires that the existing sewerage systems are enhanced and that large parts of the current sewerage infrastructure are gradually replaced by a split system for wastewater and rain. There remain uncertainties about the timeline and volume of the investments that will be required for implementing these obligations and the modifications to the tariffs that subsequently will have to be implemented to absorb these investments. Depending on the measures which would be imposed and how they will be financed, such investments might lead to an adverse change in the Issuer’s and the Guarantors’ financial position and outcomes. For more information, please refer to section 3.4 – ‘Organisation of the Flemish sewerage market’ in Part VII – ‘Description of the Issuer and the Guarantors’.

For the cable television activity, the Belgian Institute for Postal Services & Telecommunication (the “BIPT”) takes up the role of regulator. Although its impact is currently limited, the BIPT’s regulatory impact may, however, become more important if and when the Issuer and/or the Guarantors engage in activities of data communication networks.

Any further developments of, and changes to, the regulatory and legislative framework governing the activities of the Issuer and the Guarantors, as well as the interplay between regulations and legislations at the various levels, may cause uncertainty and can affect the activities, financial condition and results of the Issuer and the Guarantors as such developments and changes can impose more extensive requirements and obligations on the Issuer and the Guarantors. Failure to meet such regulatory and legislative requirements could also result in administrative actions and sanctions, which could adversely affect the Issuer and the Guarantors and, therefore, the position of the Noteholders, as this can lead to difficulties in satisfying the payment obligations under the Notes. In addition, any amendment to the Belgian institutional framework, including in relation to the division of competences between the federal and the regional level, may also impact the Issuer’s and the Guarantors’ roles and responsibilities. Finally, future evolutions in the Flemish context for regulating utility services, such

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<sup>2</sup> Please see section 9.2 – ‘Trends in the energy sector’ for further information on the Clean Energy Package.

<sup>3</sup> Please see section 9.2 – ‘Trends in the energy sector’ for further information on the Fit for 55 package.



as the possible merger of regulators (for energy, water, telecom, etc.) or more intense data exchanges between these regulators, might also impact the Issuer's and/or Guarantors' operations and, therefore, their financial position and results.

*The tariff methodology for the period 2021-2024 and future regulations or changes to gas, electricity and/or sewerage tariffication, for example if these are not in line with the European internal energy market (if applicable), may have an adverse effect on the Issuer's and the Guarantors' assigned ratings, ability to obtain funding and, hence, on their operational performance.*

The revenue and profitability of the Issuer and the Guarantors are to a large extent dependent on a tariff methodology applied during a set tariff period (for electricity and gas distribution this is typically four years), which will drive the financial benefits which the Issuer and the Guarantors can accumulate in relation to their activities.

The competence relating to the grid distribution tariffs for electricity and gas is with the regional regulators. In the Flemish Region, the Flemish Regulator of the Electricity and Gas Market (the "VREG") is fully vested with the powers to determine the tariff methodology.

Both the VREG and the Flemish Government are, however, bound by the general principles enshrined in the Third Energy Package<sup>4</sup> and (for electricity) the Clean Energy Package (and to extent the proposals become law, the Fit for 55 package), all consisting of a set of EU Directives and Regulations relating to the European internal energy market. In particular, the VREG needs to bear in mind that the tariff methodology should guarantee the long-term ability of the system to meet reasonable demands for the distribution of electricity and gas. In addition, the tariff methodology should allow the Guarantors to ensure the necessary investments in their networks to be carried out in a manner allowing those investments to ensure the viability of the networks. Increasingly, tariff legislation places a focus on the facilitation and incentivising of flexibility, demand-response, distributed generation, storage and energy efficiency services, including through aggregation or via energy communities, by providers independent from the DSOs (including non-discriminatory network access for these providers and their customers).

For the period 2021-2024, the VREG established a new tariff methodology, which was amended on several occasions since its initial adoption on 13 August 2020 to account for regulatory changes and a judgment of the Constitutional Court impacting the tariff structure.<sup>5</sup> The tariff methodology for example provides for a fixed cost of debt that is taken into account when calculating the allowed income of the Issuer and the Guarantors. Any cost of debt in excess of the percentage predetermined by the VREG cannot be recovered through the distribution tariffs, with adverse consequences for the Issuer and the Guarantors. For more information in relation to the tariff methodology for grid distribution and the underlying principles of the methodology, please refer to section 4.1.3 – 'Tarification principles (2021-2024)' in Part VII – 'Description of the Issuer and the Guarantors'.

The Issuer and Guarantors are of the opinion that the financial position of the Guarantors may be negatively impacted by the new tariff methodology established for the period 2021-2024. In line with its objective to incentivise the Guarantors as much as possible towards cost efficiency, the VREG has reduced the parameters for setting the allowed incomes. This is expected to result in a downward trend for the revenues and cash flows that can be generated by the Guarantors in their regulated businesses of electricity and gas distribution. The

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<sup>4</sup> Please see section 2.4 – 'The Guarantors' public law and regulatory regime' for further information on the Third Energy Package.

<sup>5</sup> For this and other reasons, the entry into force of the new tariff structure for electricity, including a capacity tariff, has been postponed to 1 July 2022. The DSOs can be subject to a malus up to EUR 1 million per month of delay in implementing this new tariff structure, with a potential adverse impact on their revenues and cashflows. Please refer to section 4.1.5 – 'Other tariff-related topics – tariff structure' in Part VII – 'Description of the Issuer and the Guarantors' for more information.

new tariff methodology also inspired Moody's and Creditreform's decisions at that time to lower the Issuer's rating outlook from 'stable' to 'negative'. For further information, please refer to section 7.2 – 'Significant changes in the financial position and prospects of the Guarantors'.

Although the tariff methodology is amended unfavourably for the Issuer and Guarantors, the VREG argues that the general principles of the Third Energy Package and the Clean Energy Package are still respected and that the methodology allows the necessary investments to be made in order to ensure the long-term viability of the energy distribution grids. It is uncertain, however, to what extent the general principles will still be taken into account by the Flemish Government and/or by the VREG with respect to future regulatory and/or legislative changes and tariff methodologies.

Indeed, neither the Issuer nor the Guarantors can predict how the Flemish Government, the VREG or any other competent authority will establish future tariff frameworks and, in particular, what the impact will be on the then applicable distribution tariffs. Future actions and/or interpretations by the Flemish Government and/or by the VREG may impact the financial condition, the assigned rating and the quality of service of the Issuer and/or the Guarantors and impact their capacity to invest in their activities and obtain funding. As a result, this could adversely affect the position of Noteholders as this could limit the possibility for the Issuer and the Guarantors to meet their obligations under the Notes.

As to the sewerage tariffs, the sewerage operators themselves can decide on the tariffs, albeit within the limits set by the applicable tariff structure and the applicable maximum tariff. Please refer to the paragraph entitled 'Contribution and compensation' in section 3.4 – 'Organisation of the Flemish Sewerage Market' in Part VII – 'Description of the Issuer and the Guarantors' for further details in this respect. The future evolution of the maximum tariff, if negative or insufficient to cover increased investments, entails a particular risk for the financial position of the Guarantors with such sewerage activities and, therefore, of the Issuer.

*The settlement of deviations from budgeted values and actual values may impact the financial condition of the Issuer and the Guarantors and, more specifically, their liquidity position and profitability.*

Grid distribution tariffs are set pursuant to forecasts of volumes of gas and electricity distributed over the grids, costs and revenues. Deviations between real volumes of gas and electricity distributed and budgeted volumes and between effectively incurred costs and revenues and budgeted costs and revenues can result in a "regulated debt" or a "regulated receivable", which is recognised on an accrual account. The financial settlement of any such deviations is taken into account when setting the tariffs for the next period. In the short term, this process may, however, have important temporary effects on the liquidity position of the Issuer and/or the Guarantors.

Regardless of deviations between forecasted parameters and actually incurred costs and revenues, the VREG takes the final decision as to whether the incurred costs and revenues are deemed reasonable to be included in the tariff calculation. This decision can result in the acceptance or rejection of such costs or revenues. To the extent that certain elements are rejected, the corresponding amounts will not be taken into account for the setting of tariffs for the next period. Until the date of this Base Prospectus, the VREG has rejected the costs related to judicial proceedings against the VREG decisions on the regulatory balances and the X' cost savings. These rejected costs (combined for electricity and gas) amounted to approximately EUR 133,000 until 2020 inclusive. While the Issuer and/or the Guarantors can ask for a judicial review of such a decision, any such rejection of costs (if confirmed) may be more significant in the future and have an overall negative impact on the Issuer's and the Guarantors' profitability and, therefore, on the Noteholders (in particular where Notes are issued with a long maturity). For further information on how the distribution tariffs are applied, please refer to section 4.1.3 – 'Tarification principles (2021-2024)' in Part VII – 'Description of the Issuer and the Guarantors'.

*The Issuer's approval as operating company and the Guarantors' DSO licenses may be terminated early or not renewed, which would have negative consequences on the Issuer's and the relevant Guarantors' activities and revenue streams.*

The Guarantors<sup>6</sup> were originally appointed (“licensed”) as DSOs on 5 September 2002 (for electricity) and on 14 October 2003 (for gas) for a period of twelve years, each time pursuant to a decision of the VREG. These appointments were renewed upon the expiry of the twelve-year period.

The Guarantors' DSO licenses for electricity were renewed on 30 September 2014 (PBE), 27 January 2015 (Fluvius West), 3 February 2015 (Gaselwest, Intergem, Imewo, Iverlek, Iveka and Sibelgas), 24 February 2015 (Fluvius Limburg) and 25 April 2019 (Fluvius Antwerpen). All renewals are for a twelve-year period starting on 5 September 2014 and expiring on 5 September 2026.<sup>7</sup> All Guarantors' DSO licenses for gas were renewed on 29 September 2015, except for Fluvius Antwerpen, whose license was renewed on 25 April 2019, and PBE, which does not hold a license for gas. An amendment to the license of Fluvius Antwerpen was confirmed by the VREG on 28 January 2020 to allow for the transfer of four municipalities from Iveka to Fluvius Antwerpen. Furthermore, by decisions of 6 October 2020 (published on 8 October 2020), the VREG appointed Imewo as the electricity and gas DSO for the whole city of Deinze as per 1 January 2021, and ended the appointment of Gaselwest as electricity and gas DSO for Deinze as of the same date.<sup>8</sup> All renewals are for a twelve-year period starting on 14 October 2015 and expiring on 14 October 2027.

The Issuer was approved as the operating company of the individual Guarantors pursuant to a decision of the VREG of 26 June 2018 for a duration parallel to the duration of the appointment of the individual Guarantors as DSO for electricity and/or gas. The VREG can withdraw its approval of the Issuer as operating company if the Issuer no longer complies with the criteria of its appointment (i.e., the same as for the DSO license and regarding the control of the DSO over the operating company) and the unbundling requirements.

The DSO license is automatically terminated in the event of bankruptcy<sup>9</sup>, liquidation or merger. In addition, the VREG can revoke a Guarantor's DSO license in accordance with the Energy Decree in each of the following circumstances:

- (i) a significant change in the shareholding of the DSO or its operating company that may jeopardise the independent grid operation or the data management activities;
- (ii) a heavy breach by the DSO or its operating company of its obligations under the Energy Decree and implementing legislation; and
- (iii) a heavy breach of compliance with the General Data Protection Regulation<sup>10</sup> (the “GDPR”).

If the license of a Guarantor as a DSO or the approval of the Issuer as the Guarantors' operating company is terminated before the expiry of the appointment or approval or is not renewed upon termination, there may be material, negative consequences on the Issuer's and the relevant Guarantors' activities and revenue streams. This could lead to the inability for the Issuer and the Guarantors to satisfy their payment obligations under the

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<sup>6</sup> With the exception of Riobra, which has no operations in energy distribution, and PBE, which does not hold a license for gas.

<sup>7</sup> For the sake of completeness, it can be noted that Fluvius Limburg was finally appointed as DSO for the territory of the municipality of Voeren by a decision of the VREG of 7 November 2016, for a twelve-year period starting on 1 January 2016 and expiring on 1 January 2028.

<sup>8</sup> VREG documents ‘BESL-2020-55’ (available at <https://www.vreg.be/nl/document/besl-2020-55>) and ‘BESL-2020-56’ (available at <https://www.vreg.be/nl/document/besl-2020-56>), both published on 8 October 2020.

<sup>9</sup> It should be noted that in their current capacity the Guarantors are not subject to bankruptcy proceedings. Please also refer to the risk factor entitled “*The Guarantors cannot be subject to bankruptcy proceedings and, potentially along with the Issuer, benefit from immunity of execution, which impacts the enforcement options of the Noteholders*”.

<sup>10</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

Notes. As a consequence, this may adversely impact the return which a Noteholder may receive. Any such impact would be even more significant where the licenses of the Guarantors and the approval of the Issuer as the Guarantors' operating company would be terminated at the same time.

*The Guarantors cannot be subject to bankruptcy proceedings and, potentially along with the Issuer, benefit from immunity of execution, which impacts the enforcement options of the Noteholders.*

Due to their non-commercial nature, the Guarantors are not considered merchants by the Flemish Decree of 22 December 2017 on local government, as amended<sup>11</sup> (the “**Local Government Decree**”). The Guarantors cannot be subject to bankruptcy proceedings as they do not constitute enterprises under Book XX of the Belgian Code of Economic Law. Investors should, however, note that the winding-up or dissolution of any of the Guarantors or any of the Guarantors ceasing or threatening to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, consolidation or solvent reorganisation, constitutes an Event of Default under the Conditions of the Notes.

In addition, the Guarantors are public law entities. Under Belgian law, such entities have the duty at all times to perform their tasks of public service (based on the concept of the continuity of the public service). Pursuant to Article 1412*bis* of the Belgian Judicial Code, assets owned by a public law entity (such as the Guarantors) benefit from an immunity of execution as a result of which they cannot be seized. This immunity of execution does not apply to assets that are manifestly not useful for the performance or the continuity of the public service, and is not to be considered as an immunity of jurisdiction. Investors should note that almost all of the assets for electricity distribution, gas distribution, public lighting and sewerage are deemed to fall within this category of non-seizable assets, amounting to more than 80% as at the date of this Base Prospectus.

The above has as a consequence that for example the distribution grid infrastructure (such as cables and pipelines) owned by a Guarantor cannot be seized by the Noteholders in case of a default. Although this limits the enforcement by creditors of the obligations of the Guarantors, the benefit is that the relevant Guarantor will be in a position to continue performing its duties of public service and, thus, generating revenues.

Given the Issuer's activities, there may be an argument that the Issuer's assets would also benefit from immunity of execution. This argument is not entirely convincing, mainly because the Issuer is not a public law entity. The immunity of execution of the Issuer can, however, not be excluded if and to the extent the Issuer's properties or assets are deemed essential for the performance of its public service obligations.

Any of the circumstances set out above may limit the enforcement possibilities of Noteholders in case of a default of any of the Guarantors or the Issuer, which can impact the return they would receive on their Notes. Please also refer to the risk factor entitled “*The enforcement of the Guarantees is subject to limitations stemming from the particular nature of the Guarantors*”.

*The Issuer; regulatory changes or legislative changes may initiate a possible merger of DSOs leading to a likely tariff harmonisation which may alter the Fluvius Economic Group's financial position and prospects.*

It cannot be excluded that the Issuer will in the future initiate a process for merging some or all of the current Guarantors, with a potential impact on the tariffs applicable at the date of this Base Prospectus. While such a merger, either involving some or all DSOs, would be intended to generate more efficiency and synergies in grid operations and in the administrative support, it may, if implemented, also lead to the competent regulator(s) imposing additional measures on the Issuer and/or the relevant Guarantors, e.g. in the form of extra cost savings,

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<sup>11</sup> *Decreet van 22 december 2017 over het lokaal bestuur.*

additional restrictions on operations, etc. Such measures might be harmful to the Issuer's and or the Guarantors' financials and prospects.

In this respect, regulatory or legislative changes could also put forward the requirement of mergers and/or restructurings. This could then have an impact on the revenues and, therefore, the financial position of the Issuer and/or the Guarantors, potentially impacting their possibility to satisfy the obligations under the Notes.

At the date of this Base Prospectus, no such merger plans, either at the initiative of the Fluvius Economic Group or initiated by a public authority, are, to the knowledge of the Issuer, contemplated. Please also refer to section 2.2 – 'A brief history of the Guarantors' in Part VII – 'Description of the Issuer and the Guarantors'.

*A failure of the Issuer to remain appointed as operating company of the Guarantors would seriously endanger the Issuer's viability.*

The Guarantors as the Issuer's shareholders have appointed the Issuer as their operating company. This appointment is in line with the Flemish Decree of 8 May 2009 containing general provisions on energy policy, as amended<sup>12</sup> (the "**Energy Decree**") which enables DSOs to make use of a common operating company.

There is, however, a risk that some or all of the Guarantors which are currently using the Issuer as their operating company decide to terminate their cooperation with the Issuer. Any such termination would seriously endanger the Issuer's viability and its ability to repay the principal and/or the interest (if any) on the Notes, as this would impact its revenues from the Guarantors and, therefore, its overall financial position.

In practice, this risk is mitigated for Noteholders by the continued existence of the Guarantees and the fact that every termination of cooperation by a Guarantor requires the approval by the General Shareholders' Meeting of the relevant Guarantor with a majority of at least 75 per cent. It is, however, not excluded that notwithstanding these restrictions the appointment of the Issuer as operating company would be terminated. In such case, the position and duties of the Guarantors would in principle not be called into question as the Guarantees would remain binding contractual obligations notwithstanding such termination. Noteholders could therefore, in case the Issuer cannot satisfy its obligations under the Notes, call upon the Guarantees. A Noteholder who wishes to call upon the Guarantees by the Guarantors will, however, be required to proceed individually against each Guarantor. In this respect, please also refer to the risk factor entitled "*The enforcement of the Guarantees is subject to limitations stemming from the particular nature of the Guarantors*". Investors should furthermore note that failure to remain appointed as operating company constitutes an Event of Default under the Conditions of the Notes.

Please also refer to the risk factor entitled "*The Issuer's approval as operating company and the Guarantors' DSO licenses may be terminated early or not renewed, which would have negative consequences on the Issuer's and the relevant Guarantors' activities and revenue streams*".

*The fixed duration of a Guarantor may not be extended, or the Guarantors may fail to retain their participating members, which could weaken their overall credit quality.*

In line with their legal obligations and the requirements of the Local Government Decree, the Guarantors have been established for a limited but renewable duration of eighteen years. As at the date of this Base Prospectus, the termination dates of the respective Guarantors are as follows: 29 March 2037 for Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Intergem, Imewo, Iveka, Iverlek, PBE and Sibelgas and 24 November 2023 for Riobra. For further information, please refer to section 2.4 – 'The Guarantors' public law and regulatory regime' in Part VII – 'Description of the Issuer and the Guarantors'.

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<sup>12</sup> Decreet van 8 mei 2009 houdende algemene bepalingen betreffende het energiebeleid.

If the shareholders of a Guarantor do not decide, in accordance with the procedure contained in the relevant articles of association, to renew the duration of the relevant Guarantor at the said termination date, the relevant Guarantor will be put into liquidation. Furthermore, even if a Guarantor's shareholders decide to renew the duration of that Guarantor, each of the participating public authorities has the right to step out of a Guarantor at its current statutory termination date.

If the decision is made not to renew the duration or if a participating public authority decides to step out of the Guarantor, this may have a considerable impact on the scale and the operating profits of the relevant Guarantor and the Issuer. The share in the estate of a Guarantor to which any resigning participating public authority is entitled upon its resignation in such Guarantor will be calculated by reference to the net assets of the relevant Guarantor, including the rights and obligations linked to that share. Given the fact that the proceeds of the Notes will be on-lent by the Issuer to the Guarantors, the net assets of each of the Guarantors will reflect the proceeds of the Notes which have been on-lent to them.

*Future public service obligations may require the Issuer and the Guarantors to pre-finance certain costs vis-à-vis their customers, having a negative impact on their liquidity position.*

The Flemish Government has imposed a number of public service obligations on the Issuer and the Guarantors. These obligations are, amongst other things, related to public lighting, the rollout of digital meters, social measures (such as the placement of budget meters), the financial support for the development of renewable energy and the Guarantors' role as supplier of last resort. It should be noted that, by decision of the Flemish Government, the public service obligation of operating the municipal public lighting will be eliminated as from 1 January 2022 onwards. For further information on certain of these obligations, please also refer to section 3.6 – 'Other activities of the Issuer and the Guarantors' in Part VII – 'Description of the Issuer and the Guarantors'.

Such future public service obligations can potentially lead to substantial pre-financing needs at the level of the Issuer and/or the Guarantors and therefore the incurrence of additional debt on a short and/or long term. A deteriorating debt profile may lead to a lower credit rating and higher funding costs for the Fluvius Economic Group.

As a financial support mechanism, the Flemish Government has introduced a system of green certificates and combined heat and power certificates. To support the secondary market for these certificates (which had become inefficient) and incentivise investment in renewables, an obligation was placed on the Guarantors to purchase those certificates at a guaranteed minimum price, combined with a banking obligation. This entails a mechanism whereby financial expenses are incurred, which can only be recovered (wholly or in part) by the Guarantors at a later date (i.e., in the next tariff period), therefore impacting their liquidity position. For further information in relation to the impact of the green and co-generation certificate support mechanism imposed by the Flemish authorities, please also refer to section 4.1.3 – 'Tarification principles (2021-2024)' in Part VII – 'Description of the Issuer and the Guarantors'.

The costs (including prepayments) incurred for the performance of public service obligations by the Issuer and the Guarantors are, in principle, fully passed on to the end-consumers through the distribution tariffs. The Issuer and the Guarantors can ask the VREG to adapt the tariffs to cover any gaps between expenses and tariff revenues caused by the performance of these public service obligations. To the extent that there would be a timing difference between the incurrence and the recovery of such costs (as the case may be, in the next tariff period), the costs would have to be pre-financed by the Issuer and/or the Guarantors and, consequently, may negatively impact the Issuer's and/or the Guarantors' financial position.

### **Operational risks related to the business activities of the Fluvius Economic Group**

*The Issuer operates facilities that may cause significant harm to its personnel or third parties which may, in case of accidents or external attacks, expose the Issuer to claims for damages.*

The Issuer operates facilities that may cause significant harm to the human environment or for which accidents or external attacks may have serious consequences. Incidents in this respect might also have judicial consequences and result in claims by third parties for damage compensation payments. The Issuer permanently tries to mitigate this type of risks by investing in the training of its own staff and personnel of the subcontractors it employs in the areas of security processes, the correct use of infrastructure and tools, and correct signalisation. Despite all of these precautionary measures, however, incidents cannot be entirely ruled out.

Since the gas and electricity distribution systems operated by the Issuer cover large geographic areas, and although all reasonable precautions and safety measures have been put in place, these are vulnerable to possible acts of sabotage or terrorism. Any such acts may significantly disrupt the continuity of service and impact the Issuer's and the Guarantors' businesses, with potentially adverse consequences for the Noteholders if the Issuer and the Guarantors are as a consequence thereof not able to satisfy their obligations under the Notes.

*The ICT systems and processes used by the Issuer, which are essential for its operations, may fail.*

The Issuer's operations depend, to a large extent, on its ICT systems (including hardware and software, but also a glass fibre network used for communication purposes). These ICT systems are essential for an efficient and reliable operation of the electricity and gas networks operated by the Issuer. A failure in its ICT systems or processes may result in below-par quality of service and a discontinuity of service delivery to end consumers with the potential to negatively impact the financial performance of the Issuer. This financial impact could, for example, follow from the requirement for the Issuer to undertake (substantial) investments in order to solve the relevant problems and/or from penalisations imposed by the regulator. Any failure may furthermore lead to a negative market perception of the Issuer.

The Issuer has taken extensive protective measures with a view to safeguard its ICT systems. These measures cannot, however, guarantee that system failures will not occur. The Issuer has furthermore prepared a business continuity planning which contains an extensive set of measures in case of a failure of its ICT systems and processes. This tool should enable the Issuer to resume its activities as soon as possible and to the largest extent possible in the case of a calamity, but it will likely not be able to prevent all possible impact of such failure on the Issuer's systems and the Fluvius Economic Group's activities as a whole. Hence, the risk remains that the protective measures and the business continuity planning of the Issuer would prove to be inadequate and that the Issuer and the Fluvius Economic Group are negatively affected.

*The Issuer's databases may be deficient or may be hacked, members of the Fluvius Economic Group may be in breach of the GDPR and the data managed by the Issuer may be incorrect.*

The Fluvius Economic Group collects and stores sensitive data, its own business data, data relating to its customers and data of its suppliers and business partners in internal databases. Such data relate, for example, to usage, customer addresses and the status of customers as protected customer. The sensitivity of these data increases with the rollout of the digital meters, as this allows the Fluvius Economic Group to collect additional and more detailed usage data per end customer.

In this respect, the different entities of the Fluvius Economic Group are subject to several privacy and data protection rules and regulations, including the GDPR. The Energy Decree lists a number of tasks of the Issuer and the Guarantors in relation to data management. In addition, it imposes specific obligations in relation to confidentiality of commercially sensitive information, non-discrimination and the processing of personal data obtained from digital, electronic and analogous meters, in accordance with the GDPR. Compliance with these obligations is monitored and sanctioned by the VREG (subject to certain specific powers of the responsible

officer for data protection and the Flemish Privacy Commission) and require continuous adaptation of the processes and the putting in place of new processes to ensure compliance. Non-compliance can have a far-reaching impact, taking into account the fact that the VREG can revoke a Guarantor's DSO license in accordance with the Energy Decree in case of a heavy breach of compliance with the GDPR. In this respect, please also refer to the risk factor entitled "*The Issuer's approval as operating company and the Guarantors' DSO licenses may be terminated early or not renewed, which would have negative consequences on the Issuer's and the relevant Guarantors' activities and revenue streams*".

If the data in the databases turn out to be insufficient or incorrect, such a situation may severely hinder the Issuer and the Guarantors in carrying out their duties, which is expected to result in additional costs or losses. In this respect, contractual agreements have been put in place between the grid operators and the relevant commercial energy suppliers regarding incorrect data being supplied by the former to the latter. The information contained in the databases might furthermore lead to possible intrusions on privacy of consumers, in particular taking into account the potentially sensitive nature thereof. Finally, important system hardware and software failures, failure of compliance processes, computer viruses, malware, cyber-attacks, accidents or security breaches could occur. Any such events could impair the ability of the Issuer and/or the Guarantors to provide all or part of their services and may in general result in a breach of their legal and/or contractual obligations. This could furthermore lead to reputational damage for the Issuer and the Guarantors.

Although the Issuer has taken extensive precautions to keep its databases up-to-date and protected and to prevent breaches of privacy, it cannot be excluded that such breaches do occur and that, consequently, the Issuer will be faced with claims in this respect. In case of inadequacies or loss, the Issuer's operations may be severely hindered, which can potentially adversely affect its financial position and therefore hamper its potential to satisfy its obligations under the Notes.

*A failure to achieve the cost savings target from the integration process of Eandis System Operator and Infrac into the Issuer may negatively affect the Issuer's operational and financial position.*

The integration process for both ex-companies into the Issuer, being Eandis System Operator CVBA and Infrac CVBA, involves a number of operational and policy challenges and risks, among others related to the integration of ICT systems, operational procedures and processes. Through its tariff methodology for the distribution of gas and electricity, the VREG has set a concrete cost savings target for the Issuer and the Guarantors, amounting to EUR 56 million in relation to electricity and EUR 27.5 million in relation to gas distribution activities for the tariff methodology established for the period 2021-2024<sup>13</sup>. If the Issuer and/or the Guarantors do not succeed in reaching this cost savings target in a timely manner, the balance between the cost savings imposed by the VREG and the actual cost savings realised will have to be borne by the Guarantors. Such a situation would negatively impact the Issuer's and/or the Guarantors' operational and financial position, which may hamper their ability to satisfy their obligations under the Notes.

*The Issuer's financial position may be impacted by the development of new, non-regulated activities.*

Other than its core regulated activities (i.e., the distribution of electricity and gas, public lighting<sup>14</sup>, sewerage and cable television infrastructure), the Issuer is currently developing and might in the future develop a number of new, non-regulated activities, such as the building of an advanced and fast data network. For further information on the fast data network, please refer to section 4.3 – 'Regulatory and contractual framework for Flemish CATV intermunicipalities' in Part VII – 'Description of the Issuer and the Guarantors'.

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<sup>13</sup> Source: paragraph 5.5.3.4.1 of VREG Decision of 13 August 2020 'BESL-2020-31' (available at <https://www.vreg.be/nl/document/besl-2020-31>), as amended.

<sup>14</sup> It should be noted that, by decision of the Flemish Government, the public service obligation of operating the municipal public lighting will be eliminated as from 1 January 2022 onwards.



Although at the date of this Base Prospectus these activities only account for a marginal part of the Issuer's revenues, it cannot be ruled out that any such activities or the development of additional non-regulated activities might have an adverse impact on the Issuer's financial position, as these could require additional and potentially substantial investments. Consequently, this can impact the Noteholders if these activities are not successful from either a technical, commercial and/or financial point of view, given that this might then hamper the possibility for the Issuer to satisfy its payment obligations under the Notes.

*The Issuer may incur significant losses if it cannot succeed in attracting and retaining enough qualified and competent personnel.*

The Issuer pursues an active recruitment policy which aims at maintaining an appropriate level of expertise and knowhow in a tight labour market, given the highly specialised nature of its businesses. The correct execution and quality of the Issuer's operational tasks and, thus, its financial results, depend to a certain degree on the knowhow, expertise and level of training of technical and other employee profiles. This dependency will even increase in relation to the quality incentive which has been incorporated in the regulated tariff methodology for electricity and gas distribution as from 2021 onwards.

If, however, the Issuer does not succeed in attracting and retaining the staff required for its activities and, potentially, the expansion of its operations, the Issuer might be faced with additional expenses for outsourcing, intensified recruitment, training, etc., which may prove to be substantial. Furthermore, if the Issuer unexpectedly loses the services of one or more key individuals from a managerial or operational point of view, this may hamper the Issuer's ability to successfully execute its business strategy and to maintain its current or expected operational activity level, which may also give rise to a negative market perception. Any such circumstances may thereby also have an adverse effect on the Noteholders if these would negatively impact the Issuer's financial condition.

*The fallout of the Covid-19 pandemic may adversely affect the Fluvius Economic Group's business activities, revenues and/or outlook.*

The fallout of the disease caused by the coronavirus ("Covid-19"), which was declared a pandemic by the World Health Organisation in March 2020 and which had a significant impact on the global, Belgian and Flemish economy during the last 18 months, remains uncertain.

While the sharp economic downturn which was caused by Covid-19 has largely receded, a new wave of infections and corresponding government measures cannot be excluded. In addition, the recovery and certain other factors which followed after the Covid-19 downturn have led to certain frictions in the market, including uncertainty in relation to the supply of certain goods and volatility with sharp increases in the price of certain commodities.

Possible flare-ups of the virus might once again trigger restrictive measures being imposed by the public authorities, negatively impacting economic activities, the energy consumption in general and the Fluvius Economic Group's financial position specifically (e.g. because of decreasing revenues due to decreasing energy consumption volumes, additional non-budgeted expenses to counter the impact of the virus, etc.). It may furthermore cause delays in the completion of the investment programme and operational activities of the Fluvius Economic Group. Investors should, however, note that the bulk of Fluvius Economic Group's cash flows and financial performance is realised within a well-defined regulated context. Revenue decreases due to a reduction of energy consumption might affect the Fluvius Economic Group's liquidity position, but such revenue decreases as a consequence of volume differences (i.e., the differences between volumes estimated ex ante in the tariff proposals submitted to the regulator and the actual volumes registered ex post) are in principle fully recoverable in subsequent tariff periods, although the risk remains that these volume differences would not be adequately compensated if Covid-19 were to impact economic activities again going forward. Over the course of the financial year ended 31 December 2020 and the half-year period ended 30 June 2021, the most

significant consequences for the Fluvius Economic Group were, from an operational perspective, among other things, disruptions and delays of various operations (including regular infrastructure work, the roll-out of smart meters, the switch of public lighting to LED and the conversion from low-calorific to high-calorific gas) and problems in its supply chain (e.g. for the roll-out of its smart metering devices). As at the date of this Base Prospectus, most restrictions on operational activities are lifted and, hence, previous operational delays have been eliminated.

The Issuer continues to closely monitor these developments and will attempt to take all appropriate measures if and when necessary to ensure business continuity, health and safety, and sound financials. As at the date of this Base Prospectus, however, there still is some uncertainty as to the medium- and long-term effects of the Covid-19 pandemic on the global economy and the degree to which this might impact the Fluvius Economic Group in the future.

*Risk of financial impact due to general sharp increases in energy prices.*

Starting in September 2021, the commodity prices on the global electricity and gas trading markets have shown substantial increases. If this trend continues, this might lead to an increasing number of residential customers in Flanders facing payment difficulties and, subsequently, their commercial energy suppliers may terminate their energy contracts. According to the current legislative and regulatory framework, the Guarantors act as the social supplier for such end consumers, until they regain access to the commercial supplier market. In addition, if the consequences of the increased energy prices would force a commercial energy supplier into bankruptcy, the Guarantors would also become the responsible supplier of last resort for the affected end-consumers. In both scenarios, a sudden and sharp increase in the number of (social) customers would require the pre-financing of substantial additional expenses by the Guarantors. Please also refer to the risk factor entitled “*Future public service obligations may require the Issuer and the Guarantors to pre-finance certain costs vis-à-vis their customers, having a negative impact on their liquidity position*” in this respect. In order to alleviate some of this pressure on the Fluvius Economic Group, the Flemish Energy Minister is investigating possibilities to allow other market parties, such as large or guaranteed suppliers or the government owned Flemish Energy Company (“*Vlaams Energiebedrijf*”) to share some of this burden.<sup>15</sup>

The increased energy prices may also lead to volume declines due to reduced energy consumption. The financial impact would ultimately in principle be recovered by the Guarantors, but this will be with a delay, given that the tariffication in relation to this period had already been set at the time of the price increases. Furthermore, any such circumstances would also increase the workload and costs for the Guarantors and, consequently, for the Issuer. Any of the above circumstances may negatively impact the Issuer’s financial condition and therefore also have an adverse effect on the Noteholders.

*Failures of corporate governance at the level of the Issuer and/or the Guarantors may occur, leading to suboptimal operational and other performance or penalisation from public authorities.*

Although the Issuer and the Guarantors have put in place an extensive set of detailed governance rules and procedures, it cannot be completely ruled out that for example an inadequate treatment of complaints, an inadequate functioning of their audit or governance bodies, an inefficiency in their company administration or other corporate governance elements materialise. For the Fluvius Economic Group, a set of specific corporate governance rules and obligations apply, which are issued by competent legislators and regulators, due to their public service tasks and monopoly status. If any such risk materialises, this may have adverse consequences on the Issuer’s and/or the Guarantors’ interests or on the licenses awarded to the Issuer and/or the Guarantors, with potential adverse effects on Noteholders. In relation to the licenses of the Guarantors, please also refer to the

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<sup>15</sup> Source: De Tijd, 25 October 2021: “*Demir werkt aan extra vangnet bij faillissement energieleverancier*”.

risk factor entitled “*The Issuer’s approval as operating company and the Guarantors’ DSO licenses may be terminated early or not renewed, which would have negative consequences on the Issuer’s and the relevant Guarantors’ activities and revenue streams*”.

For further information on the Issuer’s and the Guarantors’ corporate governance rules, please refer to section 1.3 – ‘The Issuer’s corporate structure’ and section 2.4 – ‘The Guarantors’ public law and regulatory regime’ in Part VII – ‘Description of the Issuer and the Guarantors’.

*Insufficient technical updates and investments to the electricity grid to satisfy the needs of recent and future trends in electricity generation and usage may lead to fall-outs, grid disturbances and a poorer quality of electricity delivery.*

The Fluvius Economic Group is faced with risks relating to a number of recent evolutions in the production and consumption of electricity, which, if these trends are to continue, will necessitate certain changes to the architecture and technical capabilities of the Fluvius Economic Group’s infrastructure for electricity distribution. For instance, the proliferation of installations for decentralised electricity generation (e.g. solar modules, CHP, wind turbines and others) as well as the increasing electrification of transportation are not yet fully compatible with the traditional design of the electricity distribution grid. Any failure by the Fluvius Economic Group to adequately invest in and implement the necessary changes to the electricity distribution grid going forward may increase the risk of fall-outs, grid disturbances and a poorer quality of electricity delivery, which could expose the Issuer to a risk of losses, potential liability as well as reputational damage.

For further information on the challenges caused by the decentralisation of electricity generation, please refer to section 9.2 – ‘Trends in the energy sector’ – ‘Decentralised Electricity Generation’.

#### **Risks related to the financial situation of the Fluvius Economic Group**

*The level of outstanding financial debt of the Issuer and the Guarantors and their ability to issue further debt or securities or borrow additional funds may impact their ability to satisfy their payment obligations under the Notes and may increase the risk that the Issuer’s rating will be downgraded.*

On 30 June 2021, the aggregate financial indebtedness<sup>16</sup> of the Fluvius Economic Group, calculated according to IFRS, amounted to EUR 6,830.9 million (compared to EUR 6,588.5 million as at 31 December 2020). As at 30 June 2021, EUR 735.6 million of long-term loans was due within one year (compared to EUR 735.4 million as at 31 December 2020). As at 30 June 2021, the ratio of long-term and short-term interest-bearing debt to equity of the Fluvius Economic Group, calculated according to IFRS, was 0.993 (compared to 0.975 as at 31 December 2020). For further information on the financial debt of the Fluvius Economic Group, please refer to section 5.5 – ‘Financing policy of the Fluvius Economic Group’ in Part VII – ‘Description of the Issuer and the Guarantors’.

The outstanding level of debt of the Issuer and the Guarantors might:

- make it more difficult for the Issuer and the Guarantors to satisfy their obligations under the Notes, including with respect to interest payments (if any);
- somewhat limit their ability to obtain additional financing to operate their business;
- to a certain degree limit their financial flexibility in planning for and reacting to industry changes;
- increase their vulnerability to general adverse economic and industry conditions; and

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<sup>16</sup> Defined as the aggregate of current and non-current interest-bearing loans and borrowings.

- require them to dedicate a substantial portion of their cash flows to payments on debt, reducing the availability of their cash flows for other purposes.

The Conditions do not prohibit the Issuer or the Guarantors from issuing further debt or securities or contracting additional indebtedness in the form of bank loans, which, in each case, may or may not be secured. Condition 3 (*Negative Pledge*) only requires the Issuer and the Guarantors to grant the same security (or other security approved by the Noteholders by way of an Extraordinary Resolution) to the Noteholders in respect of the Notes in the event that security is granted for other indebtedness in the form of capital markets instruments (subject to certain exceptions set out in Condition 3 (*Negative Pledge*)), but not when the Issuer or the Guarantors grant any security for bank loans. If the Issuer or the Guarantors would grant security for any bank loans contracted by any of them, the creditors of such secured loans would in case of enforcement have priority over the secured assets. As at the date of this Base Prospectus, the Issuer and the Guarantors do not have secured financings and it is not the policy of the Issuer or the Guarantors to grant security in relation to their financings.

Any financings currently outstanding and any future financings of the Issuer and the Guarantors may include similar but also different terms than the Notes. They typically include customary events of default, such as in relation to insolvency proceedings and cross-defaults. In circumstances where such events of default are triggered, this will impact the Issuer's and/or the relevant Guarantors' financial position and their potential to satisfy their obligations under the Notes. While as at the date of this Base Prospectus none of the financings include financial covenants, it cannot be excluded that future financings may include specific financial covenants. In this respect, please also refer to the risk factor entitled "*Potential conflicts of interest could have an adverse effect to the interests of the Noteholders*".

In addition, a significant increase of the overall indebtedness of the Issuer and/or the Guarantors may negatively affect the market value of the Notes, may increase the risk that the rating of the Issuer will be downgraded and may have as a consequence that the Issuer and the Guarantors will be unable to meet their debt obligations. In this respect, please also refer to the risk factors entitled "*Credit ratings may not reflect all risks and a negative change in or withdrawal of a credit rating may adversely affect the trading price of the Notes*", "*If the Issuer and/or the Guarantors do not generate positive cash flows, potentially because of deteriorating market conditions, they will be unable to fulfil their debt obligations*" and "*Difficulties in accessing funding or receiving funding against acceptable terms may have an adverse impact on the investment possibilities of the Issuer and/or the Guarantors and create problems in the correct payments due under their outstanding debt instruments*".

*If the Issuer and/or the Guarantors do not generate positive cash flows, potentially because of deteriorating market conditions, they will be unable to fulfil their debt obligations.*

The ability of the Issuer and the Guarantors to pay principal and interest (if any) on the Notes and to pay outstanding amounts on their other debt depends primarily on the regulatory framework and the regulated tariffs, as well as on their future operating performance. In this respect, investors should note that the Issuer generates cash flows on behalf of the Guarantors whereby its services are charged at zero-margin and with a net result of zero. Please also refer to the risk factors entitled "*The Issuer and the Guarantors are subject to extensive and evolving regulations and legislation which may affect their operational and financial performance*" and "*The Issuer's approval as operating company and the Guarantors' DSO licenses may be terminated early or not renewed, which would have negative consequences on the Issuer's and the relevant Guarantors' activities and revenue streams*".

The potential for the Issuer and the Guarantors to generate positive cash flows will also be impacted by changing circumstances in the credit markets (as far as access to financing is concerned) and the level of the outstanding debt of the Issuer and the Guarantors, which can make the access to financing more expensive than anticipated and could result in greater financial vulnerability. Consequently, it is possible that the Issuer and/or the

Guarantors will not have sufficient cash flows to pay the principal, premium (if any) and interest (if any) on their debt. If the cash flows and capital resources are insufficient to allow the Issuer and/or the Guarantors to make scheduled payments on their debt, the Issuer and the Guarantors may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance their debt. It is, however, possible that the terms of their debt do not allow these alternative measures or that such measures would not satisfy their scheduled debt service obligations.

If the Issuer and/or the Guarantors cannot make scheduled payments on their debt because they are not able to generate positive cash flows, also taking into account potential deteriorating market conditions affecting such cash flows, they will be in default and, as a result thereof:

- their debt holders could declare all outstanding principal and interest (if any) to be due and payable; and
- their lenders could terminate their commitments.

This will then impact the Issuer's and/or the Guarantors' financial position and their potential to satisfy their obligations under the Notes.

*Difficulties in accessing funding or receiving funding against acceptable terms may have an adverse impact on the investment possibilities of the Issuer and/or the Guarantors and on the possibility for the Issuer and/or the Guarantors to satisfy their payment obligations under their outstanding debt instruments.*

Funding risk is the risk that the Issuer and/or the Guarantors will be unable to access the funds that they need when it comes to refinance their debt, to attract new funding if needed or through the failure to meet the terms of their credit facilities.

In this respect, the Issuer and the Guarantors also face a certain degree of market risk insofar that they are constrained by prevailing market conditions (on interest rates, market volatility and others) when they contemplate the issuance of debt, whether for a short-term or a long-term. These market conditions might temporarily hamper or rule out the possibility for the Issuer and the Guarantors to attract the necessary funding at the appropriate moment and at attractive pricing levels.

Any such situation might hamper the execution of the necessary grid or other investments and/or limit their possibility to satisfy their payment obligations under their outstanding debt instruments. Please also refer to the risk factors entitled "*The level of outstanding financial debt of the Issuer and the Guarantors and their ability to issue further debt or securities or borrow additional funds may impact their ability to satisfy their payment obligations under the Notes and may increase the risk that the Issuer's rating will be downgraded*" and "*A failure of the Issuer to remain appointed as operating company of the Guarantors would seriously endanger the Issuer's viability*".

As part of the mitigation efforts regarding the funding risk, the Issuer and the Guarantors aim at a diversification of financing sources. Short-term liquidity risk is managed on a daily basis with funding needs being fully covered through the availability of committed credit lines and a non-committed commercial paper programme. Cash is maintained, where necessary, to guarantee the solvency and flexibility of the Issuer and the Guarantors at all times. For further information on the financial debt and the financing policy of the Issuer and the Guarantors, please refer to section 5.5– 'Financing policy of the Fluvius Economic Group' in Part VII – 'Description of the Issuer and the Guarantors'.

*Interest rate fluctuations may negatively impact the Issuer taking into account the fact that the Fluvius Economic Group borrows both at fixed and variable interest rates.*

The Fluvius Economic Group is exposed to interest rate risk because entities in the Fluvius Economic Group borrow funds at both fixed and variable interest rates. Taking into account market circumstances, fluctuations may have a significant negative impact. For an overview of the financial debt outstanding at the level of the Issuer and the Guarantors, please refer to section 5.5 – ‘Financing policy of the Fluvius Economic Group’ in Part VII – ‘Description of the Issuer and the Guarantors’.

To minimise the potential negative impact of interest rate fluctuations, the Issuer’s and the Guarantors’ management strive to achieve an optimal ratio of fixed and variable interest rates. Furthermore, interest rate swaps have been entered into in relation to the vast majority of its outstanding loans with a variable interest rate, but it is not certain whether this will fully eliminate the risk.

*Post-retirement arrangements may lead to investment risks and interest rate risks for the Issuer.*

At the level of the Issuer, a number of post-retirement arrangements (pensions and other compensations) are in place for the benefit of its former and current employees. These arrangements are both of the ‘defined benefit’ and ‘defined contribution’ type. These arrangements are financed by contributions by employer and employees alike which are being collected in pension funds. As at 30 June 2021, the employee benefit liabilities totalled EUR 605.2 million (compared to EUR 906.5 million as at 31 December 2020). For further information on the employee benefit liabilities, please refer to the Fluvius Economic Group’s financial statements which are incorporated by reference into this Base Prospectus.

For the ‘defined benefits’ arrangements, the Fluvius Economic Group is faced with an investment risk, in that the beneficiaries have a right to a pre-defined financial target amount at retirement which the Fluvius Economic Group is guaranteeing irrespective of the market interest rates. The defined benefit schemes can also be impacted by the risk of future wage evolutions, since every wage increase results in an increase of the Issuer’s financial obligations towards the relevant participants.

For the ‘defined contribution’ arrangements, the Fluvius Economic Group faces the risk of having to meet the interest rates guaranteed by Belgian law, irrespective of financial market conditions.

In addition to these risks, the Fluvius Economic Group’s obligations for pension and related post-retirement benefits are also impacted by the estimates on life expectancy used. A rise in life expectancy for the participants in the pension schemes results in an increase of the Fluvius Economic Group’s financial obligations.

The Issuer, with the assistance of the pension fund managers involved, tries to mitigate these risks by closely monitoring the evolutions of the underlying parameters and to take all appropriate actuarial measures best suited to minimise the risks.

For further information, please refer to note 26 (*Employee benefit liabilities*) of the audited consolidated annual financial statements of the Fluvius Economic Group as of and for the financial year ended 31 December 2020 which are incorporated by reference into this Base Prospectus.

*The Issuer and the Guarantors may encounter difficulties in meeting their financial liabilities because of credit risk and issues in relation to their capital structure.*

In the framework of their normal business, the Issuer and the Guarantors face credit, capital structure and liquidity risk.

The credit risk faced by the Issuer and the Guarantors stems from uncertainties on the liquidity and solvability of their counterparties. In 2020, three customers together achieved 66% of the turnover for the electricity segment and three customers together achieved 63% of the turnover for the gas segment (compared to 2019,

when two customers together achieved 55% of the turnover for the electricity segment and four customers together achieved 64% of the turnover for the gas segment). For more details on the amounts of receivables, please refer to the financial accounts of the Fluvius Economic Group which are incorporated by reference into this Base Prospectus. The Issuer and the Guarantors periodically assess their balance sheet structure in this respect, but have no certainty as to the appropriateness of this structure in relation to their activities and funding needs. In this regard, there is a risk that the Issuer and/or the Guarantors may encounter difficulties in meeting their financial liabilities. The Issuer and the Guarantors try to limit this risk to the extent possible by scrutinising cash flows continually and by making sure that credit facilities are available, but it is not certain whether these factors will fully eliminate the risks.

Furthermore, the capital structure of the Issuer and the Guarantors might – at any given time – prove to be suboptimal in light of regulatory requirements or the applicable tariff methodology. If and when such a situation occurs, it poses a risk for the Issuer and the Guarantors as the regulatory tariffs are based on a ratio of 60 per cent. debt and 40 per cent. equity, and any suboptimal capital structure may result in adverse consequences for the Issuer and the Guarantors.

## **RISKS RELATING TO THE NOTES AND THE GUARANTEES**

### **Risks relating to the Notes and the Guarantees generally**

*The market value of the Notes may be affected by the creditworthiness of the Fluvius Economic Group and other factors.*

The value of the Notes may be affected by the creditworthiness of the Issuer and the Guarantors, including a change in credit ratings, and a number of additional factors, such as market interest and yield rates and the time remaining to the maturity date and, more generally, all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The degree to which the Issuer and the Guarantors are permitted to issue additional indebtedness may affect such creditworthiness. In this respect, please also refer to the risk factor entitled “*The level of outstanding financial debt of the Issuer and the Guarantors and their ability to issue further debt or securities or borrow additional funds may impact their ability to satisfy their payment obligations under the Notes and may increase the risk that the Issuer’s rating will be downgraded*”.

The structure of a particular series of Notes may also cause certain Series of Notes to be more vulnerable to changes in market value. In this respect, please also refer to the risk factors entitled “*Optional redemption options of the Issuer may affect the market value of the Notes*” and “*The market value of Notes issued at a substantial discount or premium may fluctuate more than Notes issued without a substantial discount or premium*”. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

*The payment of all amounts in respect of the Notes is guaranteed on a several but not joint basis, subject to the pro rata limitations as set out in the Guarantees.*

The obligations of each Guarantor under its respective Guarantee are guaranteed on a several but not joint basis. This means that if the Issuer does not comply with its payment obligations under the Notes, a Noteholder will need to make a claim against each of the Guarantors, each claim for a portion of the total claim of such Noteholder against the Issuer. The obligations of each Guarantor under its respective Guarantee shall, at all times, be limited to the proportional share of contributions which such Guarantor has made in the Issuer as of the date of the issue of the relevant Notes as set out in the relevant Final Terms, taking into account that, in aggregate, the sum of the amounts of the Notes covered by such Guarantees in each case adds up to 100% of the amount of the Notes issued. As of the date of publication of the Base Prospectus, the contributions in the

Issuer are as set out in section 1.3 – ‘The Issuer’s corporate structure’ in Part VII – ‘Description of the Issuer and the Guarantors’. The contributions in the Issuer may, however, evolve over time.

The fact that a Noteholder who wishes to call upon the Guarantees by the Guarantors will be required to proceed individually against each Guarantor will be more cumbersome and costly for Noteholders than would be the case if the Guarantees were given by the Guarantors on a joint and several basis. In addition, in the event that one of the Guarantors would be unable to pay the amounts due by it under its Guarantee, the Noteholder would not have recourse against the other Guarantors for such unpaid amounts.

Please also refer to the risk factor entitled “*The enforcement of the Guarantees is subject to limitations stemming from the particular nature of the Guarantors*”.

*The enforcement of the Guarantees is subject to limitations stemming from the particular nature of the Guarantors.*

Given the particular nature of the Guarantors, the enforcement of the Guarantees against each of them will be subject to limitations. Enforcement against the assets of the Guarantors will be limited because of the immunity of execution that applies to the assets of the Guarantors which are used for public services. Investors should note that almost all of the assets for electricity distribution, gas distribution, public lighting and sewerage are deemed to fall within this category of non-seizable assets, amounting to more than 80% as at the date of this Base Prospectus. For further information, please refer to the risk factor entitled “*The Guarantors cannot be subject to bankruptcy proceedings and, potentially along with the Issuer, benefit from immunity of execution, which impacts the enforcement options of the Noteholders*”.

Investors should also take into account that for purposes of the concept of the ‘Fluvius Economic Group’ all assets and liabilities of the Guarantors are taken into account to determine the financial position. The obligations of the Issuer under the Notes are, however, only guaranteed by each Guarantor up to the proportional share of contributions which such Guarantor has made in the Issuer as of the date of the issue of the relevant Notes, taking into account that, in aggregate, the sum of the amounts of the Notes covered by such Guarantees in each case adds up to 100% of the amount of the Notes issued. Please refer to the risk factor entitled “*The payment of all amounts in respect of the Notes is guaranteed on a several but not joint basis, subject to the pro rata limitations as set out in the Guarantees*” in this respect.

Enforcement possibilities of Noteholders are furthermore limited because of the fact that the Guarantors cannot be subject to bankruptcy proceedings as they do not constitute enterprises under Book XX of the Belgian Code of Economic Law. Please also refer to the risk factor entitled “*The Guarantors cannot be subject to bankruptcy proceedings and, potentially along with the Issuer, benefit from immunity of execution, which impacts the enforcement options of the Noteholders*”.

In addition, the Guarantors have only been established for a limited but renewable duration of eighteen years. Where the duration would not be renewed or terminated early, this may impair the Noteholders’ enforcement options against such Guarantor and/or impact the income which the Issuer would receive with potentially adverse consequences to the Noteholders. In this respect, please also refer to the risk factor entitled “*The fixed duration of a Guarantor may not be extended, or the Guarantors may fail to retain their participating members, which could weaken their overall credit quality*”.

Lastly, investors should note that the Guarantors are subject to administrative supervision by the Flemish Government, who may annul decisions of their Board of Directors based on Article 468, §1 of the Local Government Decree. Please refer to section 2.4 – ‘The status of the Guarantors under public law and the regulatory regime’ in Part VII – ‘Description of the Issuer and the Guarantors’ for more information on the relevant modalities and time limits in this respect. In the context of this year’s update of the Base Prospectus, investors should note that the Guarantors will be entering into a Guarantee confirmation letter (referred to in



Part VI – ‘Form of the Guarantee and the Guarantee Confirmation Letter) which has been approved by board meetings of the Guarantors which were held during the month of October 2021. As at the date of this Base Prospectus, the term for administrative review of the board meetings of some of the Guarantors has not yet expired. As a result, it cannot be excluded that the Flemish Government could challenge a board decision of a Guarantor approving the execution of its Guarantee confirmation letter. In case of any challenge of a board decision of a Guarantor, any execution undertaken in reliance of such board decision could be challenged and subject to invalidity. While it is, in the opinion of the Issuer, unlikely that this would also affect the validity of the Guarantees entered into by the Guarantors on 17 November 2020, as the entry into the Guarantees was based on resolutions of the Guarantors which are no longer subject to the time limit for a challenge, a challenge of the board resolutions of the Guarantors taken in October 2021 could nevertheless cast a certain degree of doubt in respect of the validity of the Guarantees granted by the Guarantors on 17 November 2020 in connection with any Notes issued after the date of this Base Prospectus. The risk for a challenge of the board resolutions of any of the Guarantors based on Article 468, §1 of the Local Government Decree will, however, in any case cease to exist upon the lapsing of the time period for such a challenge.

*Decisions of Noteholders may bind Noteholders who were absent or voted in a manner contrary to the majority.*

Noteholders acting by defined majorities as provided in Condition 10(a) (*Meetings of Noteholders*) and Schedule 1 (*Provisions on meetings of Noteholders*) to the Conditions, whether at duly convened meetings of the Noteholders or by way of written resolutions or electronic consents, may take decisions that are binding on all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority or, as the case may be, who did not sign the relevant written resolution or provide their electronic consents for the passing of the relevant resolution. Such decisions relate to matters affecting the Noteholders’ interests generally, including the modification or waiver of any provisions of the Conditions. This may, for example, include decisions relating to (a reduction of) the interest payable on the Notes (if any) and/or the amount to be paid by the Issuer or the Guarantors upon redemption of the Notes.

*Limited secondary market liquidity may render it difficult for investors to sell their Notes or may negatively affect the price of such sale.*

Notes may have no established trading market when issued, and one may never develop, even if such Notes are listed on Euronext Brussels or any other stock exchange or multilateral trading facility. Liquidity may be affected if Notes are allocated to only a limited number of investors or if a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

*Fees, commissions and/or inducements included in the issue price and/or the offer price may negatively affect the yield of on the Notes.*

Investors should note that the issue price and/or the offer price of any issue of Notes may include subscription fees, placement fees, direction fees, structuring fees and/or other additional costs. Any such fees may not be taken into account for the purposes of determining the price of such Notes on the secondary market and could result in a difference between the original issue price and/or offer price, the theoretical value of such Notes and/or the actual bid/offer price quoted by any intermediary in the secondary market. Any such difference may have an adverse effect on the value of Notes, particularly immediately following the offer and the issue date

relating to such Notes, where any such fees and/or costs may be deducted from the price at which such Notes can be sold by the initial investor in the secondary market.

*The transfer of the Notes, any payments made in respect of the Notes and all communications with the Issuer will occur through the NBB-SSS and Noteholders may not have a direct claim against the Issuer.*

A Noteholder must rely on the procedures of the NBB-SSS to receive payment under the Notes or communications from the Issuer. In the event that a Noteholder does not receive such payment or communications, its rights may be prejudiced but it may not have a direct claim against the Issuer therefor. The Issuer and the Agent will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within, or any other improper functioning of, the NBB-SSS and Noteholders should in such case make a claim against the NBB-SSS. Any such risk may adversely affect the rights and/or return on investment of a Noteholder.

*Potential conflicts of interest could have an adverse effect to the interests of the Noteholders.*

Potential investors should be aware that the Fluvius Economic Group is involved in a general business relation or/and in specific transactions with the Co-Arrangers and the Dealers and that they might have conflicts of interests which could have an adverse effect to the interests of the Noteholders. In this respect, the Issuer takes into account the applicable conflict of interest procedures as set out in the Belgian Companies and Associations Code.

As at the date of this Base Prospectus, the Co-Arrangers and Dealers provide, among other things, payment services, investments of liquidities, short- and long-term credit facilities, bank guarantees, hedging products and assistance in relation to commercial paper, bonds and structured products to the Fluvius Economic Group for which certain fees and commissions are being paid. These fees represent recurring costs which are being paid to the Co-Arrangers and the Dealers as well as to other banks which offer similar services. As at the date of this Base Prospectus, the existing financial indebtedness of the Fluvius Economic Group to Belfius Bank SA/NV amounts to approximately EUR 708 million, to BNP Paribas Fortis SA/NV amounts to approximately EUR 701 million and to BNP Paribas amounts to EUR 0. This may, however, evolve over time. Each of the Co-Arrangers and Dealers may also hold from time to time debt securities and/or other financial instruments of the Fluvius Economic Group. Furthermore, the Dealers and the Agent receive customary commissions in relation to the offer of Notes and, to the extent that any such commissions are borne by the Noteholders, such commissions may reduce the yield of the Notes for the relevant Noteholders. Please also refer to the risk factor entitled “*Fees, commissions and/or inducements included in the issue price and/or the offer price may negatively affect the yield of on the Notes*”.

Certain parties involved in the issuance of the Notes may act in different capacities and may also be engaged in other commercial relationships, in particular, be part of the same group, be lenders, provide banking, investment banking or other services (whether or not financial) to other parties involved in the issuance of Notes. In such relationships the relevant parties may not be obliged to take into consideration the interests of the Noteholders. Accordingly, because of these relationships, potential conflicts of interest may arise out of the transaction. In particular, the terms and conditions of loan agreements between the Co-Arrangers or the Dealers and the Fluvius Economic Group may contain terms, including (financial) covenants, different from or not included in the conditions of the proposed Notes. The Noteholders should be aware of the fact that the Co-Arrangers or the Dealers, when they act as lenders to the Fluvius Economic Group (or when they act in any other capacity whatsoever), have no fiduciary duties or other duties of any nature whatsoever vis-à-vis the Noteholders and that they are under no obligation to take into account the interests of the Noteholders and may therefore act in a manner that is contrary to the interests of the Noteholders.

### **Risks relating to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

*Optional redemption options of the Issuer may affect the market value of the Notes.*

An optional redemption feature of Notes benefiting the Issuer may affect the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may, for example, be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.*

Investment in Fixed Rate Notes exposes the relevant investor to the risk that the price of such Fixed Rate Note falls as a result of changes in the current interest rate on the capital markets (the “**Market Interest Rate**”). While the nominal rate of a security with a fixed interest rate is fixed for a specified period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security is likely to change in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls until the yield of such security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a security with a fixed compensation rate typically increases until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that the movements of the Market Interest Rate can adversely affect the price of the Fixed Rate Notes and can lead to losses for the Noteholders if they sell such Fixed Rate Notes.

*Notes that have a fixed to floating interest rate or a floating to fixed interest rate may result in a yield for investors lower than market rates at the time of conversion.*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this is expected to affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

*The regulation and reform of “benchmarks”, including EURIBOR, may adversely affect the value of Notes linked to or referencing such “benchmarks”.*

The Euro Interbank Offered Rate (“**EURIBOR**”) and other interest rate benchmarks or other types of rates and indices (as defined in Article 3 of Regulation (EU) No. 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended (the “**Benchmark Regulation**”)), which can be used to determine the amounts payable under Notes linked to such benchmark, are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

The Benchmark Regulation became applicable from 1 January 2018 and applies to the provision and use of benchmarks as well as the contribution of input data to a benchmark within the EU. The Benchmark Regulation

is subject to changes and reforms from time to time. Any such further reforms or changes in the future could have a material impact on any Notes linked a benchmark rate or index (including EURIBOR), in particular if the methodology or other terms of the benchmark are subsequently changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks,” trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuance or unavailability of quotes of certain “benchmarks”.

Any such change or elimination of a benchmark or index could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 4(j)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmarks may adversely affect the trading market for and return on the relevant Notes.

The Conditions provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR (or its publication channel or replacement service), becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate, possibly adjusted in accordance with any recommendation of a relevant governmental body or in order to reduce or eliminate any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. However, any such adjustments to the Notes may not achieve this objective and any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

*The market value of Notes issued at a substantial discount or premium may fluctuate more than Notes issued without a substantial discount or premium.*

The market values of securities issued at a substantial discount or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*Notes issued with a specific use of proceeds, such as Green Notes, may not meet investor expectations or requirements, which would not amount to an Event of Default.*

In respect of an issue of Green Notes, the relevant Final Terms may provide that the Issuer will use an amount equal to the net proceeds of the offer (as at the date of issuance of such Notes) to finance or refinance, in whole or in part, Eligible Green Projects that satisfy the eligibility criteria set out in the Green Financing Framework (Green Notes, Eligible Green Projects and Green Financing Framework each have the meaning ascribed to these terms in Part IX – ‘Green Financing Framework’) of the Issuer. In connection with the potential issuance of any Green Notes, the Issuer has requested ISS ESG (a business unit of ISS Corporate Solutions) to issue an

independent opinion (the “**Second Party Opinion**”) confirming that the Green Financing Framework is in compliance with the applicable green principles, such as the Green Bond Principles (version June 2018) developed by the International Capital Markets Association, the Green Loan Principles (version May 2020) developed by the Loan Market Association. The Second Party Opinion may not reflect the potential impact of all risks related to the structure of the relevant Series of Green Notes, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Green Notes. Any such Second Party Opinion is not a recommendation to buy, sell or hold securities, is only current as of its date of issue and does not provide an opinion on the compliance of any Green Notes with the Green Financing Framework. The Noteholders have no recourse against the Issuer or the provider of any such opinion or certification for the contents of any such opinion or certification. A withdrawal of any such opinion or certification may affect the value of any Green Note and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

Investors should take into account that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or to receive such other equivalent label. The European Union is currently developing and has already adopted various sustainability related rules and regulations, including Regulation (EU) No 2020/852 on the establishment of a framework to facilitate sustainable investment (the “**EU Taxonomy Regulation**”), establishing the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable. The EU Taxonomy Regulation is subject to further development through delegated regulations. The European Commission furthermore published a legislative proposal for a European green bond standard, which provides a common framework of rules for issuers of bonds that voluntarily wish to use the designation of ‘European green bond’ or ‘EuGB’ for bonds where the proceeds are used to finance green assets or projects and that pursue environmentally sustainable objectives under the EU Taxonomy Regulation. In light of the continuing development of legal, regulatory and market conventions in the green and sustainable market, there is a risk that any Eligible Green Projects will not satisfy, whether in whole or in part, any future legislative or regulatory requirements, or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws or other governing rules or investment portfolio mandates.

Prospective investors should have regard to the information set out in the relevant Final Terms regarding the use of proceeds for any Eligible Green Projects. While it is the intention of the Issuer to apply an amount equal or equivalent to the net proceeds of any Green Notes in, or substantially in, the manner described under Part VIII – ‘Use of Proceeds’ and Part IX – ‘Green Financing Framework’ as soon as reasonably possible, the application of such amount to finance and/or refinance, in whole or in part, any relevant Eligible Green Projects may not be capable of being implemented in, or substantially in, such manner and/or in accordance with any timeframe, or such proceeds may not be totally or partially disbursed as planned, for reasons that are outside the Issuer’s control or which the Issuer is not able to anticipate<sup>17</sup>. Accordingly, the use of proceeds by the Issuer for any Eligible Green Projects does not necessarily meet the requirements set out in the Green Financing Framework, whether in whole or in part, or any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own articles of association or other governing rules or investment mandates (in particular with regard to any direct or indirect environmental or sustainability impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the

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<sup>17</sup> Pending such allocation, the net proceeds of any Green Notes are expected to be managed in the Issuer’s treasury liquidity portfolio, in cash or in other short-term instruments, in accordance with the Issuer’s Green Financing Framework.

proceeds from any particular Green Note). If the relevant Final Terms include information regarding the use of proceeds for any Eligible Green Project, that does not mean that no adverse environmental and/or other impacts will occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects. Furthermore, although the Issuer may agree at the Issue Date of any Green Notes to allocate the proceeds of the Notes to finance Eligible Green Projects or to provide annual progress reports, investors should note that they will not be able to call upon an Event of Default under the Green Notes if the Issuer would fail to do so or if the Second Party Opinion would be withdrawn as this is not provided for in the Conditions. Finally, the failure of any of the Eligible Green Projects to meet any or all investor expectations regarding such 'green' or other equivalently-labelled performance objectives may affect the value of any particular Green Note and/or have adverse consequences for certain investors with portfolio mandates to invest in green or sustainable assets.

*Credit ratings may not reflect all risks and a negative change in or withdrawal of a credit rating may adversely affect the trading price of the Notes.*

The Issuer has been rated and one or more independent credit rating agencies may assign credit ratings to the Notes, as will be set out in the relevant Final Terms. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the Issuer and/or the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. For an overview of the ratings of the Issuer, please refer to section 1.4 – 'The Issuer's corporate ratings' in Part VII – 'Description of the Issuer and the Guarantors'.

In addition, any negative change in or withdrawal of a credit rating assigned to the Issuer could adversely affect the trading price of the Notes, including where this would lead to a negative change in or withdrawal of a credit rating assigned to such Notes, if any.

#### **Risks relating to the status of the investor**

*The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross-up payments, and this would result in Noteholders receiving less interest than expected and could significantly adversely affect their return on the Notes.*

Condition 7 (*Taxation*) provides that none of the Issuer, the Guarantors, the NBB, the Agent or any other person will be liable for or otherwise be obliged to pay, and the relevant Noteholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided in Condition 7 (*Taxation*). Pursuant to Condition 7 (*Taxation*), neither the Issuer nor the Guarantors will, among others, be obliged to pay any additional amounts with respect to any Note to a Noteholder who, at the time of acquisition of the Notes, was not an Eligible Investor or to a Noteholder who was such an Eligible Investor at the time of acquisition of the Notes but, for reasons within the relevant Noteholders' control, either ceased to be an Eligible Investor or, at any relevant time on or after the issue of the Notes, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the Belgian Law of 6 August 1993 on transactions in certain securities. The application of this Condition, and the exemptions included therein, may therefore have an impact on the return which an investor receives on its Notes.

Belgian withholding tax, currently at a rate of 30 per cent., will in principle apply to the interest on the Notes held in a non-exempt securities account in the NBB-SSS. If a payment were to be made to a Noteholder holding the Notes in such non-exempt account, neither the Issuer, nor the Guarantors, nor the Agent nor any other person would be obliged to pay any additional amounts with respect to these Notes as a result of a deduction or withholding for the Belgian withholding tax.

### **PART III – DOCUMENTS INCORPORATED BY REFERENCE**

The following documents shall be incorporated in, and form part of, this Base Prospectus:

- (a) the audited consolidated annual financial statements of the Fluvius Economic Group as of and for the financial year ended 31 December 2019, together with the auditor's report thereon (available on <https://over.fluvius.be/sites/fluvius/files/2020-04/fluvius-ec-group-31122019.pdf>);
- (b) the audited consolidated annual financial statements of the Fluvius Economic Group as of and for the financial year ended 31 December 2020, together with the auditor's report thereon (available on <https://over.fluvius.be/sites/fluvius/files/2021-04/fluvius-economic-group-ifs-31122020.pdf>);
- (c) the unaudited condensed consolidated financial statements of the Fluvius Economic Group for the half year ended 30 June 2021, with limited review conclusion of the auditor (available on <https://over.fluvius.be/sites/fluvius/files/2021-09/fluvius-economic-group-condensed-consolidated-interim-ifs-financial-statements-300621.pdf>);
- (d) the audited consolidated annual financial statements of the Issuer as of and for the financial year ended 31 December 2019, together with the auditor's report thereon (available on <https://over.fluvius.be/sites/fluvius/files/2020-04/fluvius-so-conso-ifs-31122019-eng.pdf>);
- (e) the audited consolidated annual financial statements of the Issuer as of and for the financial year ended 31 December 2020, together with the auditor's report thereon (available on <https://over.fluvius.be/sites/fluvius/files/2021-04/fluvius-so-consolidated-group-ifs-31122020.pdf>);  
and
- (f) the unaudited condensed consolidated financial statements of the Issuer for the half year ended 30 June 2021, with limited review conclusion of the auditor (available on <https://over.fluvius.be/sites/fluvius/files/2021-09/half-yearly-financial-report-fluvius-group-300621.pdf>).

Any statement contained in a document or part of a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, form part of this Base Prospectus.

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the FSMA in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in a document incorporated by reference therein) shall be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus to the extent that a statement contained in any such supplement (or contained in a document incorporated by reference therein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, form part of this Base Prospectus.

This Base Prospectus and the documents incorporated by reference herein can be obtained free of charge from the website of the Issuer (<https://over.fluvius.be/en/thema/investor-relations/financial-reports/fluvius-system-operator-cv>). The information on the website of the Issuer does not form part of this Base Prospectus, except to the extent that such information is explicitly incorporated by reference in this Base Prospectus, and has not been scrutinised or approved by the FSMA.

The Issuer confirms that it has obtained the approval from its auditor to incorporate by reference into this Base Prospectus the auditor's reports relating to the audited consolidated annual financial statements of the Fluvius

Economic Group and of the Issuer as of and for the financial years ended 31 December 2019 and 31 December 2020 and the limited review conclusions of the auditor relating to the unaudited condensed consolidated financial statements of the Fluvius Economic Group and of the Issuer for the half year ended 30 June 2021.

The tables below set out the relevant page references for (i) the audited consolidated financial statements of the Fluvius Economic Group as of and for the financial years ended 31 December 2019 and 31 December 2020, (ii) the unaudited condensed consolidated financial statements of the Fluvius Economic Group for the half-year ended 30 June 2021, with limited review conclusion of the auditor, (iii) the audited consolidated financial statements of the Issuer as of and for the financial years ended 31 December 2019 and 31 December 2020 and (iv) the unaudited condensed consolidated financial statements of the Issuer for the half-year ended 30 June 2021, with limited review conclusion of the auditor. Information included in these documents which is not included in the below cross-reference lists is not incorporated in, and does not form part of, this Base Prospectus and is considered to be additional information which is either not relevant for investors, is covered elsewhere in this Base Prospectus or is not required by the relevant schedules of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

**Audited consolidated financial statements of the Fluvius Economic Group as of and for the financial year ended 31 December 2019.**

Consolidated statement of profit or loss	p. 4
Consolidated statement of comprehensive income	p. 5
Consolidated statement of financial position	p. 6
Consolidated statement of changes in equity	p. 7
Consolidated statement of cash flows	p. 8
Notes	p. 9-103
Statutory auditor's report	p. 104-106

**Audited consolidated financial statements of the Fluvius Economic Group as of and for the financial year ended 31 December 2020.**

Consolidated statement of profit or loss	p. 4
Consolidated statement of comprehensive income	p. 5
Consolidated statement of financial position	p. 6
Consolidated statement of changes in equity	p. 7
Consolidated statement of cash flows	p. 8-9
Notes	p. 10-100
Statutory auditor's report	p. 101-104



**Unaudited condensed consolidated financial statements of the Fluvius Economic Group for the half-year ended 30 June 2021, with limited review conclusion of the auditor.**

Condensed consolidated statement of profit or loss	p. 4
Condensed consolidated statement of comprehensive income	p. 5
Condensed consolidated statement of financial position	p. 6
Condensed consolidated statement of changes in equity	p. 7
Condensed consolidated statement of cash flows	p. 8-9
Notes	p. 10-43
Statutory auditor's limited review report	p. 44-45

**Audited consolidated financial statements of the Issuer as of and for the financial year ended 31 December 2019.**

Consolidated statement of profit or loss	p. 3
Consolidated statement of comprehensive income	p. 4
Consolidated statement of financial position	p. 5
Consolidated statement of changes in equity	p. 6
Consolidated statement of cash flows	p. 7
Notes	p. 8-59
Statutory auditor's report	p. 60-64

**Audited consolidated financial statements of the Issuer as of and for the financial year ended 31 December 2020.**

Consolidated statement of profit or loss	p. 3
Consolidated statement of comprehensive income	p. 4
Consolidated statement of financial position	p. 5
Consolidated statement of changes in equity	p. 6
Consolidated statement of cash flows	p. 7
Notes	p. 8-57
Statutory auditor's report	p. 58-62

**Unaudited condensed consolidated financial statements of the Issuer for the half-year ended 30 June 2021, with limited review conclusion of the auditor.**

Condensed consolidated statement of profit or loss	p. 3
Condensed consolidated statement of comprehensive income	p. 4
Condensed consolidated statement of financial position	p. 5
Condensed consolidated statement of changes in equity	p. 6
Condensed consolidated statement of cash flows	p. 7

*Documents incorporated by reference*

Notes

p. 8-23

Statutory auditor's limited review report

p. 24

## PART IV – TERMS AND CONDITIONS OF THE NOTES

*The following (excluding italicised paragraphs) is the text of the terms and conditions which, as completed by the relevant Final Terms, will apply to the Notes. In the case of any Tranche of Notes which are being admitted to trading on a regulated market in a Member State or in the United Kingdom, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may supplement, amend or replace any information in this Base Prospectus.*

Fluvius System Operator CV, a Belgian cooperative company with its registered office at Brusselsesteenweg 199, 9090 Melle, Belgium and enterprise number 0477.445.084 (RLE Ghent, division Ghent) (the “**Issuer**”) has established a Euro Medium Term Note programme (the “**Programme**”) for the issuance of up to EUR 5,000,000,000 (or its equivalent in any other currency) in aggregate principal amount of notes (the “**Notes**”) guaranteed by the Guarantors (as defined below) in accordance with, and subject to the pro rata limitation of, its respective Guarantee (as defined below).

Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of final terms (the “**Final Terms**”) which supplement these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. Without prejudice to Article 26(5) of Commission Delegated Regulation (EU) 2019/980, in the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

The Notes are the subject of an agency agreement (the “**Agency Agreement**”) dated on or about 9 November 2021 between the Issuer and Belfius Bank SA/NV as paying agent, calculation agent and listing agent (the “**Listing Agent**”) and a service contract for the issuance of fixed income securities (the “**Clearing Services Agreement**”) dated 16 November 2020 between the Issuer, the National Bank of Belgium and Belfius Bank SA/NV as paying agent. The paying agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Paying Agent**” and the “**Calculation Agent(s)**” and references to the “**Agent**” shall include a reference to the Listing Agent, the Paying Agent and/or the Calculation Agent as the context requires.

The Notes are the subject of the Guarantees. The original of each Guarantee is held by the Paying Agent on behalf of the Noteholders at its specified office.

All subsequent references in these Conditions to “**Notes**” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms will be made available on the website of the Issuer at <https://over.fluvius.be/en/thema/investor-relations/ratings-and-bonds/bonds>.

Copies of the Agency Agreement, the Clearing Services Agreement and the Guarantees are available for inspection at the specified office of the Paying Agent.

In these Conditions, any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.

### 1 Form, Denomination and Title and Transfer Restrictions

- (a) **Form:** The Notes are issued in dematerialised form in accordance with the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*), as amended (the “**Belgian Companies and Associations Code**”) and cannot be

physically delivered. The Notes will be represented exclusively by book entry in the records of the securities settlement system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**NBB-SSS**”). The Notes can be held by their holders through direct participants in the NBB-SSS, whose membership extends to securities such as the Notes (each a “**Participant**”) and through other financial intermediaries which in turn hold the Notes through any Participant. The Notes are accepted for settlement through the NBB-SSS and are accordingly subject to the applicable Belgian regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 (each as amended or re-enacted or as their application is modified by other provisions from time to time) and the Terms and Conditions governing the participation in the NBB-SSS and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition 1(a) being referred to herein as the “**NBB-SSS Regulations**”). The Noteholders will not be entitled to exchange the Notes into notes in bearer form.

If at any time, the Notes are transferred to another clearing system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator.

*The list of Participants can be consulted on the website of the NBB-SSS (<https://www.nbb.be/en/payments-and-securities/securities-settlement-system-nbb-sss>) and includes, on the date of this Base Prospectus, among others Euroclear Bank SA/NV and Clearstream Banking AG, Frankfurt.*

- (b) **Denomination:** The Notes are issued in the Specified Denomination(s) specified in the relevant Final Terms (the “**Specified Denomination**”). The minimum Specified Denomination(s) shall be at least (i) such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and (ii) in any case, not less than EUR 100,000 (or its equivalent in any other currency). The Notes may have multiple Specified Denominations, provided that the larger Specified Denominations are integral multiples of the smaller Specified Denominations. If the minimum Specified Denomination of Notes of a Series is EUR 100,000 (or its equivalent in any other currency), such Notes will only be tradeable in integral multiples of EUR 100,000 (or its equivalent in any other currency).
- (c) **Title:** Title to the Notes will pass by account transfer. Noteholders are entitled to exercise the rights they have, including voting rights, making requests, giving consents and other associative rights (as defined for the purposes of the Belgian Companies and Associations Code) upon submission of an affidavit drawn up by the NBB (or any Participant duly licensed in Belgium as a recognised accountholder for the purposes of the Belgian Companies and Associations Code (a “**Recognised Accountholder**”)) (or the position held by the financial institution through which such holder’s Notes are held with such Recognised Accountholder, in which case an affidavit drawn up by that financial institution will also be required). The person who is for the time being shown in the records of the NBB-SSS or of a Recognised Accountholder as the holder of a particular nominal amount of Notes, shall for all purposes be treated by the Issuer and the Paying Agent as the holder of such nominal amount of Notes, and the expressions “**Noteholders**” and “**holders of Notes**” and related expressions shall be construed accordingly.

## 2 Status of the Notes and the Guarantees

- (a) **Status of the Notes:** The Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and shall at all times rank *pari passu* and rateably, without any preference among themselves, and equally with all

other existing and future unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

- (b) **Guarantees:** Each of Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas (each a “**Guarantor**”) has unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes in accordance with, and subject to the pro rata limitation of, its respective guarantee dated 17 November 2020, as confirmed pursuant to a guarantee confirmation dated on or about 9 November 2021 (each a “**Guarantee**” and together the “**Guarantees**”). The obligations of each Guarantor under its respective Guarantee are limited to the proportional share of contributions which such Guarantor has made in the Issuer as of the date of the issue of the relevant Notes as set out in the relevant Final Terms.
- (c) **Status of the Guarantees:** The obligations of each Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of such Guarantor and rank and shall at all times rank equally with all other existing and future unsecured and unsubordinated obligations of the relevant Guarantor from time to time outstanding (save for certain obligations required to be preferred by law).

*As of the date of publication of the Base Prospectus, the contributions in the Issuer are as set out in section 1.3 – ‘The Issuer’s corporate structure in Part VII – ‘Description of the Issuer and the Guarantors’. The contributions in the Issuer may evolve over time.*

### **3 Negative Pledge**

- (a) **Negative pledge:** So long as any of the Notes remains outstanding, neither the Issuer nor any of its Subsidiaries (as defined below) nor any Guarantor will create or have outstanding any Security Interest (other than a Permitted Security Interest) upon or with respect to the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Debt, or to secure any guarantee or indemnity in respect of any Relevant Debt, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Debt, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in Schedule 1 (*Provisions on meetings of Noteholders*)).
- (b) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Outstanding**” means all the Notes issued other than (a) those that have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid to the Agent as provided in the Agency Agreement, (c) those which have become void or in respect of which claims have become prescribed, and (d) those which have been purchased and cancelled as provided in the Conditions; provided that, for the purposes of (i) ascertaining the right to attend and vote at any meeting of Noteholders and (ii) the determination of how many Notes are outstanding for the purposes of Condition 3 (*Negative Pledge*), Condition 10 (*Meeting of Noteholders and Modifications*) and Schedule 1 (*Provisions on meetings of Noteholders*), those Notes that are held by, or are held on behalf of, the Issuer, any Guarantor or any of their respective Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding.

“**Permitted Security Interest**” means any Security Interest securing any Relevant Debt issued for the purpose of financing all or part of the costs of the acquisition, construction or development of any project if the person or persons providing such financing expressly agree to limit their recourse to the project financed and the revenues derived from such project as the sole source of repayment for such Relevant Debt.

“**Relevant Debt**” means any present or future indebtedness (whether being principal, premium, interest or other amounts), in the form of or evidenced by notes, bonds, debentures, loan stock or other similar debt instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, or in any securities market (including, without limitation, any over the counter market); for the avoidance of any doubt, any bank loan or intra-group loan that is granted on the basis of a loan agreement is not Relevant Debt.

“**Security Interest**” means any mortgage, charge, lien, pledge or other security interest.

“**Subsidiary**” means, at any particular time, a company or other entity which is then directly or indirectly controlled, or more than 50 per cent. of whose issued share capital (or equivalent) is then beneficially owned by the Issuer and/or one or more of its respective Subsidiaries. For this purpose, for a company to be “controlled” by another means that the other (whether directly or indirectly and whether by ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company.

#### **4 Interest and other Calculations**

The Notes are fixed rate notes (the “**Fixed Rate Notes**”), floating rate notes (the “**Floating Rate Notes**”), zero-coupon notes (the “**Zero-Coupon Notes**”) or a combination of the foregoing, depending on the Interest and Redemption basis specified in the relevant Final Terms.

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(j)(ii) is customary in market usage in the international debt

capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

“**Benchmark Amendments**” has the meaning given to it in Condition 4(j)(iv).

“**Benchmark Event**” means:

- (i) the relevant Reference Rate has ceased to be published on the Relevant Screen Page for a period of at least 5 Business Days as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the “Specified Future Date”); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the “Specified Future Date”), be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate will, by a specified future date (the “Specified Future Date”), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, such Reference Rate is or will, by a specified future date (the “Specified Future Date”), be no longer representative of an underlying market; or
- (vi) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent, the Issuer or any other party appointed by the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) or (v) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

“**Business Centre**” has the meaning given to it in the relevant Final Terms.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the NBB-SSS and the TARGET system are operating (a “**TARGET Business Day**”) and/or

- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Calculation Amount**” has the meaning given to it in the relevant Final Terms.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if “**Actual/ Actual**” or “**Actual/Actual - ISDA**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).
- (ii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365.
- (iii) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360.
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

- (v) if “**30E/360**” or “**Eurobond Basis**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:



$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30.

- (vi) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

- (vii) if “**Actual/Actual-ICMA**” is so specified means:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (b) if the Calculation Period is longer than one Determination Period, the sum of:
  - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

**“Determination Period”** means the period from and including a Determination Date in any year to but excluding the next Determination Date and

**“Determination Date”** means the dates specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Dates,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

**“Early Redemption Amount”** has the meaning given to it in Condition 5(b).

**“Euro-zone”** means the region comprised of member states of the European Union that have the single currency as their lawful currency in accordance with the Treaty establishing the European Community, as amended.

**“Independent Adviser”** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense under Condition 4(j)(i).

**“Interest Accrual Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**“Interest Amount”** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified in the relevant Final Terms.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency

is euro or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the first day of such Interest Accrual Period if the Specified Currency is Sterling.

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

“**ISDA Benchmarks Supplement**” means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) published by the International Swaps and Derivatives Association, Inc.

“**ISDA Definitions**” means the 2006 ISDA Definitions as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc. including, if specified in the relevant Final Terms, the ISDA Benchmarks Supplement.

“**Issue Date**” has the meaning given to it in the relevant Final Terms.

“**Maturity Date**” has the meaning given to it in the relevant Final Terms.

“**Optional Redemption Amount**” means the amount specified for the relevant occurrence in the relevant Final Terms.

“**Rate of Interest**” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms.

“**Reference Banks**” has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent or the Issuer in the market that is most closely connected with the Reference Rate.

“**Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such

other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

“**Specified Currency**” has the meaning given to it in the relevant Final Terms.

“**Successor Rate**” means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g).
- (c) **Interest on Floating Rate Notes:**
  - (i) **Interest Payment Dates:** Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g). Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, “Interest Payment Date” shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
  - (ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:
    - (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
    - (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;
    - (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
    - (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
  - (iii) **Rate of Interest for Floating Rate Notes:** The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final

Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the relevant Final Terms;
- (2) the Designated Maturity is a period specified in the relevant Final Terms; and
- (3) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes*

- (1) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(X) the offered quotation; or

(Y) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (2) if the Relevant Screen Page is not available or if sub-paragraph (1)(X) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (1)(Y) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest

Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent;

- (3) if paragraph (2) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) *Linear Interpolation*: Where Linear Interpolation is specified in the relevant Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided, however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

- (d) *Zero Coupon Notes*: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the

Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

- (e) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless the Issuer defaults in making due provision for their redemption on said date (subject to the applicable grace period), in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 4 (*Interest and other Calculations*) until the Relevant Date (as defined in Condition 7 (*Taxation*)).
- (f) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**
- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
  - (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (g) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (h) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption

Amount or Optional Redemption Amount, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (i) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents, if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.
- (j) **Benchmark discontinuation:**
- (i) *Independent Adviser:* If a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Accrual Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(j)(ii)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 4(j)(iii)) and any Benchmark Amendments (in accordance with Condition 4(j)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 4(j) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agent or the Noteholders for any determination made by it pursuant to this Condition 4(j).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(j) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediately following Interest Accrual Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not



been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this Condition 4(j)(i) shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(j).

- (ii) *Successor Rate or Alternative Rate*: If the Independent Adviser determines in its discretion that:
  - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(j)); or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(j)).
- (iii) *Adjustment Spread*: The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or the Alternative Rate (as the case may be) will apply without an Adjustment Spread.
- (iv) *Benchmark Amendments*: If any relevant Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(j) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and, in either case, the Adjustment Spread (such amendments, the “Benchmark Amendments”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 4(j)(v), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(j)).
- (v) *Notices*: Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(j) will be notified promptly by the Issuer to the Agent, the Calculation Agent and, in accordance with Condition 12 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any. No later than notifying the Agent of the same, the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the relevant Successor Rate or, as the case may be, the relevant Alternative Rate, (iii) and, in either case, the Adjustment Spread and (iv) the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(j); and
- (B) certifying that the relevant Benchmark Amendments (if any) are necessary to ensure the proper operation of such relevant Successor Rate or relevant Alternative Rate and (in either case) the applicable Adjustment Spread.

The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and the Adjustment Spread and such Benchmark Amendments (if any)) be binding on the Issuer, the Agent, the Calculation Agent, and the Noteholders.

- (vi) *Survival of Reference Rate*: Without prejudice to the obligations of the Issuer under Condition 4(j)(i), (ii), (iii) and (iv), the Reference Rate and the fall-back provisions provided for in Condition 4(c)(iii) will continue to apply unless and until a Benchmark Event has occurred.

## 5 Redemption, Purchase and Options

- (a) **Final Redemption**: Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided in the relevant Final Terms, is its nominal amount).
- (b) **Early Redemption**:
  - (i) *Zero Coupon Notes*:
    - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 5(c), (d) or (e) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
    - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
    - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c), (d) or (e) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgement) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and

payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c), (d) or (e) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall be the Final Redemption Amount together with accrued interest, if applicable unless otherwise specified in the relevant Final Terms.
- (c) ***Redemption for Taxation Reasons***: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) on giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if:
  - (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and
  - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Paying Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (d) ***Redemption at the Option of the Issuer***: If "Call Option" is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the relevant Final Terms (which may be the Early Redemption Amount (as described in Condition 5(b) above)) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the Notes to be redeemed will be selected in accordance with the NBB-SSS Regulations.

- (e) ***Redemption at the Option of Noteholders***: If "Put Option" is specified in the relevant Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less

than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the relevant Final Terms (which may be the Early Redemption Amount (as described in Condition 5(b) above)) together with interest accrued to the date fixed for redemption.

To exercise such option the Noteholder must (i) deliver or cause to deliver to the Paying Agent a certificate issued by the relevant recognised accountholders certifying that the relevant Note is held to its order or under its control and blocked by it or transfer the relevant Note to the Paying Agent and (ii) deposit with the Paying Agent a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Paying Agent in which the Noteholder must specify a bank account to which payment is to be made under this Condition.

No option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) ***Make Whole Redemption at the Option of the Issuer:*** If "Make Whole Call Option" is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' notice (or such other notice period as may be specified in the relevant Final Terms) to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Make Whole Call Redemption Date**")), redeem all, but not some only, of the Notes at a redemption price per Note equal to such amount per Note as is equal to the higher of the amounts in (i) and (ii) below, as calculated by the Calculation Agent, in each case together with interest accrued to but excluding the Make Whole Call Redemption Date, if applicable:

- (i) the nominal amount outstanding of the Notes so redeemed; and
- (ii) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Make Whole Call Redemption Date) discounted to the Make Whole Call Redemption Date on an annual basis (based on the Day Count Fraction specified in the relevant Final Terms) at the Reference Dealer Rate (as defined below) plus any Margin specified in the relevant Final Terms, in each case as determined by the Reference Dealers,

provided, however, that if the Make Whole Call Redemption Date occurs on or after the earliest date on which the Notes may be redeemed in accordance with Condition 5(g), the redemption price will be such amount per Note as is equal to the nominal amount outstanding of the relevant Note together with interest accrued to but excluding the Make Whole Call Redemption Date, if applicable.

Any notice of redemption given under this Condition 5(f) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 5(e).

In this Condition:

"**Reference Bond**" means the Reference Bond specified in the relevant Final Terms;

"**Reference Dealers**" means those Reference Dealers specified in the relevant Final Terms; and

"**Reference Dealer Rate**" means with respect to the Reference Dealers and the Make Whole Call Redemption Date, the average of the five quotations of the mid-market annual yield to maturity of the Reference Bond or, if the Reference Bond is no longer outstanding, a similar security in the reasonable judgement of the Reference Dealers, at the Determination Time and on the Determination Date in each case specified in the relevant Final Terms, quoted in writing to the Calculation Agent (with a copy to the Issuer) by the Reference Dealers.

- (g) **Residual Maturity Call:** If “Residual Maturity Call Option” is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days’ notice (or such other notice period as may be specified in the relevant Final Terms) to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption (which shall be within the Residual Maturity Call Period specified in the relevant Final Terms) (the “**Residual Maturity Call Optional Redemption Date**”)), redeem all, but not some only, of the Notes at a redemption price per Note equal to the nominal amount of the relevant Note together with interest accrued to but excluding the Residual Maturity Call Optional Redemption Date, if applicable.

Any notice of redemption given under this Condition 5(g) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 5(e).

- (h) **Substantial Repurchase Event:** If “Substantial Repurchase Event” is specified in the relevant Final Terms, the Issuer may, provided immediately prior to such notice a Substantial Repurchase Event has occurred, on giving not less than 15 nor more than 30 days’ (or such other notice period as may be specified in the relevant Final Terms) to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes at a redemption price per Note equal to the nominal amount of the relevant Note together with interest accrued to but excluding the date fixed for redemption.

In this Condition, a “**Substantial Repurchase Event**” shall be deemed to have occurred if at least the Applicable Percentage specified in the relevant Final Terms of the aggregate principal amount of the Notes (which for these purposes shall include any Notes issued pursuant to Condition 11 (*Further Issues*)) is purchased by the Issuer or any subsidiary of the Issuer (or redeemed by the Issuer in accordance with Condition 5(e)) (and in each case is cancelled in accordance with Condition 5(j)).

- (i) **Purchases:** The Issuer may at any time purchase Notes in the open market or otherwise at any price.
- (j) **Cancellation:** All Notes so redeemed or purchased by or on behalf of the Issuer under this Condition will forthwith be cancelled. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes pursuant to these Conditions shall be discharged.

## 6 Payments

- (a) **Payments in euro:** All payments in euro of principal or interest owing under the Notes shall be made through the Paying Agent and the NBB-SSS in accordance with the NBB-SSS Regulations and the Clearing Services Agreement.
- (b) **Payment in other currencies:** All payments in any currency other than euro of principal or interest owing under the Notes shall be made through the Paying Agent and any Participants (in accordance with the rules of such Participant, and in accordance with the NBB-SSS Regulations and the Clearing Services Agreement).
- (c) **Payment subject to fiscal laws:** All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (d) **Appointment of Agents:** The Paying Agent and the Calculation Agent(s) act solely as agent of the Issuer and do not assume any obligations towards or relationship of agency with any of the Noteholders. The

Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and the Calculation Agent(s), provided, however, that the Issuer shall at all times maintain a Paying Agent which is a Participant in the NBB-SSS, one or more calculation Agent(s) where the Conditions so require, and such other agents as may be required by any stock exchange on which the Notes may be listed. Notice of any such change shall promptly be given to the Noteholders in accordance with Condition 12 (*Notices*).

- (e) ***Non-Business Days***: If any date for payment in respect of any Note is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

## 7 **Taxation**

All payments of principal and interest by or on behalf of the Issuer and/or by a clearing system and/or a participant in a clearing system in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

- (a) ***Other connection***: to, or to a third party on behalf of, a holder who is (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption, or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Belgium other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of the Note, or
- (b) ***Payment to non-Eligible Investors***: to, or to a third party on behalf of, a holder who on the date of acquisition of such Note, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Note but, for reasons within the Noteholder's control, ceased to be an Eligible Investor or at any relevant time on or after the issue of the Notes, for reasons within the Noteholder's control, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities, or
- (c) ***Payment by another financial institution***: held by or on behalf of a holder who would have been able to avoid such withholding or deduction by holding the relevant Note in a securities account with another financial institution in a member state of the European Union.

As used in these Conditions:

**"Eligible Investor"** means those entities which are referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax and which hold the Notes in an exempt account in the NBB-SSS.

**"Relevant Date"** in respect of any Note, means whichever is the later of (i) the date on which payment in respect of it first becomes due or (ii) (if the Issuer defaults in making due provision for their redemption on said date) the date on which payment in full of the amount outstanding is made. References in these Conditions to (i) **"principal"** shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 (*Redemption, Payment and Options*) or any amendment or supplement to it, (ii) **"interest"** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 (*Interest and other Calculations*) or any amendment or supplement

to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

## 8 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal (or any other amount (other than interest)) payable in respect of the Notes) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 9 Events of Default

If any of the following events (“**Events of Default**”) occurs:

- (a) **Non-Payment:** the Issuer fails to pay the principal of or premium or interest on any of the Notes when due and such failure continues for a period of 7 days in the case of principal or premium and 14 days in the case of interest; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other covenants, agreements or undertakings under or in respect of the Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 20 Business Days after notice of such default shall have been given to the Issuer by any Noteholder; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any Guarantor for or in respect of moneys borrowed or raised being declared due and payable prior to its stated maturity by reason of any event of default (however described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or within five Business Days in Brussels of becoming due if a longer grace period is not applicable or (iii) the Issuer or any Guarantor fails to pay when due or, as the case may be, within any applicable grace period or within five Business Days if a longer grace period is not applicable, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that none of the events mentioned above in this paragraph (c) shall give rise to an Event of Default if the aggregate amount of the relevant indebtedness, guarantees and indemnities is less than EUR 25,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the Euro as quoted by any leading bank on the day on which this paragraph operates); or
- (d) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Guarantor in respect of any of its property or assets for an amount at the relevant time of at least EUR 25,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the Euro as quoted by any leading bank on the day on which this paragraph operates) becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
- (e) **Insolvency:** the Issuer is declared bankrupt or unable to pay its debts as they fall due, stops, suspends or announces its intention to stop or suspend payment of all or, a material part of (or of a particular type of) its debts or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or any particular debt, in each case which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries; or
- (f) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of the Guarantors or the Issuer or any of the Guarantors ceases or threatens to cease to

carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, consolidation or solvent reorganisation; or

- (g) **Electricity and gas distribution:** the Issuer ceases to be the operating company (*werkmaatschappij*) of the electricity and gas DSOs in the designated areas in Flanders or undergoes a reorganisation whereby its tasks in relation to the management of the electricity and gas grids are transferred to a third party, or any of the Guarantors loses its license of DSO in the designated areas in Flanders or undergoes a reorganisation whereby its tasks in relation to the electricity and gas grids are transferred to a third party (to the extent relevant); or
- (h) **Guarantee:** any of the Guarantees ceases to be valid, enforceable or in full force and effect; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of Belgium is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any or more of its obligations under any of the Notes,

then any Note may, by notice in writing given to the Paying Agent at its specified office by the holder, be declared immediately due and payable whereupon the Early Redemption Amount of such Note shall become immediately due and payable without further formality unless such event of default shall have been remedied prior to the receipt of such notice by the Paying Agent.

## **10 Meeting of Noteholders and Modifications**

- (a) **Meetings of Noteholders:** All meetings of Noteholders will be held in accordance with the provisions on meetings of Noteholders set out in Schedule 1 (*Provisions on meetings of Noteholders*) to these Conditions (the “**Noteholders’ Provisions**”). Meetings of Noteholders may be convened to consider matters in relation to the Notes, including the modification or waiver of the Notes or any of the Conditions applicable to the Series. For the avoidance of doubt, any modification or waiver of the Notes or the Conditions shall always be subject to the consent of the Issuer.

A meeting of Noteholders may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding at least 20 per cent. of the aggregate nominal amount of the outstanding Notes. Any modification or waiver of the Notes or the Conditions of the Notes proposed by the Issuer may be made if sanctioned by an Extraordinary Resolution (as defined in the Noteholders’ Provisions). However, any such proposal to (i) amend the dates of maturity or redemption of the Notes or any date for payment of interest or any other amounts due or payable under the Notes, (ii) assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment in circumstances not provided for in the Conditions, (iii) assent to a reduction of the nominal amount of the Notes, a decrease of the principal amount payable by the Issuer under the Notes or a modification of the conditions under which any redemption, substitution or variation may be made, (iv) amend Condition 2 (*Status of the Notes and the Guarantees*) or effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person (it being understood, for the avoidance of any doubt, that no such resolution or consent of Noteholders shall be required for any exchange offer, tender offer or other form of liability management exercise by the Issuer or any other person that allows each



Noteholder to individually decide to participate), (v) change the currency of payment of the Notes, (vi) modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or a Special Quorum Resolution or (vii) amend this provision, may only be sanctioned by a Special Quorum Resolution.

Resolutions duly passed by a meeting of Noteholders of a Series in accordance with the Noteholders' Provisions shall be binding on all Noteholders of that Series, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

The Noteholders' Provisions furthermore provide that, for so long as the Notes are in dematerialised form and settled through the NBB-SSS, in respect of any matters proposed by the Issuer, the Issuer shall be entitled, where the terms of the resolution proposed by the Issuer have been notified to the Noteholders through the relevant clearing systems as provided in the Noteholders' Provisions, to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant securities settlement system(s) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding. To the extent such electronic consent is not being sought, the Noteholders' Provisions provide that, if authorised by the Issuer and to the extent permitted by Belgian law, a resolution in writing signed by or on behalf of holders of Notes of a Series of not less than 75 per cent. of the aggregate nominal amount of the outstanding Notes of that Series shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of Notes of that Series duly convened and held, provided that the terms of the proposed resolution shall have been notified in advance to those Noteholders of that Series through the relevant settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of Notes of that Series.

- (b) **Modification of Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement and/or the Clearing Services Agreement, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Noteholders or which in the Agent's opinion is of a formal, minor or technical nature or is made to correct a manifest error to comply with mandatory provisions of law.

## **11 Further Issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

## **12 Notices**

Notices to Noteholders shall be valid if (i) delivered by or on behalf of the Issuer to the NBB-SSS for communication by it to the Participants and (ii) published on the website of the Issuer. Any such notice shall be deemed given on the date falling three Business Days after the date of its delivery to the NBB-SSS.

The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and complies with all legal requirements, including the information obligations under Article 10 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services and the Royal Decree of 14 November 2007 on issuer's information obligations.

### 13 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, as the case may be, to the extent of the amount in the currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgement or order.

### 14 Governing Law, Jurisdiction and Waiver of immunity

- (a) **Governing Law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, Belgian law.
- (b) **Jurisdiction:** The courts of Brussels (Belgium) are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and, accordingly, any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer and the Guarantors irrevocably submit to the jurisdiction of such courts and waive any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Waiver of immunity:** The Issuer and the Guarantors hereby irrevocably and unconditionally to the fullest extent possible waive with respect to the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consent, to the fullest extent possible, to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgement made or given in connection with any suit, action or proceeding.

## SCHEDULE 1 PROVISIONS ON MEETINGS OF NOTEHOLDERS

### Interpretation

1. In this Schedule:
  - 1.1 references to a “**meeting**” are to a meeting of Noteholders of a single Series of Notes and include, unless the context otherwise requires, any adjournment;
  - 1.2 references to “**Notes**” and “**Noteholders**” are only to the Notes of the Series and in respect of which a meeting has been, or is to be, called and to the holders of those Notes, respectively;
  - 1.3 “**agent**” means a holder of a Voting Certificate or a proxy for, or representative of, a Noteholder;
  - 1.4 “**Block Voting Instruction**” means a document issued by a Recognised Accountholder or the NBB-SSS in accordance with paragraph 9;
  - 1.5 “**Electronic Consent**” has the meaning set out in paragraph 31.1;
  - 1.6 “**Extraordinary Resolution**” means a resolution passed (a) at a meeting of Noteholders duly convened and held in accordance with this Schedule 1 (*Provisions on meetings of Noteholders*) by a majority of at least 75 per cent. of the votes cast or (b) by a Written Resolution or (c) by an Electronic Consent;
  - 1.7 “**NBB-SSS**” means the securities settlement system operated by the NBB or any successor thereto;
  - 1.8 “**Ordinary Resolution**” means a resolution with regard to any of the matters listed in paragraph 4 and passed or proposed to be passed by a majority of at least 50 per cent. of the votes cast;
  - 1.9 “**Recognised Accountholder**” means an entity recognised as accountholder in accordance with the Belgian Companies and Associations Code with whom a Noteholder holds Notes;
  - 1.10 “**Voting Certificate**” means a certificate issued by a Recognised Accountholder or the NBB-SSS in accordance with paragraph 8;
  - 1.11 “**Written Resolution**” means a resolution in writing signed by the holders of not less than 75 per cent. in principal amount of the Notes outstanding; and
  - 1.12 references to persons representing a proportion of the Notes are to Noteholders, proxies or representatives of such Noteholders holding or representing in the aggregate at least that proportion in nominal amount of the Notes for the time being outstanding.

### General

2. All meetings of Noteholders will be held in accordance with the provisions set out in this Schedule.

### Powers of meetings

3. A meeting shall, subject to the Conditions and (except in the case of sub-paragraph 3.5) only with the consent of the Issuer and without prejudice to any powers conferred on other persons by this Schedule, have power by Extraordinary Resolution:

- 3.1 to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer (other than in accordance with the Conditions or pursuant to applicable law);
- 3.2 to assent to any modification of this Schedule or the Notes proposed by the Issuer or the Agent;
- 3.3 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
- 3.4 to give any authority, direction or sanction required to be given by Extraordinary Resolution;
- 3.5 to appoint any person or persons (whether Noteholders or not) as an individual or committee or committees to represent the Noteholders' interests and to confer on them any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
- 3.6 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes in circumstances not provided for in the Conditions or under applicable law; and
- 3.7 to accept any security interests established in favour of the Noteholders or a modification to the nature or scope of any existing security interest or a modification to the release mechanics of any existing security interests.

provided that the special quorum provisions in paragraph 19 shall apply to any Extraordinary Resolution (a "**Special Quorum Resolution**") for the purpose of making a modification to this Schedule or the Notes which would have the effect (other than in accordance with the Conditions or pursuant to applicable law):

- (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or any other amounts due or payable under the Notes;
- (ii) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment in circumstances not provided for in the Conditions;
- (iii) to assent to a reduction of the nominal amount of the Notes, a decrease of the principal amount payable by the Issuer under the Notes or a modification of the conditions under which any redemption, substitution or variation may be made;
- (iv) to amend Condition 2 (*Status of the Notes and the Guarantees*) or to effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person (it being understood, for the avoidance of any doubt, that no such resolution or consent of Noteholders shall be required for any exchange offer, tender offer or other form of liability management exercise by the Issuer or any other person that allows each Noteholder to individually decide to participate);
- (v) to change the currency of payment of the Notes;
- (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or a Special Quorum Resolution; or

- (vii) to amend this provision.

### **Ordinary Resolution**

- 4. Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Noteholders shall have power by Ordinary Resolution:
  - 4.1 to assent to any decision to take any conservatory measures in the general interest of the Noteholders;
  - 4.2 to assent to the appointment of any representative to implement any Ordinary Resolution; or
  - 4.3 to assent to any other decisions which do not require an Extraordinary Resolution or a Special Quorum Resolution to be passed.

Any modification or waiver of any of the Conditions shall always be subject to the consent of the Issuer.

- 5. No amendment to this Schedule or the Notes which in the opinion of the Issuer relates to any of the matters listed in paragraph 4 above shall be effective unless approved at a meeting of Noteholders complying in all respect with the requirements of Belgian law and the provisions set out in this Schedule.

### **Convening a meeting**

- 6. The Issuer may at any time convene a meeting. A meeting shall be convened by the Issuer upon the request in writing of Noteholders holding at least 20 per cent. in principal amount of the Notes for the time being outstanding. Every meeting shall be held at a time and place approved by the Agent.
- 7. Convening notices for meetings of Noteholders shall be given to the Noteholders in accordance with Condition 12 (*Notices*) not less than fifteen days prior to the relevant meeting. The notice shall specify the day, time and place of the meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

### **Arrangements for voting**

- 8. A Voting Certificate shall:
  - 8.1 be issued by a Recognised Accountholder or the NBB-SSS;
  - 8.2 state that on the date thereof (i) the Notes (not being Notes in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the NBB-SSS) held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:
    - (i) the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and
    - (ii) the surrender of the Voting Certificate to the Recognised Accountholder or the NBB-SSS who issued the same; and

- 8.3 further state that until the release of the Notes represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Notes represented by such certificate.
9. A Block Voting Instruction shall:
- 9.1 be issued by a Recognised Accountholder or the NBB-SSS;
- 9.2 certify that the Notes (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the NBB-SSS) held to its order or under its control and blocked by it and that no such Notes will cease to be so held and blocked until the first to occur of:
- (i) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and
  - (ii) the giving of notice by the Recognised Accountholder or the NBB-SSS to the Issuer, stating that certain of such Notes cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;
- 9.3 certify that each holder of such Notes has instructed such Recognised Accountholder or the NBB-SSS that the vote(s) attributable to the Note or Notes so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing three (3) Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;
- 9.4 state the principal amount of the Notes so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and
- 9.5 naming one or more persons (each hereinafter called a “**proxy**”) as being authorised and instructed to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in paragraph 9.4 above as set out in such document.
10. If a holder of Notes wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Notes for that purpose at least three (3) Business Days before the time fixed for the meeting to the order of the Agent with a bank or other depository nominated by the Agent for the purpose. The Agent or such bank or other depository shall then issue a Block Voting Instruction in respect of the votes attributable to all Notes so blocked.
11. No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.
12. The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Noteholder.
13. Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Notes held to the order or under the control and blocked by a Recognised Accountholder or the

NBB-SSS and which have been deposited at the registered office at the Issuer not less than three (3) and not more than six (6) Business Days before the time for which the meeting to which the relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Notes continue to be so held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Notes to which such Voting Certificate or Block Voting Instruction relates.

14. In default of a deposit, the Block Voting Instruction or the Voting Certificate shall not be treated as valid, unless the chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business.
15. A corporation which holds a Note may, by delivering at least three (3) Business Days before the time fixed for a meeting to a bank or other depositary appointed by the Agent for such purposes a certified copy of a resolution of its directors or other governing body or another certificate evidencing due authorisation (with, in each case, if it is not in English, a translation into English), authorise any person to act as its representative in connection with that meeting.

### **Chairman**

16. The chairman of a meeting shall be such person as the Issuer may nominate, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

### **Attendance**

17. The following may attend and speak at a meeting:
  - 17.1 Noteholders and their respective agents, financial and legal advisers;
  - 17.2 the chairman and the secretary of the meeting;
  - 17.3 the Issuer and the Agent (through their respective representatives) and their respective financial and legal advisers; and
  - 17.4 any other person approved by the Meeting.

No one else may attend or speak.

### **Quorum and Adjournment**

18. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.
19. One or more Noteholders or agents present in person shall be a quorum:

19.1 in the cases marked “**No minimum proportion**” in the table below, whatever the proportion of the Notes which they represent

19.2 in any other case, only if they represent the proportion of the Notes shown by the table below.

<b>Purpose of meeting</b>	<b>Any meeting except for a meeting previously adjourned through want of a quorum</b>	<b>Meeting previously adjourned through want of a quorum</b>
	Required proportion	Required proportion
To pass a Special Quorum Resolution	75 per cent.	25 per cent.
To pass any other Extraordinary Resolution	A clear majority	No minimum proportion
To pass an Ordinary Resolution	A clear majority	No minimum proportion

20. The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting, may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 18.

21. At least ten (10) days’ notice of a meeting adjourned due to the quorum not being present shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

**Voting**

22. Each question submitted to a meeting shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing 2 per cent. of the Notes.

23. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

24. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

25. A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.



26. On a show of hands or a poll every person has one vote in respect of each Note so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
27. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

### **Effect and Publication of an Extraordinary Resolution, a Special Quorum Resolution and an Ordinary Resolution**

28. An Extraordinary Resolution, a Special Quorum Resolution and an Ordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution to Noteholders within fourteen (14) days but failure to do so shall not invalidate the resolution.

### **Minutes**

29. Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.
30. The minutes must be published on the website of the Issuer within fifteen (15) days after they have been passed.

### **Written Resolutions and Electronic Consent**

31. For so long as the Notes are in dematerialised form and settled through the NBB-SSS, then in respect of any matters proposed by the Issuer:
  - 31.1 Where the terms of the resolution proposed by the Issuer have been notified to the Noteholders through the relevant securities settlement system(s) as provided in sub-paragraphs (a) and/or (b) below, the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant securities settlement system(s) to the Agent or another specified agent in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (the “**Required Proportion**”) by close of business on the Specified Date (“**Electronic Consent**”). Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.
    - (a) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least fifteen (15) days’ notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders through the relevant securities settlement system(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant securities settlement system(s)) and the time and date (the “**Specified Date**”) by which they must be received

in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant securities settlement system(s).

- (b) If, on the Specified Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall be deemed to be defeated. Such determination shall be notified in writing to the Agent. Alternatively, the Issuer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as determined by the Issuer. Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (a) above. For the purpose of such further notice, references to “Specified Date” shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph 7 above, unless that meeting is or shall be cancelled or dissolved.

- 31.2 Unless Electronic Consent is being sought in accordance with paragraph 31.1, a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution passed at a meeting of Noteholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Noteholders through the relevant securities settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. For the purpose of determining whether a resolution in writing has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the securities settlement system(s) with entitlements to the Notes or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the NBB-SSS, Euroclear, Clearstream or any other relevant alternative securities settlement system (the “**relevant securities settlement system**”) and, in the case of (b) above, the relevant securities settlement system and the accountholder identified by the relevant securities settlement system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant securities settlement system (including Euroclear’s EUCLID or Clearstream’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.
32. A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution, a Special Quorum Resolution or an Ordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution and/or Electronic Consent.

## PART V – SETTLEMENT

The Notes will be accepted for settlement through the NBB-SSS and will accordingly be subject to the NBB-SSS Regulations.

The number of Notes in circulation at any time will be registered in the register of securities of the Issuer in the name of the NBB.

Access to the NBB-SSS is available through direct Participants in the NBB-SSS, whose membership extends to securities such as the Notes, and through other financial intermediaries which in turn hold the Notes through any Participant. Participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*) as well as certain central securities depositories (the latter being, on the date of this Base Prospectus, Euroclear Bank SA/NV (“**Euroclear**”), Euroclear France SA (“**Euroclear France**”), Clearstream Banking AG, Frankfurt (“**Clearstream**”), SIX SIS AG (“**SIX SIS**”), Monte Titoli S.p.A. (“**Monte Titoli**”), Interbolsa S.A. (“**Interbolsa**”) and LuxCSD S.A. (“**LuxCSD**”). The current list of any central securities depositories or any other institutions that are, at any time, a Participant of the NBB-SSS can be found on the website of the NBB. Accordingly, the Notes will be eligible to clear through, and therefore be accepted by, any such central securities depository that is a Participant of the NBB-SSS.

Transfers of interests in the Notes will be effected between Participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Participants through which they hold their Notes.

The Agent will perform the obligations of paying agent included in the service contract for the issuance of fixed income securities dated 16 November 2020 between the Issuer, the NBB and the Agent.

The Issuer and the Agent will not have any responsibility for the proper performance by the NBB-SSS or its Participants of their obligations under their respective rules and operating procedures.

## PART VI – FORM OF THE GUARANTEE AND THE GUARANTEE CONFIRMATION LETTER

### 1 Form of the Guarantee

*This is the form of the Guarantee which was granted by each of the Guarantors on 17 November 2020 in the context of the establishment of the Programme. Please refer to section 2 below for the form of the Guarantee Confirmation Letter.*

#### **Abstract and Non-Accessory Guarantee of [name of the Guarantor]**

For the benefit of: Any person (each, a “**Noteholder**”) holding directly or indirectly any of the notes issued under the Programme (as defined below) (the “**Notes**”)

Date: 17 November 2020

In consideration of:

- Fluvius System Operator CV acting as issuer (the “**Issuer**”) under the EUR 5,000,000,000 Guaranteed Euro Medium Term Note programme (the “**Programme**”); and
- Fluvius System Operator CV as issuer, Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas as guarantors and Belfius Bank SA/NV and BNP Paribas Fortis SA/NV as co-arrangers and dealers entering into a programme agreement dated 17 November 2020 relating to the Programme (including its schedules) (the “**Programme Agreement**”).

[name of the Guarantor], organised as an “*opdrachthoudende vereniging*” under the laws of Belgium, having its registered office at [registered office of the Guarantor], Belgium and registered with the Crossroads Bank of Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under the number [registration number of the Guarantor] (RLE [relevant reference of the Guarantor]), (the “**Guarantor**”) unconditionally and irrevocably guarantees to each Noteholder the due and punctual payment, in accordance with the terms and conditions of the Notes (the “**Terms and Conditions**”) (terms defined in the Terms and Conditions shall, insofar as the context so admits, have the same meaning when used herein), of the Proportional Share (as defined below) of the principal of, interest (if any) on, and any other amounts payable under the Notes to the Noteholders on the date specified for such payment (whether on the normal due date, on acceleration or otherwise) (the “**Guarantee**”) upon the following terms:

- (i) in the event of any failure by the Issuer to pay punctually any such principal, interest or other amount, the Guarantor agrees to cause each and every such payment to be made as if the Guarantor is, instead of the Issuer, expressed to be the primary obligor of the Notes with the intent that the Noteholder shall receive the same amounts in respect of principal, interest or such other amount as would have been received by it had such payments been made by the Issuer;
- (ii) the Guarantor agrees that its obligations under this Guarantee shall be abstract, non-accessory, independent, unconditional and irrevocable and on a first demand basis without raising any objections of whatever nature arising out of the underlying obligation of the Issuer relating to the Notes, irrespective of the absence of any action to enforce the same, the recovery of any judgment against the Issuer or any action to enforce the same or any other circumstance relating to the underlying Note which might otherwise constitute a discharge or defence of a guarantor, it being understood that no demand shall be

accepted in the event that all payments of principal, interest or other amount due under the Notes have been punctually made by the Issuer;

- (iii) the Guarantor agrees that nothing in this Guarantee shall be construed so that this Guarantee constitutes a surety (*borgtocht/cautionnement*) and that nothing in this Guarantee will affect its intention to grant an independent and abstract guarantee pursuant to this Guarantee and not a surety (*borgtocht/cautionnement*);
- (iv) the Guarantor confirms, and by accepting the benefit of this Guarantee each Noteholder acknowledges and agrees, that the Guarantor's obligations under this Guarantee in respect of the Notes shall, at all times, be limited to the proportional share it holds in the share capital of the Issuer as of the date of the issue of such Notes, as set out in the relevant Final Terms applicable to such Notes (the "**Proportional Share**");
- (v) the Guarantor confirms, with respect to each Note, that it does not have and will not assert as a defence to any claim hereunder any right to require any proceedings to be first commenced or made against the Issuer nor will it assert as a defence to any claim hereunder any lack of diligence, presentment to the Issuer or the Agents of any demand for payment from the Issuer or the Agents, any filing of claims with any court in the event of merger, insolvency or bankruptcy of the Issuer, any protest, notice or any other demand whatsoever (other than a demand for payment of this Guarantee in compliance with the terms hereof) and the Guarantor confirms that this Guarantee will not be discharged except by complete performance of the obligations contained in each Note and in this Guarantee;
- (vi) this Guarantee constitutes an abstract, non-accessory, independent, direct, unconditional, irrevocable, first demand, unsubordinated and unsecured obligation of the Guarantor and ranks *pari passu* (subject to mandatorily preferred debts under applicable laws), equally and rateably with all other present and future outstanding unsecured and unsubordinated obligations of the Guarantor;
- (vii) the Guarantor agrees that it shall comply with and be bound by those provisions contained in the Terms and Conditions, the Agency Agreement and the Programme Agreement of the Notes which relate to it;
- (viii) this Guarantee shall be to the benefit of each Noteholder and its (and any subsequent) successor and assigns, each of which shall be entitled severally to enforce this Guarantee against the Guarantor;
- (ix) the records of the securities settlement system operator shall, in the absence of manifest error, be conclusive evidence of the identity of the Noteholder, the number of entries credited to the securities account of such Noteholder with such securities settlement system operator at the relevant time and the amounts represented by such entries, as set forth in the Terms and Conditions;
- (x) the Guarantor represents and warrants (which representations and warranties shall be deemed to be repeated on each day that this Guarantee continues in force) that:
  - (a) the Guarantor is a mission entrusted association (*opdrachthoudende vereniging*) (or, in the case of a future change of the law, an equivalent or similar legal entity) with the power to enter into and to perform the obligations expressed to be assumed by it under the agreements to which it is expressed to be a party in connection with the Programme and the issue of the Notes; the Guarantor has the power to execute and deliver this Guarantee and to perform its obligations under this Guarantee and has taken all necessary action to authorise such execution and delivery and performance of such obligations;
  - (b) the Guarantor is aware of the representations made and warranties given by the Issuer under the Programme Agreement;

- (c) this Guarantee constitutes the legal, valid and binding obligations of the Guarantor duly enforceable in accordance with its terms; the Guarantor shall not in any circumstances challenge the legality, validity or enforceability of this Guarantee;
  - (d) the execution and performance of this Guarantee does not contravene any provision of any existing law, decree or regulation or of its constitutive documents or of any agreement to which it is a party;
  - (e) it is not engaged in or under threat of any litigation nor is it in default in respect of any financial commitment which might in either case affect its ability to perform its obligations under this Guarantee; and
  - (f) all payments of principal and interest by or on behalf of the Guarantor in respect of any Note while it is held by an eligible investor (as defined in Article 4 of the Belgian Royal Decree of 26 May 1994, as in force on the date hereof) in the securities settlement system operated by the National Bank of Belgium shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Belgium or any authority therein or thereof having power to tax;
- (xi) in the event of the liquidation of the Issuer if any moneys are payable by the Guarantor under this Guarantee, the Guarantor shall, until all moneys due from the Issuer to the Noteholders shall have been paid in full, hold the benefit of all its claims against the Issuer for the account of the Noteholders to pay the same to the Noteholders and the Guarantor hereby irrevocably authorises and requires the Issuer and any liquidator of the Issuer to pay the Noteholders to the extent that all moneys due under the Notes shall not have been paid in full, all moneys payable to the Guarantor in respect of such claims;
  - (xii) the Guarantor shall not be subrogated in the rights of any Noteholder, make any claim against the Issuer in connection with this Guarantee or its enforcement or receive the benefit of any security enjoyed in connection with the Notes by any Noteholder until any principal, interest or other amount payable under the Notes to the Noteholders has been finally discharged and there is no possibility of any further payment under the Guarantee coming into existence. The Guarantor shall not be entitled to claim against any other guarantor for a contribution towards the payments that it has made to the Noteholders;
  - (xiii) a demand or notice hereunder shall be in writing signed by a duly authorised officer, representative or agent of the Noteholder and specify name, address and bank account details of the relevant Noteholder and the number of Notes such Noteholder owns; the demand or notice must be sent to the Guarantor by registered mail with a form for acknowledgement of receipt, at the following address:  
  

*[notice details of the Guarantor]*
- If a Noteholder fails to exercise or delays the exercise of its rights under this Guarantee, this shall under no circumstances constitute a waiver of its rights; if a Noteholder partly exercises any rights in respect of this Guarantee, this shall not prevent the future or further exercise of such rights or the exercise of any other rights by a Noteholder;
- (xiv) references to the Noteholders, the Issuer and the Guarantor include their respective successors and assigns; references to persons include references to companies, corporations, firms, governments, states or state agencies, associations and any other legal entities; and (where the context so permits) the singular includes the plural and vice versa;
  - (xv) this Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of Belgium; claims against the Guarantor

thereunder may be brought before the courts in Brussels, Belgium, which shall have exclusive competence;

- (xvi) the Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder, without prejudice to its ability to merge or engage in any other form of reorganisation in accordance with the Terms and Conditions; and
- (xvii) the Guarantor hereby (a) waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (I) suit, (II) jurisdiction of any court, (III) relief by way of injunction, order for specific performance or for recovery of property, (IV) attachment of its assets (whether before or after judgement) and (V) execution or enforcement of any judgement to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction and (b) irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any proceedings.

This abstract and non-accessory Guarantee has been executed on 17 November 2020.

**[name of the Guarantor]**

as Guarantor

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Name:

Title:

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Name:

Title:

## 2 Form of the Guarantee Confirmation Letter

### Confirmation Letter in relation to the Abstract and Non-Accessory Guarantee of [name of the Guarantor] originally granted on 17 November 2020

For the benefit of: Any person (each, a “**Noteholder**”) holding directly or indirectly any of the notes issued under the Programme (as defined below) (the “**Notes**”)

Date: 9 November 2021

In consideration of:

- Fluvius System Operator CV acting as issuer (the “**Issuer**”) under the EUR 5,000,000,000 Guaranteed Euro Medium Term Note programme originally established on 17 November 2020 (the “**Programme**”);
- Fluvius System Operator CV as issuer, Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas as guarantors and Belfius Bank SA/NV and BNP Paribas Fortis SA/NV as co-arrangers and dealers having entered into a programme agreement relating to the Programme on 17 November 2020, as will be amended and restated from time to time during the term of the Programme and which was most recently amended and restated pursuant to an amendment and restatement agreement dated 9 November 2021 (including its schedules); and
- **[name of the Guarantor]**, organised as an “*opdrachthoudende vereniging*” under the laws of Belgium, having its registered office at *[registered office of the Guarantor]*, Belgium and registered with the Crossroads Bank of Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under the number *[registration number of the Guarantor]* (RLE *[relevant reference of the Guarantor]*), (the “**Guarantor**”) having unconditionally and irrevocably guaranteed on 17 November 2020 to each Noteholder the due and punctual payment, in accordance with the terms and conditions of the Notes (the “**Terms and Conditions**”) (terms defined in the Terms and Conditions shall, insofar as the context so admits, have the same meaning when used herein), of the Proportional Share (as defined below) of the principal of, interest (if any) on, and any other amounts payable under the Notes to the Noteholders on the date specified for such payment (whether on the normal due date, on acceleration or otherwise) (the “**Guarantee**”).

Reference is made to the Guarantee. This confirmation of the Guarantee is given upon the following terms:

- (i) the Guarantor confirms that the Guarantee shall continue to remain in full force and effect in respect of, and shall apply on the terms thereof to, any Notes issued under the Programme, and notwithstanding any changes that have been made to the Terms and Conditions since the date of the Guarantee;
- (ii) the Guarantor confirms that the Guarantee has been approved by its Board of Directors for any issuance of Notes under the Programme for a term of the Programme of ten years as from its establishment;
- (iii) the Guarantor confirms, and by accepting the benefit of the Guarantee as confirmed by this confirmation letter each Noteholder acknowledges and agrees, that the Guarantor’s obligations under the Guarantee in respect of any Notes issued after the date of this confirmation letter shall, at all times, be limited to the proportional share of contributions which the Guarantor has made in the Issuer as of the date of the issue of such Notes, as set out in the relevant Final Terms applicable to such Notes (the “**Proportional Share**”); and
- (iv) this confirmation letter and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of Belgium; claims against the Guarantor thereunder may be brought before the courts in Brussels, Belgium, which shall have exclusive competence.



This confirmation letter has been executed on 9 November 2021.

**[name of the Guarantor]**

as Guarantor

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Name:  
Title:

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Name:  
Title:

## PART VII – DESCRIPTION OF THE ISSUER AND THE GUARANTORS

### 1 General information on the Issuer

#### 1.1 General information

##### *Legal name, form and place of registration*

The Issuer's legal name is Fluvius System Operator CV (“**Fluvius**”, “**Fluvius System Operator**” or the “**Issuer**”). The abbreviated and commercial name of the Issuer is “Fluvius”.

The Issuer is registered with the register of legal entities (*rechtspersonenregister/registre des personnes morales*) of Ghent (section Ghent) under enterprise number (*ondernemingsnummer/numéro d'entreprise*) 0477.445.084. Its Legal Entity Identifier (LEI) code is 549300WSQW00M3PK2J78.

The Issuer is organised as a cooperative company (*coöperatieve vennootschap/société coopérative*) under Belgian law for an unlimited duration.

The Issuer's registered office is at Brusselsesteenweg 199, 9090 Melle, Belgium. The general telephone number is +32 78 353534. The current articles of association of Fluvius System Operator were approved by the Extraordinary General Meeting of Shareholders on 23 December 2020, executed by a notarial deed of 23 December 2020, drawn up by Mr Xavier Desmet, notary public in Antwerp, Belgium, and published in the Annexes to the Belgian State Gazette of 17 February 2021 under number 0310975.

The Issuer's website can be accessed via [www.fluvius.be](http://www.fluvius.be). Information contained on websites mentioned in this Base Prospectus does not form part of this Base Prospectus, unless that information is incorporated by reference into this Base Prospectus.

##### *Summary of the principal activities of the Issuer and its role within the Fluvius Economic Group*

The Issuer develops, manages and maintains utility networks for electricity and gas distribution, public lighting, sewerage, CATV and district heating and the data management related to these activities. All network infrastructure is owned by the Guarantors. Fluvius System Operator has been mandated as the operating company (*werkmaatschappij*) of the eleven Flemish intermunicipal companies that are the Guarantors. Its role relates to operating and maintaining the networks, preparing the decision-making process at the level of the Guarantors, undertaking all tasks of corporate secretariat for the Guarantors and undertaking other tasks for the Guarantors, such as relating to human resources, payroll and accounting support (taking into account the fact that the Guarantors do not have their own staff). In the intermunicipalities' name and for their account, Fluvius System Operator operates the networks for electricity, gas and sewerage and exercises public service obligations in relation to electricity and gas. Fluvius System Operator carries out its operational activities at cost without charging any commercial margin to the Guarantors. This means that all costs incurred by Fluvius System Operator (materials and services, personnel costs, etc.) are passed through to the Guarantors according to fixed allocation rules. Each month Fluvius System Operator invoices each of the Guarantors for the operational services rendered.

The Issuer currently has three consolidated subsidiaries: De Stroomlijn CV (“**De Stroomlijn**”), Atrias CV (“**Atrias**”) and Synductis CV (“**Synductis**”) (together, the “**Subsidiaries**”). De Stroomlijn is integrally consolidated with Fluvius System Operator. Atrias and Synductis are consolidated with Fluvius System Operator according to the equity method. Please refer to section 1.5 – ‘The Issuer's Subsidiaries’ for more information on this topic.

The Issuer, the Guarantors, the Issuer's Subsidiaries, Fluvius Odrachthoudende Vereniging (“**Fluvius OV**”) and Interkabel together form the “**Fluvius Economic Group**”. Please refer to section 1.6 – ‘The Fluvius (consolidated) group and the Fluvius Economic Group’.

As further outlined in article 2 of the Issuer's articles of association, Fluvius System Operator's mission has been defined as follows:

- executing all operational activities related to the distribution of electricity and natural gas;
- executing all activities related to the development, the operations, the usage and the maintenance of other cables-and-pipes utility activities, such as sewerage, public lighting, (cable) networks and heat;
- executing all activities of data manager;
- executing all activities of heating grid manager;
- executing all activities related to the management of the (strategic) participations and financings;
- carrying out connections, installing and putting into service meters (digital meters, analogue meters and electronic meters) and the management of the access register;
- delivering a qualitative service to the grid users and other market players in general;
- registering or recording the meter readings, either from a distance or at the grid users, the validation and the management of these metering data and supplying them to the relevant market parties;
- executing all activities related to rendering energy services and facilities to distribution grid users, amongst others within the framework of its shareholders' activities, from an administrative, technical, commercial and social viewpoint;
- executing all activities related to providing information to energy service providers (ESCOs), aggregators, the competent regulator and the authorities, for the performance of their tasks;
- in general, delivering management and other services to and putting its know-how at the disposal of its shareholders;
- the preparation and the implementation of all decisions taken by the governing bodies of its shareholders; and
- the consultation on distribution grid problems and the promotion of the cooperation between shareholders.

#### *Relevant markets*

Fluvius System Operator operates in all 300 Flemish cities and communities (the “**Flemish Region**”) in Belgium. Fluvius System Operator has no activities outside Belgium.

## **1.2 A brief history of the Issuer**

The Issuer was incorporated under Belgian law as a limited liability company (*naamloze vennootschap/ société anonyme*) named “Electrabel Netmanagement Flanders”, abbreviated to “ENF”, by a notarial deed of 29 April 2002, drawn up by Mr Thierry Van Halteren, associated notary public in Brussels, and published in the Annexes to the Belgian State Gazette on 11 May 2002 under number 20020511-609.

The name “Electrabel Netmanagement Flanders – ENF” was changed into “Electrabel Netten Vlaanderen - ENV” by a decision of the Extraordinary General Meeting of Shareholders on 22 September 2003.

The company’s name was subsequently changed into “Eandis” by a decision of the General Assembly on 30 March 2006. At this same date, the company took the form of a limited liability cooperative society and a merger was realised with GeDIS and Indexis’s Flemish platform by a notarial deed of the same date, drawn up by Mr Xavier Desmet, notary public in Antwerp, and published in the Annexes to the Belgian State Gazette on 27 April 2006 under number 06074304.

The company’s name was changed into “Eandis System Operator cvba” on 30 December 2015.

The company’s name was changed into its current name “Fluvius System Operator” by a decision of its General Assembly on 28 June 2018, with effect as from 1 July 2018. This change of name was part of a merger transaction (merger by absorption (*fusie door opsploring/fusion par absorption*)), also with effect as from 1 July 2018, in which Eandis System Operator cvba (“**Eandis System Operator**”) absorbed Infrac cvba (“**Infrac**”). At that time, Eandis System Operator and Infrac were the two operating companies working on behalf of a number of DSOs in the Flemish Region. The merger transaction was a share-based transaction only, without any cash transfers between the parties and/or shareholders involved.

Finally, the current articles of association of the Issuer were adopted by the Extraordinary General Meeting of Shareholders held on 23 December 2020 with a view to, among other things, aligning them with recent changes implemented by the Belgian Companies and Associations Code (including to confirm the change of the legal form of the Issuer from “*cvba – coöperatieve vennootschap met beperkte aansprakelijkheid*” into “*cv – coöperatieve vennootschap*”).

### 1.3 The Issuer’s corporate structure

#### *Corporate organisation of the Issuer*

At 30 June 2021, Fluvius System Operator<sup>18</sup> employed 5,502 people corresponding to 5,270.14 full-time equivalents.

The Guarantors are Fluvius System Operator’s sole shareholders. No shareholder exercises control over the Issuer. The table below reflects the Guarantors’ shareholding in Fluvius System Operator as at the date of this Base Prospectus (in terms of contribution (*inbreng/apport*)):

<b>Shareholder</b>	<b>“A” shares with voting rights</b>	<b>%</b>	<b>Contribution (in EUR)</b>
Fluvius Limburg	4,666,524	18.02%	231,332
Fluvius Antwerpen	4,688,069	18.10%	222,546
Imewo	3,767,084	14.54%	186,744
Iverlek	3,486,875	13.46%	172,853
Gaselwest	2,687,523	10.38%	133,227
Intergem	1,840,902	7.11%	91,258
Iveka	1,570,114	6.06%	87,688
Fluvius West	1,357,143	5.24%	67,277
PBE	945,183	3.65%	46,855
Sibelgas	497,124	1.92%	24,644

<sup>18</sup> Excluding the statutory staff employed by Fluvius OV. At 30 June 2021, Fluvius OV’s staff amounted to 735 employees (707.63 full-time equivalents). For more details on Fluvius OV, see section 1.7 – ‘Fluvius OV’.

Riobra	394,394	1.52%	19,551
<b>TOTAL</b>	<b>25,900,935</b>	<b>100.00%</b>	<b>1,283,976</b>

As at the date of the Base Prospectus, the Issuer has only issued A shares with voting rights, all of which are ordinary nominative shares, each representing an equal share in the Issuer's contributions totalling EUR 1,283,975.84 as at the date of this Base Prospectus. All shares have been fully paid up and are registered in Fluvius System Operator's shareholder register. Each shareholder of an A share is entitled to one vote per share in Fluvius System Operator's General Assembly.

As of the date of this Base Prospectus, Fluvius System Operator has not issued any profit-sharing certificates.

The shareholding of the respective Guarantors in Fluvius System Operator is based on the number of EANs<sup>19</sup> as at 31 December 2016.

#### Board of Directors

The Board of Directors of Fluvius System Operator, which according to Fluvius System Operator's articles of association consists of a maximum of twenty members, is responsible for Fluvius System Operator's general policy and corporate decisions. The twenty members of the Issuer's Board of Directors<sup>20</sup> at the date of this Base Prospectus are listed in the table below.

Name and function within the Issuer's Board of Directors (represented shareholder) / municipality and function in the municipality at the date of the Base Prospectus:

Piet BUYSE, chairman (Intergem)	Dendermonde, mayor
Koen KENNIS, 1st vice-chairman (Fluvius Antwerpen)	Antwerp, alderman
Christophe PEETERS, 2nd vice-chairman (Imewo)	Ghent, city councillor
Hans BONTE, 3rd vice-chairman (Sibelgas)	Vilvoorde, mayor
Geert CLUCKERS (PBE)	Diest, alderman
Lieven COBBAERT (Gaselwest)	Ichtegem, alderman
David COPPENS (Intergem)	Aalst, chairman of the city council
Jan DALEMANS (Fluvius Limburg)	Hechtel-Eksel, mayor
Charlotte DE BACKER (Imewo)	Ostend, councillor
Christof DEJAEGHER (Gaselwest)	Poperinge, mayor
Jan DESMETH (Iverlek)	Sint-Pieters-Leeuw, mayor
Wim DRIES (Fluvius Limburg)	Genk, mayor
Ine FRANSEN (Fluvius Limburg)	Maaseik, city councillor

<sup>19</sup> European Article Numbering. One EAN corresponds to one physical connection to a distribution grid operated by Fluvius.

<sup>20</sup> As at the date of this Base Prospectus, these 20 board mandates are distributed among the shareholders as follows: Fluvius Antwerpen: 3 mandates; Fluvius Limburg: 3 mandates; Gaselwest: 2 mandates; Iverlek: 2 mandates; Iveka: 2 mandates; Fluvius West: 1 mandate; Imewo: 2 mandates; Sibelgas: 1 mandate; Intergem: 2 mandates; PBE: 1 mandate; and Riobra: 1 mandate.

Greet GEYPEN (Iverlek)	Mechelen, alderman
Tom KERSEMANS (Iveka)	Lille, alderman
Lies LARIDON (Fluvius West)	Diksmuide, mayor
Nicky MARTENS (Riobra)	Tienen, city councillor
Guy VAN DE PERRE (Iveka)	Kasterlee, alderman
Adinda VAN GERVEN (Fluvius Antwerpen)	Brasschaat, alderman
Kristien VINGERHOETS (Fluvius Antwerpen)	Hemiksem, councillor

Nick Vandeveldel was appointed as Secretary to the Board of Directors. He is Secretary-General at Fluvius System Operator and, in that capacity, bears responsibility for corporate and legal affairs.

The above Directors, as well as the Secretary of the Board of Directors, have their business address at Brusselsesteenweg 199, 9090 Melle, Belgium.

#### *Management Committee*

The Board of Directors has entrusted the Management Committee with the day-to-day management and the operational leadership of Fluvius System Operator from an operational and organisational perspective. The day-to-day execution of the decisions taken by the Guarantors and certain daily management tasks of these Guarantors have also been entrusted to the Management Committee. The members of the Management Committee participate in the Fluvius System Operator's Board of Directors meetings, solely with an advisory role and without exercising any voting rights.

At the date of the Base Prospectus, the ten members of the Management Committee are:

#### **Frank Vanbrabant**, CEO and Chairman of the Management Committee

Mr Vanbrabant was born in 1962. After exercising a number of functions in administration and logistics, he joined the energy sector as Infrac's purchasing and logistics manager in 1999. In 2007, he headed the Customer Department at Infrac. Prior to his current function as Fluvius's CEO since 1 July 2018, he was CEO at Infrac. Mr Vanbrabant is a commercial engineer with a specialty in business informatics.

Areas of responsibility: CEO, chairman of the Management Committee

Other positions: Chairman of the Board at Atrias; Board member at Synductis and De Stroomlijn; member of the Board of VOKA Chamber of Commerce Limburg

#### **Raf Bellers**, member of the Management Committee (Director Supply Chain)

Mr. Bellers (b. 1971) was appointed as Chief Supply Chain Officer at Fluvius in 2018. Prior to the merger, he worked at Infrac with responsibilities for grid synergies and as manager of the knowledge centre on sewerage. Before his career at Infrac, he worked at Aquafin in technical planning and business development. Mr Bellers holds a civil engineering degree.

Areas of responsibility: supply chain & procurement, materials & methods, digital metering, logistics and facilities

Other positions: Board member at Vlario, Board member of Scameleon

#### **Tom Ceuppens**, member of the Management Committee (Director Customer Service)

Mr. Ceuppens (b. 1971) holds a master's degree in civil engineering. He joined Fluvius from Infrac at the latter's merger with Eandis (on 1 July 2018) and became responsible for Fluvius's Customer Department. At Infrac, he was responsible for customer affairs as well as for operations. Before his switch to the energy sector in 2015, Mr. Ceuppens was active in several international functions in the dredging sector for 20 years.

Areas of responsibility: customer services, contact centres, social energy supply, key accounts, product management, promotion of rational use of energy

Other positions: member of the Board at De Stroomlijn

**Guy Cosvyns**, member of the Management Committee (Director Data Management)

Mr Cosvyns (b. 1962) is an electrotechnical engineer. He has built a long career in the energy sector in several commercial, technical and regulatory affairs management positions. In 2005, he became responsible for Eandis's operating area Leie-Schelde. He joined the Eandis's Management Committee in 2013 as Director Customer Operations. Since 2018, he is in charge of Fluvius's Data Management Department.

Areas of responsibility: dataroom, market data operations, market data coordination

Other positions: board member at Atrias; board member of VOKA Chambre of Commerce West - Flanders; board member at Business Centres Waregem and Kortrijk

**Wim Den Roover**, member of the Management Committee (Director Network Operations)

Mr Den Roover (b. 1961) is currently responsible for the Department Network Operations at Fluvius. He obtained an engineering degree. Prior to his current function at Fluvius, he was responsible for the Smart Programmes at Eandis. He has developed his career in several infrastructure areas and was also responsible for a number of internal projects.

Areas of responsibility: grid operations, telecom operations

Other positions: member of the Board of Directors at De Stroomlijn

**Jean Pierre Hollevoet**, member of the Management Committee (Director Network Management)

Mr Hollevoet (b. 1962), who holds a technical engineering degree, is currently responsible for the Network Management Department at Fluvius. Previous to his current position, he was a.o. responsible for an operational infrastructure area, for asset management, and for supply chain & facility management, procurement at Eandis and Fluvius.

Areas of responsibility: asset planning & development

Other positions: Mr Hollevoet is a director at Synductis and Synergrid, vice-president of gas.be and member of the International Gas Union's Executive Committee.

**David Termont**, member of the Management Committee, CFO (Director Financial Management and IT)

Mr Termont (b. 1970) is currently responsible for the Finance & ICT Departments at Fluvius. He holds an Economics Degree. He started his professional career as advisor to an Alderman and later as a director of the Economy Dept. at the City of Ghent. Prior to his CFO and ICT role at Fluvius, he was in charge of GeDIS's and Eandis's Customer Care Department and the Finance & ICT Department at Eandis.

Areas of responsibility: finance, ICT

Other positions: chairman of the Board at De Stroomlijn; member of the Board and Chairman of the Audit Committee at Atrias; member of the Board at Contassur

**Nick Vandevelde**, member of the Management Committee, Director Secretary-General

Mr Vandevelde (b. 1957) has a master's degree in law with a postgraduate degree in taxation. He currently serves as Fluvius's secretary-general. In this function, he is responsible for Fluvius's and the group's corporate and legal affairs. He also chairs the internal CSR Board at Fluvius. Previous to his current position, Mr Vandevelde acted as Eandis's secretary-general. He has gained large experience in legal, administrative and financial matters pertaining to the energy sector and the intermunicipal companies.

Areas of responsibility: legal affairs, corporate administration, corporate social responsibility

Other positions: secretary to the Board at De Stroomlijn, Synductis and the DSOs Fluvius Antwerpen and Iveka.

**Filip Van Rompaey**, member of the Management Committee (Director Strategy)

Mr Van Rompaey (b. 1962), is responsible for the Fluvius Strategy Department. Prior to joining the utility sector at Infracore, he worked in the steel, insurance and banking sector. Mr Van Rompaey holds degrees in IT and commercial engineering.

Areas of responsibility: strategy, business development, corporate transformations, information security, digitalisation

Other positions: none

**Ilse Van Belle**, member of the Management Committee (Director HR & Communication)

Mrs Van Belle (b. 1968) holds a Commercial Engineering degree and she has obtained an HRM Executive Master Class certification. Mrs Van Belle was appointed as Fluvius's director of HR & Communication in February 2019. Prior to her Fluvius position, she worked as external auditor at KPMG and in different management positions at the telecom operator Proximus a.o. with responsibilities in the fields of internal auditing, strategy development and HR.

Areas of responsibility: human resources, communication

Other positions: none

#### *Audit Committee*

Fluvius System Operator has established an Audit Committee. Currently, its four members are Jan Desmeth (Chairman), Lieven Cobbaert, Lies Laridon and Kristien Vingerhoets. The Issuer's articles of association allow for a maximum of six members for the Audit Committee to be appointed by the board of directors of Fluvius System Operator amongst its members.

The Audit Committee has an advisory competence and reports its findings to the Board of Directors. The responsibilities of the Audit Committee relate to control over the Issuer's accountancy, its control systems, the proper application of accounting rules, financial reporting and budgeting.

#### *HR Committee*

Fluvius System Operator has also installed an HR Committee. It is chaired by Ms Greet Geypen. Its other members are currently Piet Buyse, Adinda Van Gerven and Kristien Vingerhoets.



The HR Committee has an advisory competence and reports its findings and guidelines to the Board of Directors. The HR Committee's tasks include monitoring developments in the HR policy of Fluvius System Operator and advising on Fluvius System Operator's general remuneration and benefits policy. The Committee is also consulted on nominations of managers within the company.

Fluvius System Operator's current articles of association stipulate that the HR Committee is composed of a maximum of six members to be appointed by the board of directors of Fluvius System Operator amongst its members.

#### *Strategic Committee*

The Strategic Committee functions as a consultation platform between Fluvius System Operator and its shareholders to prepare decisions on policy and strategic options. The Strategic Committee outlines the general strategy for Fluvius System Operator and the entire Fluvius Economic Group. Special attention is paid to the Issuer's relationship with the authorities and regulator, with shareholders and with the other stakeholders in operating distribution systems in Flanders. It is composed of six members. According to the articles of association of Fluvius System Operator, this committee has a maximum of ten members to be appointed by the board of directors of Fluvius System Operator amongst its members and it is being chaired by the Chairman of the Board of Directors, currently Mr Piet Buyse. Its other members are Hans Bonte, David Coppens, Wim Dries, Koen Kennis and Christophe Peeters.

#### *Conflicts of interest*

As at the date of this Base Prospectus, there are no conflicts of interest between the duties of the persons listed above in this section 1.3 – 'The Issuer's corporate structure' vis-à-vis the Issuer and/or their private interests or other duties. It should be noted that possible conflicts of interest between the duties of the directors of the Guarantors and their private investments or other duties are permanently being scrutinised by the Flemish authorities and by the regional energy regulator VREG.

#### *Corporate governance*

As the Belgian Corporate Governance Code for Listed Companies (the "**Code 2020**") is primarily aimed at companies with listed shares and given the extensive legal and regulatory requirements applicable to Fluvius System Operator, the Issuer has published its own Corporate Governance Charter, which was inspired both by the Code 2020 and the Corporate Governance Code for Non-listed Companies (the "**Code Buysse**"). This Corporate Governance Charter, of which the current edition was approved by the Issuer's Board of Directors on 17 June 2021, is updated on a regular basis when required by internal or external elements. The Corporate Governance Charter clearly states that the Issuer always strives to be compliant with the generally accepted principles of corporate governance. The Board of Directors is responsible for the Corporate Governance Charter. The topics covered in this Corporate Governance Charter are: (i) the company's mission, vision and values, (ii) its corporate social responsibility and sustainability policy, (iii) the relationship between the General Assembly, the Board of Directors, the dedicated committees (Strategic, Audit, HR) and the Management Committee, as well as the relationship between the operating company and its shareholding intermunicipalities, (iv) the operational responsibilities of the Issuer and (v) internal audit, business continuity management, complaints handling and the protection of corporate information. The annual reports contain specific reporting on the implementation of corporate governance principles in everyday practice.

#### *Corporate Social Responsibility (CSR) & sustainability policies*

As a regulated entity in the energy and utilities sector with public shareholders, Fluvius is fully aware of its responsibilities in the areas of CSR and sustainability. Its commitments in this respect have been set out in the Fluvius CSR Charter, approved by the Board of Directors on 4 December 2019. This document

can be accessed on the Issuer's website: <https://over.fluvius.be/sites/fluvius/files/2019-12/9010106-mvo-charter-2019-en.pdf>.

Furthermore, the Issuer has published its Ethical Charter, in which the rules and guidelines for ethical behaviour by the Issuer's staff has been outlined in line with legislation, general practice and the Issuer's values.

#### *The Issuer's strategy*

In working out the strategic options for the Issuer, the Board of Directors and the management of the Issuer carefully consider all relevant policy measures taken by the Flemish government and VREG, as well as the evolving economic, technical, operational, regulatory and legal context for the Issuer. The Issuer is always careful, however, not to compromise the current reliability and quality of the grids it operates and the services it delivers by implementing policy changes. It therefore considers every implementation option in light of its financial, technical and logistical feasibility and reassures itself that any strategic choice to be made should be socially acceptable to grid users. A second foundation for outlining the mid-term strategic options is evidently the Issuer's mission, vision, strategy and values taken as a whole, as approved by the Board of Directors.

The Issuer's strategy has four distinct elements: (i) we go all out for one Fluvius (ii) we create a maximum of synergies across the different networks (iii) we ensure future-proof networks and (iv) we put the customer and the employee first. The Issuer's mission has been defined as "to sustainably connect society with our multi-utility networks" and its vision is the following: "*Fluvius wants to become, in collaboration with all stakeholders, the Flemish multi-utility company*".

The outlined strategy is complemented by the Issuer values which can be considered as the DNA of the Issuer:

- Stronger together!: we strengthen each other in order to achieve our goal together and as one team.
- Driven by professionalism: we put safety first. We rely on each other's expertise, strive for quality and go for continuous improvement.
- Customer centric: our biggest motivation is our customers' satisfaction. We do our utmost to help them.
- Commitment: we are prepared to go the extra mile, and we do what we promise.
- Respect: we are honest, show empathy and take responsibility for each other and the society.

#### **1.4 The Issuer's corporate ratings**

At the date of this Base Prospectus, the Issuer has two long-term corporate ratings, i.e., at Moody's Investor Service Ltd. ("**Moody's**") and at Creditreform Rating AG ("**Creditreform**"). The history of these ratings is as follows:

##### Moody's

Fluvius System Operator (and before 1 July 2018, its predecessor Eandis System Operator) is rated at Moody's since 12 October 2011:

- 12 October 2011 – 13 March 2014: A1 negative outlook
- 13 March 2014 – 2 December 2014: A1 stable outlook

- 2 December 2014 – 14 December 2016: A1 negative outlook
- 14 December 2016 – 29 June 2018: A3 stable outlook
- 29 June 2018 – 25 July 2019: A3 positive outlook
- 25 July 2019 – 10 September 2020: A3 stable outlook
- 10 September 2020 – 29 October 2021: A3 negative outlook
- 29 October 2021 – present: A3 stable outlook

In Moody's methodology, an A3 rating means that the Issuer is situated in the upper-medium grade, subject to low credit risk; the modifier "3" indicates that it ranks in the lower end of its generic rating category. The stable rating outlook reflects the rating agency's opinion regarding the likely stable trend of the Issuer's rating, typically based on an 18-month horizon.

The rationale for the rating downgrade in December 2016 from A1 to A3 was inspired by Moody's anticipation that measures aimed at restoring the company's credit quality would not be implemented as foreseen after the planned merger of the DSOs and the planned entry of a private partner were both aborted.

Between December 2016 and the date of the Base Prospectus, Moody's announced several consecutive changes in the rating outlook. These changes were mostly based on Moody's expectations on the future developments of credit ratios, either positive or negative. Certain negative outlook changes reflected Moody's expectation that the VREG's decision on the adjusted 2021-2024 tariff methodology would cause key financial metrics to deteriorate and render balance sheet strengthening unlikely. In light of the mitigating measures put in place by the Issuer to limit the impact of the VREG's decision, Moody's however decided on 29 October 2021 to reinstate the Issuer's stable rating outlook.

#### Creditreform

Fluvius System Operator (and before 1 July 2018, its predecessor Eandis System Operator) is rated at Creditreform since 18 January 2017:

- 18 January 2017 – 30 October 2020: A+ stable outlook
- 30 October 2020 – present: A+ negative outlook

The current rating and rating outlook was last affirmed by Creditreform on 28 October 2021.

In Creditreform's rating methodology, an A-rating means that the rated entity is assumed to possess a high level of creditworthiness and a low default risk. The modifier "+" indicates that the rating is in the upper part of its category. The negative outlook has a time horizon of one year, forecasting the likely course of developments for the period of twelve months after the date of the rating.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

## **1.5 The Issuer's Subsidiaries**

### ***De Stroomlijn***

De Stroomlijn CV was established as a limited liability cooperative society (*coöperatieve vennootschap met beperkte aansprakelijkheid/société coopérative à responsabilité limitée*) on 28 December 2006 by a notarial deed of the same date, published in the Annexes to the Belgian State Gazette of 22 January 2007

under number 07012863. Its registered office is at Brusselsesteenweg 199, 9090 Melle, Belgium. De Stroomlijn is registered in the legal enterprise register of Ghent under number 0886.337.894.

As at the date of this Base Prospectus, Fluvius System Operator possesses 1,650 shares out of the total of 2,654 shares in De Stroomlijn, or 62.17 per cent. of the contributions. The other shares are owned by Farys/TMVW, an intermunicipal company active in the distribution and treatment of water (850 shares), Synductis (77 shares) and De Watergroep, another drinkwater and wastewater utility company (77 shares).

De Stroomlijn's articles of association give Fluvius System Operator the right to nominate four of the eight members of the Board of Directors. David Termont, member of the Issuer's Management Committee, is chairman of the Board of Directors of De Stroomlijn. The other directors on behalf of Fluvius are Wim Den Roover and Tom Ceuppens. At the date of this Base Prospectus, there is one vacancy for a director mandate for which the Issuer can suggest someone. However, the Issuer does not currently intend to do so in the short term. Nick Vandevelde, secretary to the Board of Directors of Fluvius System Operator, holds the same position in De Stroomlijn's Board of Directors.

De Stroomlijn's financial statements are consolidated with Fluvius System Operator according to the integral method.

De Stroomlijn operates as the independent customer contact centre that handles calls from end customers for distribution grid-related matters. On 30 June 2021, the company employed 321 people corresponding to 294.60 full-time equivalents. In 2020, De Stroomlijn processed a total of 2,320,796 calls, 84.8 per cent. of which (or 1,968,288 calls) were related to Fluvius System Operator's activities.

#### ***Atrias***

Atrias CV was established as a limited liability partnership (*coöperatieve vennootschap met beperkte aansprakelijkheid/société cooperative à responsabilité limitée*) on 9 May 2011 by a notarial deed of the same date, published in the Annexes to the Belgian State Gazette of 25 May 2011. Its registered office is at Kanselarijstraat 17A, 1000 Brussels, Belgium. Atrias is registered with the legal enterprise register of Brussels under number 0836.258.873.

As at the date of this Base Prospectus, Fluvius System Operator owns 50% of Atrias's contributions. The remaining Atrias shares are owned by other entities in the Belgian energy distribution sector, being ORES, Resa, Sibelga, AIEG, AIESH and Régie de Wavre.

Fluvius System Operator has the statutory right to nominate three of the nine Board members and has appointed Guy Cosyns, David Termont and Frank Vanbrabant in those positions. Fluvius System Operator also has the statutory right to nominate the Chairman of the Board of Directors. Frank Vanbrabant currently serves as Atrias chairman. Mr Géry Vanlommel, a Fluvius executive, is secretary to Atrias's Board of Directors.

Atrias's financial statements are consolidated with Fluvius System Operator according to the equity method.

Atrias's mission is defined as assuming the function of a central clearing house for the benefit of the DSOs and, as such, it is charged with the project for the development of the Message Implementation Guide (MIG) version 6, the development of a central Clearing House application and the management and maintenance of this application. MIG is a data transmission protocol being used for the structured data exchange between suppliers, DSOs and regional regulators on the liberalised energy market in Belgium. Through this role, Atrias will play a crucial role in data exchanges between energy market parties (primarily the DSOs and the energy suppliers). It will be the central hub for information

exchanges between those parties regarding all data changes in the characteristics of individual connections for electricity and gas throughout Belgium: registered consumption volumes, switches of energy supplier by the end consumers, end consumers moving house, installation of solar panels, adaptations to the technical characteristics of a connection, etc.

As at 30 June 2021, Atrias employed 27 people or 25.90 full-time equivalents.

### ***Synductis***

Synductis was established on 21 December 2012 as a limited liability cooperative society (*coöperatieve vennootschap met beperkte aansprakelijkheid/société cooperative à responsabilité limitée*) by a notarial deed of the same date, published in the Annexes to the Belgian State Gazette of 25 January 2013. Its registered office is at Brusselsesteenweg 199, 9090 Melle, Belgium. Synductis is registered with the legal enterprise register of Ghent under number 0502.445.845.

The founding partners of Synductis are Eandis, Farys and IWVA. Its current shareholders are Fluvius System Operator (holding 40.22% of the shares as at the date of this Base Prospectus), the water companies Farys, Pidpa, IWVA, De Watergroep, wastewater treatment company Aquafin and, finally, telecom operator Proximus. Furthermore, Synductis is closely collaborating on a contractual basis with the Flemish public transport company De Lijn and with the Flemish Agency for Roads and Traffic (*Agentschap voor Wegen en Verkeer – AWW*).

The eight-member Board of Directors at Synductis is currently being chaired by Mr Christophe Peeters, director at Fluvius System Operator. The other director on behalf of Fluvius is Mr Tom Kersemans, who is also a member of Fluvius' Board of Directors. Nick Vandevelde is secretary to the Board of Synductis.

Synductis's accounts are being consolidated with Fluvius System Operator according to the equity method.

Synductis has no staff of its own. Its activities are carried out by employees seconded by its shareholders.

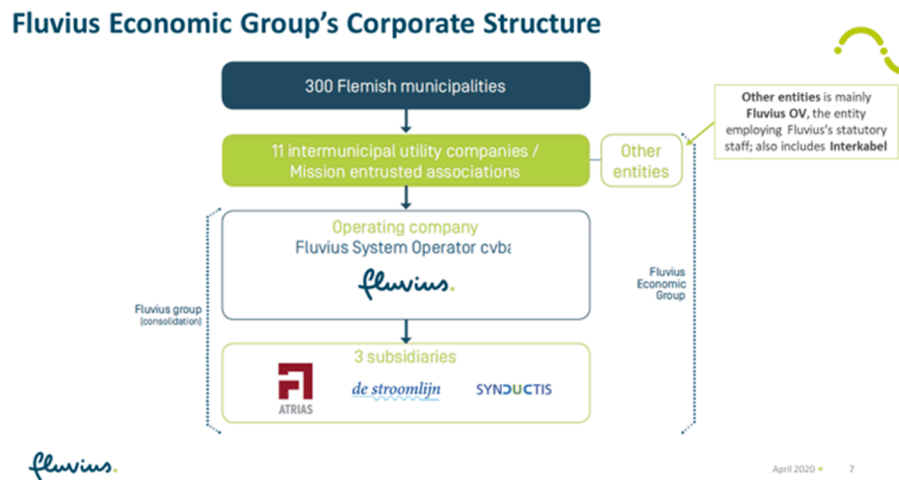
Synductis has the mission to better coordinate infrastructure works with an impact on the public domain. The coordination of planning and execution of infrastructure works by Synductis should lead to more synergies between utilities, minimal costs for grid operators and local authorities, and less hindrance for the population. A timely and clear communication with local authorities and neighbours is essential.

## **1.6 The Fluvius (consolidated) group and the Fluvius Economic Group**

The operating company Fluvius System Operator and its consolidated Subsidiaries Atrias, De Stroomlijn and Synductis (see also section 1.5 – ‘The Issuer's Subsidiaries’ above) constitute the “Fluvius (consolidated) group”. This concept is entirely in line with the consolidation principles laid down in the Belgian accounting legislation.

When the Fluvius consolidated group is considered together with the eleven shareholders of the operating company, Fluvius OV (see section 1.7 – ‘Fluvius OV’) and Interkabel, the intermediate structure of the Fluvius CATV entities (see section 4.3 – ‘Regulatory and contractual framework for Flemish CATV intermunicipalities’), the concept of the “Fluvius Economic Group” is introduced. It should be pointed out that the Fluvius Economic Group is not a legal entity, but that this concept is used for reporting purposes, taking into account that the Fluvius Economic Group includes both the asset owners and license holders (i.e., the Guarantors) and the entities which employ the staff and where the operational activities are being carried out (i.e., the operating company Fluvius System Operator, Fluvius OV and its consolidated Subsidiaries).

Schematically:



## 1.7 Fluvius OV

At the occasion of the legal merger by absorption of the former operating company Infrac by Eandis System Operator on 1 July 2018, all staff of the Infrac group entities had to be integrated into the newly created Fluvius System Operator. This posed no problems for the contractually employed Infrac staff, but the same procedure could not be followed for the statutory staff of the former Infrac entities. The said merger could not change their statute, nor their individual and collective rights and obligations. Therefore, these statutory employees were assembled within the entity Fluvius OV.

Fluvius OV's enterprise number is 0201.311.226. Its registered office is at Trichterheideweg 8, 3500 Hasselt, Belgium. The current legal entity Fluvius OV was created by a partial split-up of the former Infrac Limburg as registered in two notarial deeds executed by notary Vanderstraeten at Opglabbeek, dated 20 June 2018 and 25 June 2018.

All staff on Fluvius OV's pay-roll is, however, fully integrated into the organisational scheme and the different teams of the operating company Fluvius System Operator. The distinction between Fluvius System Operator and Fluvius OV was created solely for reasons of employment legislation. It should be pointed out that there will be no future growth in the number of staff at Fluvius OV, since no new statutory employees are or will be hired by Fluvius. Fluvius OV will cease to exist as soon as the last statutory employee leaves the company through retirement or otherwise.

At 30 June 2021, Fluvius OV employed 735 employees (i.e., 707.63 full-time equivalents).

On a monthly basis, the costs generated by Fluvius OV are passed through to Fluvius System Operator, which functions as the collection point for all costs generated for the operating company's statutory operational activities on behalf of the eleven DSOs/Guarantors. The operating company Fluvius System Operator sends out a monthly 'management invoice', calculated on the basis of all costs generated including those of Fluvius OV, to each of its DSOs/Guarantors.

Fluvius OV is included in the IFRS financial reporting of the Fluvius Economic Group.

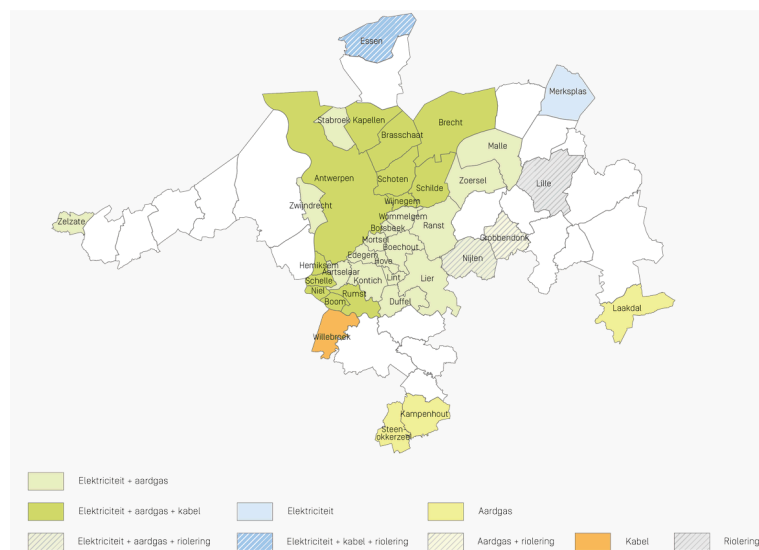
## 2 General information on the Guarantors

### 2.1 General information

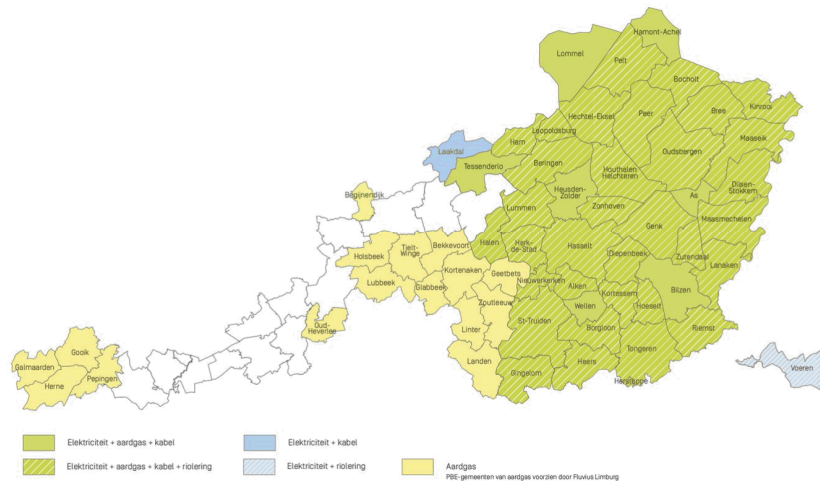
#### *Legal name and place of registration*

The Issuer, Fluvius System Operator, is the operating company for all of the Guarantors. As at the date of this Base Prospectus, these Guarantors are:

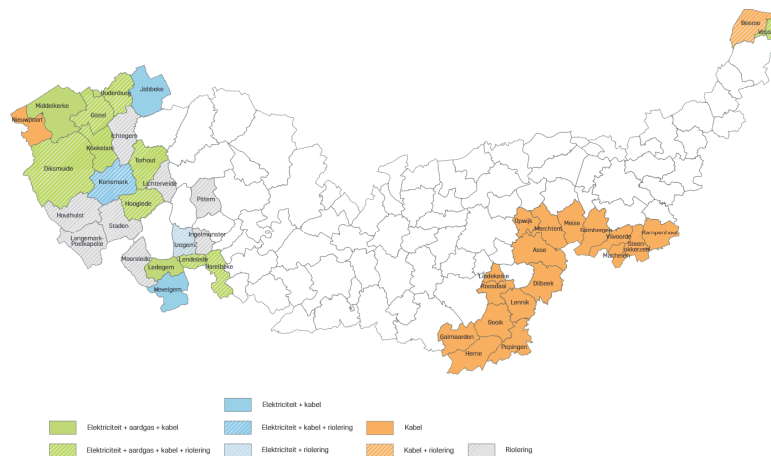
1. **FLUVIUS ANTWERPEN** (registered office at Antwerpsesteenweg 260, 2660 Hoboken-Antwerp, Belgium; general telephone number: +32 78 353534; with enterprise number 0212.704.370 (RLE Antwerp)): services a territory of 38 cities and municipalities in the wider Antwerp region, including the city of Antwerp (32 municipalities for electricity, 34 municipalities for gas, 4 municipalities for sewerage and 14 municipalities for CATV). Fluvius Antwerpen was licensed by the VREG for electricity and gas distribution by a decision of 30 January 2020. LEI: 5493003FZLUZ7VLIBT46;



2. **FLUVIUS LIMBURG** (registered office at Trichterheideweg 8, 3500 Hasselt, Belgium; general telephone number: +32 78 353534; with enterprise number 0207.165.769 (RLE Hasselt)): services a territory which largely corresponds to the territory of the Province of Limburg, including the cities of Hasselt and Genk. It covers 58 municipalities for electricity, 57 municipalities for gas, 35 municipalities for sewerage and 43 municipalities for CATV. By the VREG's decision of 25 April 2019 the licenses that had been awarded to Inter-Energa were relabeled as licenses for Fluvius Limburg. LEI: 5493006L24J50TYNYG41;

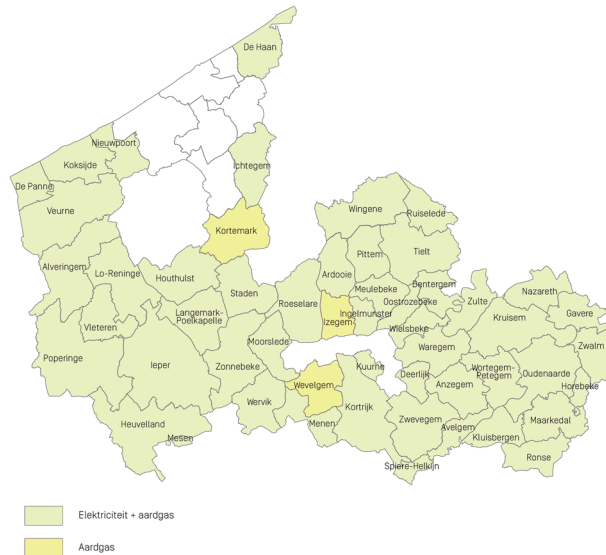


3. **FLUVIUS WEST** (registered office at Noordlaan 9, 8820 Torhout, Belgium; general telephone number: +32 78 353534; enterprise number 0205.157.176 (RLE Ghent, section Ostend)): services a territory of 41 cities and municipalities in the Provinces of West-Flanders and (for CATV only) in the Province of Flemish-Brabant: it covers 15 municipalities for electricity, 11 municipalities for gas, 19 municipalities for sewerage and 32 municipalities for CATV. The VREG licensed Fluvius West as electricity DSO on 27 January 2015. The license for gas was awarded by a decision of the VREG of 29 September 2015. LEI: 549300YJJZ3CE3CJKG49;



4. **GASELWEST** (registered office at President Kennedypark 12, 8500 Kortrijk, Belgium; general telephone number: +32 78 353534; with enterprise number 0215.266.160 (RLE Ghent, section Kortrijk)): services a territory of 54 cities and municipalities in the provinces of East- and West-Flanders that includes the cities of Kortrijk, Ypres and Oudenaarde (50 municipalities for electricity, 53 municipalities for gas). Gaselwest was licensed by the VREG for electricity distribution by a decision of 3 February 2015 and amended by the VREG's decision of 6 October 2020 (published on 8 October 2020), terminating Gaselwest's appointment as DSO for the city of Deinze. Gaselwest's current license for gas distribution was awarded by VREG decision of 29 September 2015, also amended by the same VREG decision dated 6 October 2020. LEI: 549300NTUSYQHTNYO66;





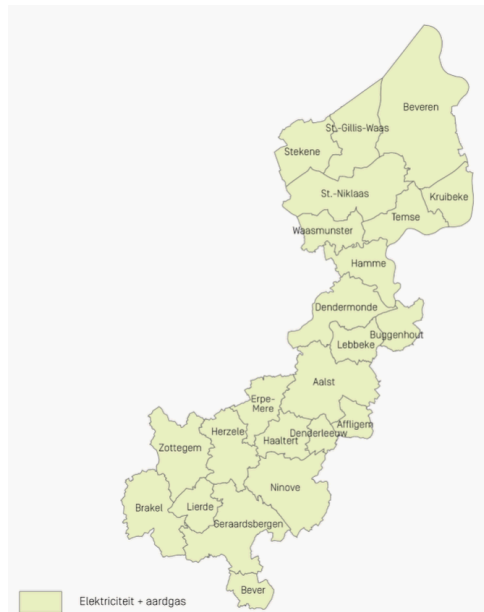
- IMEWO** (registered office at Brusselsesteenweg 199, 9090 Melle, Belgium; general telephone number: +32 78 353534; with enterprise number 0215.362.368 (RLE Ghent, section Ghent)): services a territory of 39 cities and municipalities in the Provinces East- and West-Flanders (38 for electricity and 39 for gas), including the cities of Ghent, Bruges, Lokeren and Ostend. Imewo was licensed as electricity DSO by the VREG decision of 5 September 2014 and as gas DSO by the VREG decision of 29 September 2015. By the VREG’s decision of 6 October 2020 (published on 8 October 2020), IMEWO was appointed as electricity and gas DSO for the entire territory of the merged city of Deinze (formerly the separate entities Deinze and Nevele). LEI: 549300RK49YQPIEQRX17;

**Imewo**

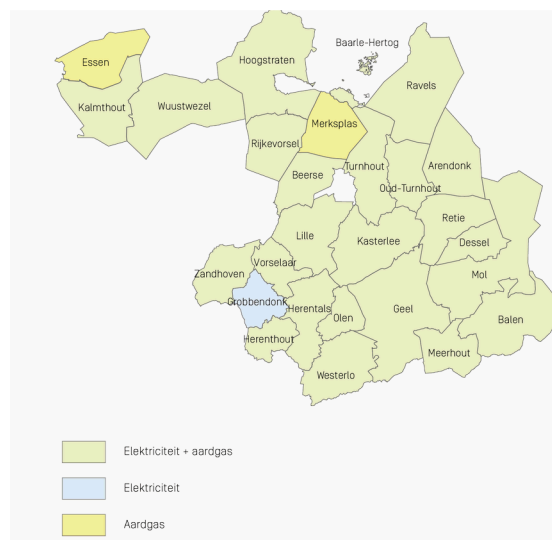


- INTERGEM** (registered office at Franz Courtensstraat 11, 9200 Dendermonde, Belgium; general telephone number: +32 78 353534; with enterprise number 0220.764.971 (RLE Ghent, section Dendermonde)): services a territory of 23 cities and municipalities in the Provinces Flemish-Brabant and East-Flanders, including the cities of Aalst, Sint-Niklaas and Dendermonde (i.e. 23

municipalities for electricity and the same number for gas). Intergem was licensed as electricity DSO by the VREG on 3 February 2015 and as gas DSO on 29 September 2015. LEI: 549300DKOLZ2SCJH8381;

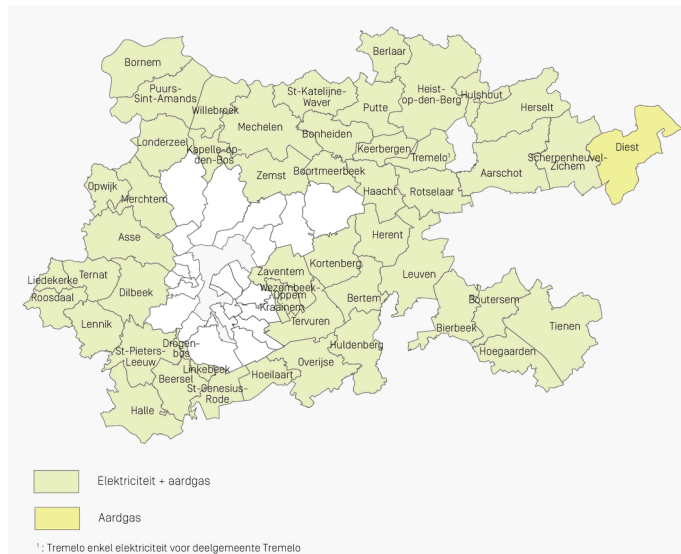


7. **IVEKA** (registered office at Koningin Elisabethlei 38, 2300 Turnhout, Belgium; general telephone number: +32 78 353534; with enterprise number 0222.030.426 (RLE Antwerp, section Turnhout)): services a territory of 27 cities and municipalities in the Province of Antwerp, including the city of Turnhout (25 municipalities for electricity and 26 municipalities for gas). Iveka's current licenses as electricity and gas DSO date back to the VREG decisions of 30 January 2020. LEI: 5493000L706GK2JAQV45;

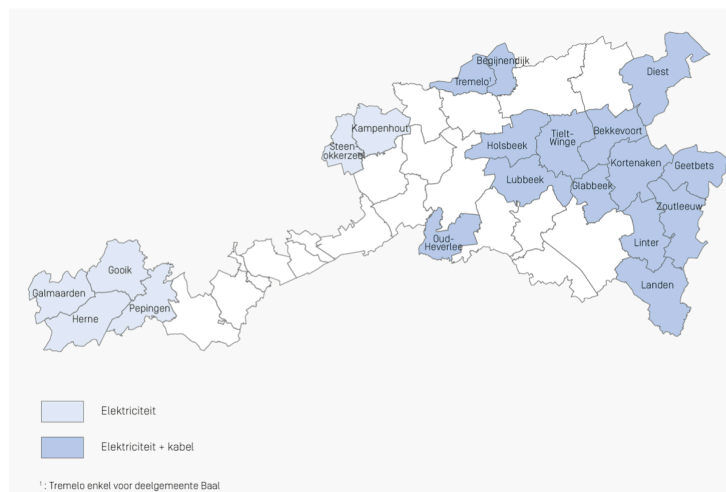


8. **IVERLEK** (registered office at Aarschotsesteenweg 58, 3012 Wilsele-Leuven, Belgium; general telephone number: +32 78 353534; with enterprise number 0222.343.301 (RLE Leuven)): services a territory of 51 cities and municipalities in the provinces Flemish-Brabant and Antwerp, including the cities of Mechelen and Leuven. It covers 50 municipalities for electricity and 51 municipalities for gas. Iverlek was licensed as electricity DSO by the VREG decision of 3

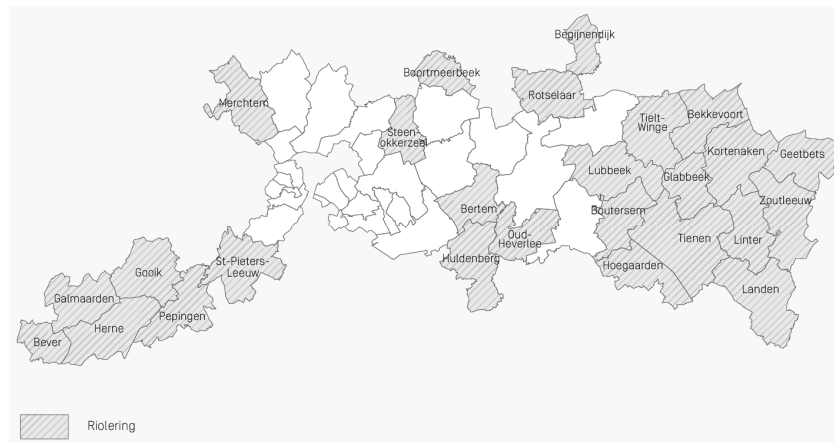
February 2015. Iverlek's gas DSO license was awarded by the VREG on 29 September 2015. LEI: 54930073JZQL85NE3817;



9. **PBE** (registered office at Diestsesteenweg 126, 3210 Lubbeek, Belgium; general telephone number: +32 78 353534; with enterprise number 0203.563.111 (RLE Leuven)): services a territory of 20 cities and municipalities in the Province Flemish-Brabant. It services 20 municipalities for electricity and 14 municipalities for CATV. PBE is only licensed as an electricity DSO (not for gas). Its current license was awarded by the VREG by a decision of 5 September 2014. LEI: 549300G5CH6WKCGR4Q56;



10. **RIOBRA** (registered office at Oude Baan 148, 3210 Lubbeek, Belgium; general telephone number: +32 78 353534; with enterprise number 0878.051.819 (RLE Leuven)): services a territory of 26 cities and municipalities in the Province Flemish-Brabant for the sewerage activity. LEI: 54930060X7VGAYBWQL55; and



11. **SIBELGAS** (registered office at Stadhuis, Grote Markt, 1800 Vilvoorde, Belgium; general telephone number: +32 78 353534; enterprise number 0229.921.078 (RLE Brussels)): services a territory of 5 cities and municipalities in the north of Brussels, both for electricity and gas. VREG licensed Sibelgas as electricity DSO on 3 February 2015 and as gas DSO on 29 September 2015. LEI: 549300X4GFP09PCRYU18.



### Legal form

The Guarantors are regulated public law entities, more specifically mission entrusted associations (*opdrachthoudende vereniging/association chargée de mission*) according to the Local Government Decree. Please refer to section 4 – ‘Regulatory and contractual framework applicable to the Guarantors’ for information on the legal regime applicable to the Guarantors and its consequences.

Please refer to section 3 – ‘Description of the markets for Fluvius’ for information on the markets in which the Guarantors operate.

### The Guarantors’ Geographical Markets

The Guarantors have no activities outside the Flemish Region (Belgium). The maps above indicate the operating territories of each of the relevant Guarantors for their activities.

### Summary of the principal activities of the Guarantors and their role within the Fluvius Economic Group

The corporate object of the Guarantors is defined in detail in article 3 of their respective articles of association.<sup>21</sup> It comprises the management and operation of utility distribution systems, including the responsibility for the development of these systems, as well as their viability and security. The Guarantors are also responsible for certain social and other public service obligations.

<sup>21</sup> For Riobra, see article 5 of its articles of association.

The Guarantors own the networks operated by Fluvius System Operator. With the exception of Riobra, they also hold the DSO licenses for electricity and gas distribution granted by the VREG<sup>22</sup>.

The table below presents some aggregated basic figures on the network infrastructure under the management of Fluvius System Operator. All figures are per 31 December 2020. Although managed by Fluvius System Operator, the grid assets remain fully owned by the Guarantors.

	<b>Electricity</b>	<b>Gas</b>
Total net length .....	132,830 km	57,596 km
of which .....	low voltage 86,263 km	low pressure 47,555 km
	mid voltage 46,567 km	mid pressure 10,041 km
Number of connections .....	3,535,782	2,299,555
Number of public lighting points .....	1,170,986	not applicable
Number of social clients .....	77,017	56,349
Active budget meters <sup>23</sup>	35,635	24,460
Digital meters installed.....	333,706	229,096

**Sewerage**

Total net length.....11,761 km

Connections.....635,613

**CATV**

Total net length.....27,832 km

Connections.....1,127,105

**District heating**

The Issuer is involved in a number of district heating projects. A district heating grid is an energy concept that uses heat – such as heat generated by a factory or incinerator, or which is drilled up from geothermal sources – for heating purposes. Well-insulated pipelines transport the heat from the heat source to the location where the heat is used for sanitation or heating. As such, district heating can be considered a sustainable form of energy use.

Fluvius is gaining valuable expertise in designing, building and operating district heating grids through several dedicated projects. For an overview of projects in which the Issuer was involved as at 5 October 2021, please refer to the table set out in section 4.6.3 – ‘District heating’ below. Further projects, which have demonstrated a sufficient strategic fit, will be subject to a business case analysis.

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<sup>22</sup> Riobra is not active in the distribution of electricity and gas, only in sewerage. Accordingly, it does not hold a DSO license for electricity and gas.

<sup>23</sup> Please note that the difference between the amount of active budget meters and the number of social clients relates to the fact that not all social clients require an active budget meter.

## 2.2 A brief history of the Guarantors

Since the implementation of the liberalisation in the energy markets in the European Union, the energy landscape in the Flemish Region has changed drastically. The main feature of the post-liberalisation energy landscape is that commercial activities and infrastructure operation are no longer conducted by a single entity. As a result, the intermunicipal companies, such as the relevant Guarantors, had to dispose of their electricity and gas supply activities and they have since become DSOs for electricity and natural gas.

A second feature of the recent history of the energy distribution in the Flemish region is the tendency to create larger DSOs by merging DSOs. The most recent examples of this trend are the creation of Fluvius Antwerpen and Fluvius Limburg (both on 1 April 2019). Through such a merger, more efficiency and more synergies can be created in grid operations, as well as in the administrative support. In some cases, these mergers have led to multi-utility entities, combining activities in both energy distribution and other utility services. It cannot be ruled out that more such mergers of DSO will be realised in the future, with the same overall effects on synergies and efficiency gains.

In this respect, please also refer to the risk factor entitled “*The Issuer, regulatory changes or legislative changes may initiate a possible merger of DSOs leading to a likely tariff harmonisation which may alter the Fluvius Economic Group’s financial position and prospects*” in Part II – ‘Risk factors’.

## 2.3 Corporate structure of the Guarantors

The typical corporate structure of the DSOs is composed of the General Assembly (where all participating municipalities are represented), a Board of Directors and Regional Governing Committees (“**RGC**”). The Guarantors are very similar as regards their governance structure, however, there are some differences amongst them in order to meet specific local circumstances or differences in scale.

### Board of Directors

The number of directors in each Guarator varies: as at the date of this Base Prospectus, it is 16 in Fluvius Antwerpen, Fluvius Limburg, Fluvius West, PBE and Sibelgas, 15 in Riobra, 10 in Gaselwest, Iverlek and Imewo and 7 in Intergem and Iveka. The Board of Directors is responsible for each Guarantor’s specific policy decisions and its own corporate affairs.

An overview of the directors of each Guarantor as at the date of the Base Prospectus is presented below:

*Fluvius Antwerpen* (business address for all directors: Brusselsesteenweg 199, 9090 Melle, Belgium)

Name	Function in DSO	Municipality	Function in municipality
KENNIS Koen	chairman	Antwerp	alderman
VERBEECK Paul	vice-chairman	Nijlen	mayor
BAUWENS Dirk	director	Schilde	mayor
DE VOS Chris	director	Duffel	councillor
DE VRIES Tom	director	Niel	mayor
DECKERS Sven	director	Brecht	mayor
GYS Frank	director	Wommelgem	mayor

*Description of the Issuer and the Guarantors*

JANSSENS Luc	director	Kapellen	alderman
LAMBRECHT Bart	director	Aartselaar	alderman
LEYS Carine	director	Hoboken (Antwerp)	district alderman
MEEUWS Tom	director	Antwerp	alderman
VAN GERVEN Adinda	director	Brasschaat	alderman
VAN LEUFFEL Charlie	director	Antwerp	district alderman
VERVLOESEM Katusha	director	Rumst	councillor
VINGERHOETS Kristien	director	Hemiksem	councillor
VAN HOVE Danny	member with advisory role	Zwijndrecht	councillor

*Fluvius Limburg* (business address for the directors: Trichterheideweg 8, 3500 Hasselt, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
KRIEKELS Rik	Chair	Diepenbeek	alderman
VAN ROELEN Erik	vice- chairman	Halen	mayor
BOSMANS Ilse	director	Wellen	alderman
DALEMANS Jan	director	Hechtel-Eksel	mayor
DRIES Wim	director	Genk	mayor
FRANSSEN Ine	director	Maaseik	councillor
LISMONT Patrick	director	Gingelom	mayor
NELIS Raf	director	Peer	alderman
STEEGEN Bruno	director	Bilzen	alderman
THIJS Heidi	director	Zutendaal	councillor
TIMMERMANS Lies	director	on behalf of PBE	councillor - Bekkevoort
VAN DER AUWERA Liesbeth	director	Bree	mayor
VERHEYEN Peter	director	Lanaken	alderman
VINTS Thomas	director	Beringen	mayor
VOS Mark	director	Riemst	mayor

*Description of the Issuer and the Guarantors*

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
VANDER LINDEN Serge	member with advisory role	Hamont-Achel	councillor

*Gaselwest* (business address of the directors: Brusselsesteenweg 199, 9090 Melle, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
DEJAEGHER Christof	chairman	Poperinge	mayor
BOGAERT Franka	vice-chair	Oudenaarde	councillor
CASIER Youro	director	Wervik	mayor
COBBAERT Lieven	director	Ichtegem	alderman
DELBARGE Mathieu	director	De Haan	alderman
EVRRARD Sandy	director	Mesen	mayor
HAYDON Daisy	director	Wielsbeke	councillor
VANBRUSSEL Mieke	director	Roeselare	councillor
VERZELE Joop	director	Kruisem	mayor
VANDENBROUCKE Koen	member with advisory role	Oostrozebeke	councillor

*Imewo* (business address of the directors: Brusselsesteenweg 199, 9090 Melle, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
DE BACKER Charlotte	chair	Ostend	councillor
THIENPONT Filip	vice-chair	Merelbeke	mayor
ANNYS Pablo	director	Bruges	alderman
DE DECKER Carl	director	Ghent	councillor
DE KEYSER Jan	director	Oostkamp	mayor
DE SPIEGELAERE Conny	director	Deinze	alderman
GANSEMANS Joris	director based on experience	Ghent	expert



*Description of the Issuer and the Guarantors*

TRENSON Rob	director	Evergem	councillor
VAN RYSSELBERGHE Sabine	director	Lokeren	alderman
SEELS Marnix	member with advisory role	Kaprijke	councillor

*Fluvius West* (business address of the directors: Brusselsesteenweg 199, 9090 Melle, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
LARIDON Lies	chair	Diksmuide	mayor
DE KNOP Irina	vice-chair	Lennik	mayor
CASIER Elke	director	Torhout	councillor
DESSEIN Geert	director	Ledegem	alderman
GOEMAERE Lies	director	Oudenburg	councillor
LANSENS Patrick	director	Koekelare	mayor
MAERTENS Caroline	director	Izegem	alderman
MOERKERKE Geert	director	Staden	alderman
PATTYN Francis	director	Harelbeke	alderman
TANT Stijn	director	Wevelgem	alderman
VAN DEN BROECK Floris	director	Opwijk	councillor
VANDEMBERGHE Wim	director	Jabbeke	councillor
VANWILDEMEERSCH Rik	director	Hooglede	alderman
VERMOTE Lynn	director	Kortemark	alderman
VIAENE Jan	director	Lendeledede	councillor
TANGHE Johan	member with advisory role	Oudenburg	councillor

*Intergem* (business address of the directors: Brusselsesteenweg 199, 9090 Melle, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
COPPENS David	chairman	Aalst	councillor
BUYSE Piet	vice-chair	Dendermonde	mayor
HANSENS Carl	director	Sint-Niklaas	alderman

*Description of the Issuer and the Guarantors*

PEETERS Lotte	director	Hamme	alderman
VANDERPOORTEN Dirk	director	Ninove	councillor
VINCKE Veerle	director	Beveren	councillor
VERHOFSTADT Henk	member with advisory role	Bever	councillor

*Iveka* (business address of the directors: Brusselsesteenweg 199, 9090 Melle, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
VAN DE PERRE Guy	chairman	Kasterlee	alderman
CUYLAERTS Nathalie	vice-chair	Rijkevorsel	alderman
KERSEMANS Tom	director	Lille	alderman
LATHOUWERS Silke	director	Kalmthout	alderman
VAN BAVEL Piet	director	Hoogstraten	alderman
VAN DEN BORNE Patrick	director	Ravels	alderman
VAN DE PERRE Jef	member with advisory role	Baarle-Hertog	councillor

*Iverlek* (business address of the directors: Brusselsesteenweg 199, 9090 Melle, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
DESMETH Jan	chairman	Sint-Pieters-Leeuw	mayor
GEYPEN Greet	vice-chair	Mechelen	alderman
DAEMS Geert	director	Hulshout	alderman
DEMIDDELEER Bertrand	director	Halle	councillor
ELPERS Heidi	director	Lennik	alderman
HEREMANS Nathalie	director	Heist-op-den-Berg	councillor
ROOVERS Tom	director	Tienen	alderman
VANSINA Dirk	director	Leuven	alderman
VRANKEN Gerry	director	Aarschot	alderman
VAN DOREN Bart	member with advisory role	Londerzeel	councillor

*PBE* (business address of the directors: Brusselsesteenweg 199, 9090 Melle, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
CLUCKERS Geert	chairman	Diest	alderman
ROGGEN Jo	vice-chairman	Geetbets	mayor
SUFFELEERS Davy	vice-chairman	Lubbeek	alderman
BILLENS Samuel	director	Gooik	councillor
COOSEMANS Pieter	director	Holsbeek	councillor
DE PRETER Nele	director	Tremelo	councillor
DEVOS Stefaan	director	Kortenaken	mayor
FOURIE Lore	director	Landen	alderman
LAUREYS Geert	director	Steenokkerzeel	alderman
LEAERTS Kris	director	Kampenhout	mayor
SEGHERS Rudi	director	Pepingen	alderman
TIMMERMANS Lies	director	Bekkevoort	councillor
VAN DEN BROECK Lieven	director	Herne	councillor
VAN DYCK Josien	director	Oud-Heverlee	councillor
WUYTS Annelore	director	Tielt-Winge	councillor
DANCKERS Ann	member with advisory role	Begijnendijk	councillor

*Riobra* (business address: Brusselsesteenweg199, 9090 Melle, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
VANGOIDTSENHOVEN Danny	chairman	Huldenberg	mayor
MARTENS Nicky	vice-chair	Tienen	councillor
DEKEYSER Annick	director	Boortmeerbeek	alderman
GOOVAERTS Ann	director	Steenokkerzeel	councillor
GORIS Carine	director	Rotselaar	alderman
PERSOONS Ludo	director	Galmaarden	alderman

*Description of the Issuer and the Guarantors*

REVIERS Benny	director	Bekkevoort	alderman
ROGGEN Jo	director	Geetbets	mayor
SERE Veerle	director	Sint-Pieters-Leeuw	councillor
SOREE Bart	director	Begijnendijk	alderman
SOUFFRIAU Pascale	director	Gooik	councillor
SUFFELEERS Davy	director	Lubbeek	alderman
TAVERNIERS Jean-Pierre	director	Hoegaarden	mayor
VANBELLE Guy	director	Boutersem	councillor
VANDEVELDE Andy	director	Linters	alderman
REYGAERTS Yvo	member with advisory role	Bever	councillor

*Sibelgas* (business address of the directors: Laurent-Benoit Dewezplein 6, 1800 Vilvoorde, Belgium)

<b>Name</b>	<b>Function in DSO</b>	<b>Municipality</b>	<b>Function in municipality</b>
BONTE Hans	chairman	Vilvoorde	mayor
VANSTEENKISTE Walter	vice-chair	Wemmel	mayor
AKKUS Faruk	director	Vilvoorde	councillor
ANCIAUX Roel	director	Meise	councillor
ANDRIES Christian	director	Wemmel	alderman
CLAEYS Steve	director	Machelen	mayor
DE BOECK William	director	Grimbergen	alderman
DE GROEF Jean- Pierre	director	Machelen	chairman of municipal council
LAMARTI Fatima	director	Vilvoorde	alderman
LAUWERS Chantal	director	Grimbergen	councillor
ROOSEN Philip	director	Grimbergen	alderman
THAELEMANS Marie- Jeanne	director	Meise	councillor
VAN DER STRAETEN Monique	director	Wemmel	alderman

Name	Function in DSO	Municipality	Function in municipality
VAN HARCK Nancy	director	Machelen	councillor
WOUTERS Jaak	director	Meise	councillor
GROOTJANS Marc	member with advisory role	Machelen	councillor
VIAENE Christian	director I.B.E.G.	/	/

As at the date of this Base Prospectus, there are no conflicts of interest between the duties of the Guarantors' directors and their private interests or other duties. Potential conflicts of interest are scrutinised both by the Flemish energy regulator VREG and the Flemish Government as supervising authority.

#### *Regional Governing Committees*

Each participating municipality has the statutory right to nominate at least one member of the relevant RGC. Municipalities with large populations sometimes have the right to nominate more than one member to such a RGC.

These RGCs are competent to decide on local matters, such as the collaboration with the municipally organised Public Social Welfare Centres (*Openbaar Centrum voor Maatschappelijk Welzijn*), local infrastructure works, RUE-activities (Rational Use of Energy), energy services to local authorities, public lighting, and the DSOs' social supplier activities (tariffs excluded). They can also advise on all matters pertaining to local matters. As to the strategic participations, the Regional Governing Committees have the statutory duty to formulate advices to the Board of Directors on matters such as the proposals for capital increases or capital reductions, the acquisition of new participations or the divestment of existing participations, and the allocation of the financial profits thereof. The relationship between the DSO and the operating company is ensured by and through the DSO's Board of Directors.

The exact number of RGCs in each DSO (2 or 3) depends on the size of the DSO. At the date of this Base Prospectus, the DSO Sibelgas does not have RGCs.

## **2.4 The status of the Guarantors under public law and the regulatory regime**

### *General overview and administrative review*

All Guarantors currently qualify as a "mission entrusted association" (*opdrachthoudende vereniging/association chargée de mission*), governed by the Local Government Decree.

Pursuant to the Local Government Decree, the mission entrusted associations are subject to administrative supervision by the Flemish Government as their supervising authority. It is necessary to distinguish between general and special administrative review by the Flemish Government. General administrative review is governed by Articles 461-469 of the Local Government Decree and refers to the possibility for the Flemish Government to annul decisions of the governing bodies of the association (in particular the Board of Directors) that it deems are not in compliance with the law or the public interest. To this effect, the Flemish Government can request (access to) all decisions, documents and information it requires. A summary of all decisions taken by a mission entrusted association must be also

published on its website within ten days from the day they are taken.<sup>24</sup> A decision can also be the subject of a complaint by a third party, in which case the Flemish Government will request the decision and related file to take this into account in the exercise of its administrative review. The term for exercising its review by the Flemish Government is 30 days from the publication of the list (or 50 days from the publication of a decision on certain specific topics). This term is suspended by (i) the submission of a (valid and timely) complaint and (ii) a request by the Flemish Government to receive the decision; a new 30-day (or 50-day) term then starts on the day following the day the complaint or the file, respectively, have been sent. As the filing of a complaint, in our view, does not qualify as a mandatory organised administrative review, a third party with an interest is not required to do so before it can challenge a decision by a mission entrusted associated before the Council of State (which it can do by default within 60 days following its publication). Any annulment decision by the Flemish Government must also be published on the website of the association.

In addition to the general administrative review, special administrative review is exercised by the Flemish Government in specific instances pursuant to Articles 428 and 472 of the Local Governance Decree, with respect to decisions (by a special shareholders meeting) regarding changes to the articles of association and participations in other legal persons (that are not mission entrusted companies) respectively. These decisions must be sent (within 30 days) to and approved by the Flemish Government (within 90 or 100 days following the day they are sent) before they can have their effect. As such this concerns a form of active review, as opposed the passive, general review described in the previous paragraph.

Lastly, the Flemish Government, pursuant to Article 470 of the Local Government Decree, can exercise forced supervision (following expiry of a remedy period given by written notice), in the form of one or several commissioners that are mandated to collect all requested information or comments at the premises of the association or to take other measures prescribed by law.

The mission entrusted associations have the corporate form of cooperative companies (*coöperatieve vennootschap/société coopérative*) and follow the general rules set out in the Belgian Companies and Associations Code for cooperative companies. However, on certain key points they differ from these rules. For example:

- they are established for a limited duration. In the current state of legislation, their maximum duration is 18 years. A prolongation of the mission entrusted associations' limited duration is possible if approved by their participants after having completed a strict approval procedure. This procedure requires that a request for prolongation is expressed by at least two thirds of the shareholders present or represented in a general shareholders' meeting, provided that at least the majority of the municipal shareholders vote in favour;
- local authorities that are venturing into a mission entrusted association, by rule of law, transfer – for the statutory duration of the latter – their relevant municipal competencies to the mission entrusted association;
- mission entrusted associations are considered to be administrative authorities, whose decisions may be challenged before the Council of State (i.e., Belgium's highest administrative court, or "*Raad van State*" in Dutch, "*Conseil d'Etat*" in French);

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<sup>24</sup> In addition to the list, decisions about certain specific topics must be integrally published on the website. The Flemish Government must be informed of this publication on the same day.

- the mission entrusted associations are subject to the general principles of the public service and they have to comply with the applicable public procurement rules and regulations.

For the sake of clarity, none of the Guarantors has a management committee. None of the Guarantors has its own staff.

*Current termination dates of the Guarantors*

It was indicated above that all Guarantors have been established as mission entrusted associations with a limited, but renewable, duration. The table below contains the date of incorporation<sup>25</sup> and the termination date for each of the Guarantors which is valid as at the date of this Base Prospectus:

<b>Name</b>	<b>Date of incorporation</b>	<b>Termination date</b>
Fluvius Antwerpen	24 November 1972	29 March 2037
Fluvius Limburg	29 November 2004	29 March 2037
Fluvius West	7 April 1924	29 March 2037
Gaselwest	8 July 1975	29 March 2037
Intergem	15 September 1980	29 March 2037
Imewo	10 March 1975	29 March 2037
Iveka	24 November 1981	29 March 2037
Iverlek	29 March 1982	29 March 2037
PBE	8 February 1928	29 March 2037
Riobra	25 November 2005	24 November 2023
Sibelgas	19 December 1986	29 March 2037

*Non-commercial nature of the Guarantors*

Pursuant to the Local Government Decree, none of the Guarantors' has a commercial character (*handelskarakter*). The Guarantors are not subject to Belgian bankruptcy legislation and bondholders will not enjoy protection from these bankruptcy laws as the Guarantors do not constitute enterprises under Book XX of the Belgian Code of Economic Law.

*Immunity of execution*

The Guarantors are public law entities. Under Belgian law, public law entities have the duty to perform their tasks of public service at all times (the so-called concept of '*continuity of the public service*'). Pursuant to Article 1412*bis* of the Belgian Judicial Code, assets owned by a public law entity (such as the Guarantors) therefore in principle benefit from immunity of execution as a result of which these assets cannot be seized. Most notably, this immunity of execution does not apply to assets that are manifestly not useful for the performance or the continuity of the public service. This means that, for example, the distribution infrastructure (cables, pipelines, cabins and others) owned by a Guarantor cannot be seized by Noteholders in case of default. Although this limits the enforceability of the obligations of the Guarantors, it also means that each of the Guarantors will be in a position to continue to perform its duties of public service and hence to generate revenues. This immunity of execution is not to be considered as an immunity of jurisdiction.

*Appointment/licensing requirements for DSOs*

The VREG has the competence to appoint ("license") the DSOs for electricity and/or gas in the Flemish Region as stipulated in the Energy Decree. The conditions and procedure for such appointment are laid down in the executive order of the Flemish Government of 19 November 2010 containing general

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<sup>25</sup> In some cases, these companies were originally incorporated under a different name.

provisions on the energy policy, as amended<sup>26</sup> (the “**Energy Order**”). The DSO license is valid for a renewable period of 12 years.

The key characteristics to be demonstrated by a candidate-operator relate to:

- the legal ownership or sufficient exploitation rights over a distribution network;
- its financial, organisational and technical capabilities;
- its professional reliability;
- the operational and legal independence (“unbundling”) of the candidate-operator from all companies that are active in electricity generation or the import of natural gas, companies holding a supply license, intermediaries, energy service providers (ESCOs) and aggregators, as well as their affiliates or associated companies;
- its capability to comply with the GDPR in the performance of its data management; and
- the capability to comply with uniform conditions for a continuous risk management system.

The Energy Order sets out more detailed conditions relating to each of these requirements.

On the basis of the evidence provided by the operators, the VREG extensively controls on a continuous basis their compliance with the appointment requirements and conditions.

The VREG must also give its prior approval for the appointment of an operating company by a DSO. The relevant Guarantors (i.e., all Guarantors with the exception of Riobra, which is not a DSO) have appointed the Issuer as their operating company for electricity and gas in accordance with the requirements and conditions of the Energy Decree and the Energy Order. These Guarantors have been allowed to use the services of Fluvius System Operator as their operating company by a decision of the VREG of 26 June 2018. The appointment is for the same duration as the Guarantor’s own DSO license.

#### *Termination/revocation of DSO license*

The DSO license is automatically terminated in the event of bankruptcy<sup>27</sup>, liquidation or merger. In addition, the VREG can revoke a Guarantor’s DSO license in accordance with the Energy Decree in each of the following circumstances:

- (i) a significant change in the shareholding of the DSO or its operating company that may jeopardise the independent grid operation or the data management activities;
- (ii) a heavy breach by the DSO or its operating company of their obligations under the Energy Decree and implementing legislation; and
- (iii) a heavy breach of compliance with the GDPR.

The VREG can withdraw its approval of the Issuer as operating company if the Issuer no longer complies with the criteria of its appointment (i.e., the same as for the DSO license set out above, and regarding the control of the DSO over the operating company) and the unbundling requirements.

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<sup>26</sup> *Besluit van de Vlaamse Regering van 19 november 2010 houdende algemene bepalingen over het energiebeleid.*

<sup>27</sup> It should be noted that in their current capacity the Guarantors are not subject to bankruptcy proceedings. Please also refer to the section entitled “*Non-commercial nature of the Guarantors*” and the risk factor entitled “*The Guarantors cannot be subject to bankruptcy proceedings and, potentially along with the Issuer, benefit from immunity of execution, which impacts the enforcement options of the Noteholders*”.



However, the Guarantors and the Issuer deem this risk to be very remote, since they try to comply with the rules. Furthermore, compliance by the Issuer and Guarantors with their legal obligations is monitored on an ongoing basis by the regulator and other supervising authorities. It should also be noted that the VREG may never proceed to the drastic decision of revoking a license or approval without a prior notification to the relevant Guarantor (and/or the Issuer) allowing it to rectify the situation or to object to the proposed revocation.

For a further description of the Guarantors' principal activities and their position in the energy and other markets, we refer to section 3.2 – 'Organisation of the Belgian Electricity Market', section 3.3 – 'Organisation of the Belgian Gas Market', section 3.4 – 'Organisation of the Flemish Sewerage Market' and section 3.5 – 'Organisation of the Flemish cable television (CATV) Market'. In section 4 – 'Regulatory and contractual framework applicable to the Guarantors', the regulations applicable to the tariffs used by the Guarantors are set out.

#### *Distribution of electricity*

With its decisions of 30 September 2014 (PBE), 27 January 2015 (Fluvius West), 3 February 2015 (Gaselwest, Intergem, Imewo, Iverlek, Iveka and Sibelgas), 24 February 2015 (Fluvius Limburg) and 25 April 2019 (Fluvius Antwerpen), all as amended from time to time, the VREG renewed all of the DSOs' electricity distribution licenses. The renewed licenses are in principle valid for a twelve-year period, starting on 5 September 2014 and expiring on 5 September 2026.<sup>28</sup>

#### *Distribution of gas*

With its decisions of 29 September 2015, as amended from time to time, the VREG renewed all of the DSOs' gas distribution licenses (other than PBE, which does not hold a gas distribution license). The renewed licenses are in principle valid for a twelve-year period, starting on 14 October 2015 and expiring on 14 October 2027.

#### *General Shareholders' Meeting*

Under the Local Government Decree, a General Shareholders' Meeting is convened twice a year: in the course of the first semester for discussing and approving the annual financial statements of the previous financial year, and in the course of the second semester for a discussion on the budgets and the strategy for the following year.

#### *Corporate Governance provisions*

The Guarantors' articles of association contain stringent provisions on corporate governance. These provisions are based on several legal and regulatory provisions as to their independent functioning in a liberalised energy market and the rules for a non-discriminatory access to the distribution grids for all distribution network users. In this regard, reference is made to the detailed requirements set out in the Energy Decree and Energy Order, which are strictly complied with by each of the relevant Guarantors.

Since none of the Guarantors is a listed company, the Corporate Governance Code for Listed Companies does not apply to the Guarantors. The recommendations of the Code Buysse do apply to the Guarantors. However, given the nature of the eleven Guarantors and the fact that an extensive set of binding corporate

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<sup>28</sup> For the sake of completeness, it can be noted that Fluvius Limburg was finally appointed as DSO for the territory of the municipality of Voeren by a decision of the VREG of 7 November 2016, for a twelve-year period starting on 1 January 2016 and expiring on 1 January 2028. Furthermore, by decisions of 6 October 2020 (published on 8 October 2020), the VREG appointed Imewo as the electricity and gas DSO for the whole city of Deinze as per 1 January 2021, and ended the appointment of Gaselwest as electricity and gas DSO for Deinze as of the same date.

governance rules has been imposed upon them by law (see above), the Guarantors do not apply the Code Buisse to the extent that full compliance would be impossible, redundant or overly burdensome.

## **2.5 The unbundling regime**

### *General*

The EU has introduced legislation containing unbundling rules for DSOs which aim to ensure that there is no conflict of interest for these system operators in the delivery of their services and no incentive to carry out their activities in a manner which might favour certain parties over other parties in the energy markets. These rules ensure that DSOs are not allowed to operate or have an interest in the businesses of energy generation and energy supply and other related energy businesses (subject to limited exceptions). There are different levels of unbundling: accounting, functional, legal and ownership unbundling.

The Third Energy Package<sup>29</sup> in principle only requires transmission system operators (“**electricity TSOs**”) to be fully “ownership” unbundled. European legislation does not oblige DSOs to be “ownership” unbundled, but it imposes legal and functional unbundling. This is the case in Belgium as well where only electricity TSOs are subject to the most stringent rules on ownership unbundling. The Flemish Region has implemented the Third Energy Package by introducing specific unbundling rules applicable to DSOs (such as the Guarantors) and their operating company.

### *Unbundling of the Flemish DSOs*

At the start of the liberalisation of the energy market the Flemish Region opted for a model of legal and functional DSO unbundling. Unbundling rules for DSOs and their operating companies are specified in both (i) the Energy Decree and (ii) the Energy Order. These rules affect both the Guarantors as DSOs and the Issuer as operating company.

The Energy Decree stipulates that DSOs and their operating companies cannot develop activities involving the supply or production of electricity and natural gas or the provision of commercial energy services (including acting as aggregator). In addition, the Energy Order contains, inter alia, the following unbundling restrictions:

- Maximum participation of 30% in a DSO’s share capital or contributions (as applicable). Companies active in electricity generation or import of natural gas, intermediaries, companies holding a supply license, energy service providers (ESCOs) and aggregators (“**Production or Supply Entities**”) or their affiliates or associated companies are prohibited from owning individually or jointly more than 30% of the share capital or contributions (as applicable) of a DSO or its operating company.
- No participation in Production or Supply Entities. DSOs and their operating companies cannot directly or indirectly participate in Production or Supply Entities or their affiliates or associated companies.
- Corporate governance restrictions. The other unbundling restrictions mainly relate to corporate governance and the share of independent directors in the various corporate bodies.

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<sup>29</sup> With regard to the electricity market, it concerns the Third Electricity Directive (2009/72/EC). For the gas market, it concerns the Third Gas Directive (2009/72/EC). The recast Electricity Directive (EU) 2019/944, which was approved as part of the Clean Energy Package, has not substantially altered these unbundling regimes for electricity TSOs and DSOs.

## 2.6 The Guarantors' shareholding

All shares representing the Guarantors' share capital or contributions (as applicable) are currently held by Flemish local authorities (cities and municipalities). No shareholder exercises control over any Guarantor.

The Guarantors have also issued non-voting shares and profit certificates. For more details, see the relevant tables below.

### Shareholding per Guarantor

The tables below set out the number of voting shares, non-voting shares and profit certificates held by each of the Guarantors' shareholders (situation on 30 June 2021).<sup>30</sup>

#### 1. Fluvius Antwerpen

Shareholders	Voting shares									Total voting shares	Non-voting								
	E & G		Other activities						shares public lighting		Profit certificates								
	E	Ag	CATV	Publigas	Publi-T	sewerage	Ate	Aw			Ce	Cg	Ck	Cov	Cpg	Cpt	Cr	Cw	Total profit certificates
Aartselaar	161.126	127.956	--	--	--	--	--	1	289.083	--	1	1	--	--	--	--	--	3	
Antwerpen	5.377.891	4.261.418	2.539.812	596.932	887.639	--	1	2	13.663.695	--	1	1	1	--	1	1	--	6	
Boechout	152.329	118.748	--	--	20.237	--	--	1	291.315	50.800	1	1	--	1	--	1	--	5	
Boom	131.990	149.464	118.672	--	--	--	--	--	400.126	23.094	1	1	1	1	--	--	--	4	
Borsbeek	69.033	68.203	--	--	--	--	--	1	137.237	4.484	1	1	--	1	--	--	--	4	
Brasschaat	587.019	399.781	263.002	64.009	55.472	--	1	--	1.369.284	--	1	1	1	--	1	1	--	5	
Brecht	363.700	191.610	52.978	--	--	--	--	1	608.289	--	1	1	1	--	--	--	--	4	
Duffel	316.375	191.887	--	26.823	67.386	--	1	--	602.472	23.593	1	1	--	1	1	1	--	5	
Edegem	153.095	157.280	--	--	--	--	--	--	310.375	21.110	1	1	--	1	--	--	--	3	
Essen	600.298	--	101.334	--	53.849	411.834	--	--	1.167.315	79.200	1	--	1	1	--	1	1	5	
Grobbendonk	--	99.513	--	--	--	335.282	--	--	434.795	--	--	1	--	--	--	--	1	2	
Hemiksem	192.891	161.831	71.074	--	19.261	--	--	1	445.058	26.100	1	1	1	1	--	1	--	6	
Hove	76.069	62.647	--	--	--	--	--	1	138.717	23.394	1	1	--	1	--	--	--	4	
Kampenhout	--	25.105	--	--	--	--	--	--	25.105	--	--	1	--	--	--	--	--	1	
Kapellen	439.958	246.515	127.675	33.781	49.159	--	1	1	897.090	47.900	1	1	1	1	1	1	--	7	
Kontich	235.961	189.938	--	--	--	--	--	--	425.899	--	1	1	--	--	--	--	--	2	
Laakdal	--	51.164	--	--	--	--	--	1	51.165	--	--	1	--	--	--	--	--	2	
Lier	409.133	328.868	--	--	--	--	--	1	738.002	51.438	1	1	--	1	--	--	--	4	
Lille	--	--	--	--	--	661.704	--	--	661.704	--	--	--	--	--	--	--	1	1	
Lint	58.712	60.007	--	--	--	--	--	--	118.719	8.934	1	1	--	1	--	--	--	3	
Melle	216.026	148.486	--	--	--	--	--	1	364.513	20.717	1	1	--	1	--	--	--	4	
Merkplas	136.871	--	--	--	6.065	--	--	--	142.936	37.600	1	--	--	1	--	1	--	3	
Mortsel	307.134	211.711	--	46.754	31.390	--	1	1	596.991	25.910	1	1	--	1	1	1	--	6	
Niel	145.075	111.807	64.974	--	14.518	--	--	--	336.374	31.600	1	1	1	1	--	1	--	5	
Nijlen	627.062	208.075	--	--	49.059	114	--	1	884.311	92.900	1	1	--	1	--	1	1	6	
Ranst	237.636	167.126	--	--	--	--	--	1	404.763	21.922	1	1	--	1	--	--	--	4	
Rumst	172.610	162.586	54.235	--	--	--	--	1	389.432	--	1	1	1	--	--	--	--	4	
Schelle	87.178	72.130	56.138	--	--	--	--	--	215.446	10.937	1	1	1	1	--	--	--	4	
Schilde	253.816	185.825	89.004	--	--	--	--	1	528.646	10.634	1	1	1	1	--	--	--	5	
Schoten	342.734	275.381	234.720	--	--	--	--	--	852.835	27.113	1	1	1	1	--	--	--	4	
Stabroek	137.358	162.825	--	--	--	--	--	1	300.184	23.008	1	1	--	1	--	--	--	4	
Steenokkerzeel	--	46.022	--	--	--	--	--	--	46.022	--	--	1	--	--	--	--	--	1	
Wijnegem	111.913	88.248	62.608	--	--	--	--	1	262.770	20.158	1	1	1	1	--	--	--	5	
Willebroek	--	--	107.286	--	--	--	--	--	107.286	--	--	--	1	--	--	--	--	1	
Wommelgem	166.563	112.079	--	--	--	--	--	--	278.642	--	1	1	--	--	--	--	--	2	
Zelzate	119.790	32.125	--	--	16.804	--	--	1	168.720	38.000	1	1	--	1	--	1	--	5	
Zoersel	250.013	180.177	--	--	--	--	--	--	430.190	21.323	1	1	--	1	--	--	--	3	
Zwijndrecht	265.905	164.207	--	22.940	33.197	--	1	--	486.250	--	1	1	--	--	1	1	--	4	
Eindtotaal	12.903.264	9.220.745	3.943.512	791.239	1.304.036	1.408.934	6	20	29.571.756	741.869	32	34	14	24	6	13	4	19	

<sup>30</sup> For each Guarantor, except Sibelgas, the abbreviations used in these tables refer to the terminology as set out in the articles of association of such Guarantors. The current articles of association of the Guarantors are available in Dutch on the website of the Issuer (<https://over.fluvius.be/nl/thema/de-opdrachthoudende-verenigingen>).

2. *Fluvius Limburg*

Shareholders	Voting shares & profit certificates													Non-voting shares & profit certificates				
	Grid management electricity & gas						Ancillary activity							Total grid management + ancillary activity	Ve	Cg	Wr	Total
	Ae	Be	Ag	Bg	Cg	Total grid management	Al	Bl	Ar	Br	Total ancillary activity							
Alken	395	29.419	36.670	16.610	18.955	102.249	46	13.729	4	207.039	220.818	323.067	12.078	14.450	41.407	67.935		
As	92	25.066	19.189	11.990	13.520	69.877	32	12.816	–	–	12.848	82.725	7.943	5.828	–	13.771		
Beiringen	1.362	123.362	9.1336	67.752	76.397	360.229	172	54.191	10	945.719	1.000.092	1.360.321	43.145	46.576	189.143	280.864		
Bilzen	1.054	90.910	78.934	47.259	53.290	271.447	124	38.367	–	–	38.511	309.958	32.396	28.126	–	60.524		
Bochtolt	421	56.180	41.465	19.165	21.611	138.842	52	20.664	4	360.923	381.643	520.485	13.044	12.050	72.194	97.278		
Borghon	422	35.616	28.669	15.943	17.977	98.827	42	15.116	4	155.531	170.695	269.522	11.198	11.736	31.106	54.030		
Bree	581	61.167	63.781	23.514	26.515	175.558	82	24.353	4	268.964	293.363	468.941	15.433	17.688	53.790	86.913		
Diepenbeek	593	55.663	67.861	27.821	31.371	183.329	74	21.387	–	499.166	520.627	703.956	18.813	20.990	99.833	139.636		
Dilsen-Stokkem	659	66.743	67.387	30.100	33.941	198.830	80	24.200	4	474.506	498.790	697.620	20.037	34.044	94.901	148.982		
Genk	520	190.063	200.817	96.815	109.169	597.384	280	87.221	14	1.361.733	1.449.228	2.046.612	69.767	68.271	272.346	410.384		
Gingelom	363	15.374	9.269	12.287	–	37.293	34	9.683	2	190.168	199.267	236.580	8.371	–	38.033	46.404		
Halen	337	30.441	20.472	13.781	15.539	80.570	38	12.899	2	171.593	184.532	265.102	9.027	10.290	34.318	53.635		
Ham	341	34.074	22.668	15.930	17.963	90.976	42	15.060	4	230.944	248.076	337.046	10.243	6.275	48.186	62.706		
Hamont-Achel	497	58.373	62.430	21.006	23.698	165.992	58	22.825	–	–	22.863	206.675	15.047	41.688	–	56.735		
Hasselt	2.533	193.833	461.463	114.469	129.063	891.371	294	102.200	16	1.424.651	1.527.161	2.418.532	75.623	300.080	284.930	680.633		
Hochtel-Eksel	378	52.721	39.378	18.155	20.471	131.103	48	16.655	4	373.160	391.867	522.970	12.399	10.847	74.632	97.969		
Heers	309	14.811	12.048	10.805	12.183	50.196	30	7.947	2	650.98	77.077	127.233	7.263	179	13.819	21.261		
Heik-de-Stad	409	40.711	40.551	18.472	20.829	120.972	50	22.314	4	283.583	305.951	426.923	12.805	16.899	56.716	86.220		
Heslappo	11	363	256	121	137	888	2	149	2	10.490	10.643	11.531	93	154	2.096	2.345		
Heusden-Zolder	1.067	88.303	113.330	49.277	55.564	307.581	128	39.601	–	–	39.729	347.290	33.139	35.945	–	69.084		
Hoeseelt	349	28.661	22.748	14.163	15.970	81.891	40	12.271	2	152.582	164.895	246.796	10.137	8.496	30.516	49.149		
Houthalen-Heilicheren	971	104.091	134.367	44.614	50.532	334.775	122	41.189	8	696.965	738.284	1.073.059	32.266	58.323	139.393	229.982		
Kirinooi	409	52.078	38.182	17.797	20.068	126.532	50	18.414	4	263.954	282.422	410.954	12.981	893	52.790	66.664		
Kortessem	254	24.081	15.582	12.341	13.916	66.174	34	12.447	2	106.524	119.007	165.181	8.894	2.800	21.304	32.998		
Laakdal	124	35.700	–	–	–	35.824	62	17.045	–	–	17.107	52.931	16.408	–	–	16.408		
Lanaken	652	58.719	111.163	37.776	42.596	251.106	102	32.385	6	600.098	632.991	863.697	26.983	75.978	120.019	221.980		
Leopoldsburg	190	37.121	35.492	23.032	25.971	121.806	60	19.628	4	143.610	163.302	265.108	15.296	20.572	28.722	64.592		
Lommel	1.052	136.643	166.936	49.819	56.178	412.629	132	51.137	–	–	51.269	463.896	34.415	70.835	–	104.250		
Lummen	478	50.742	46.531	21.767	24.545	144.663	58	20.131	4	249.067	269.260	413.323	14.926	18.436	49.813	83.175		
Maaseik	619	93.445	73.011	37.010	41.733	246.318	100	35.679	6	614.545	650.330	896.648	25.190	36.055	122.909	186.154		
Maaseikhele	1.398	102.115	149.005	56.305	63.490	372.313	148	49.437	8	736.125	788.718	1.161.031	39.605	71.496	147.825	258.926		
Nieuwenkerken	237	21.326	14.892	10.156	11.451	58.062	28	8.709	2	244.157	252.896	310.958	7.071	387	48.831	56.289		
Oudebergen	693	82.751	58.127	34.401	38.790	214.762	94	33.041	8	665.714	698.657	1.113.619	23.835	13.143	173.142	210.120		
Peer	485	73.660	66.137	23.912	26.963	191.157	66	22.478	4	437.887	460.435	651.592	16.693	21.148	87.577	125.418		
Pelt	963	119.217	146.049	48.096	54.236	368.583	124	45.309	4	831.426	876.863	1.245.446	30.732	66.790	166.285	263.810		
Riemst	635	42.048	45.219	24.494	27.819	140.015	66	17.818	4	373.346	391.234	531.249	17.351	14.508	74.069	106.826		
Sint-Truiden	1.468	75.187	283.003	59.337	66.909	485.904	158	46.067	8	974.893	1.021.146	1.507.050	41.614	121.773	194.978	358.365		
Tessenardie	551	62.389	56.841	27.210	30.882	177.473	72	27.162	–	–	27.234	204.707	17.130	23.627	–	40.757		
Tongeren	1.261	97.536	110.368	45.312	51.094	305.589	122	43.738	8	458.854	502.722	808.291	33.255	79.977	91.770	205.002		
Voeren	34	14.735	–	–	–	14.769	–	–	2	63.976	63.976	78.747	7.630	–	12.795	20.625		
Wellen	270	24.794	30.784	10.777	12.152	78.777	30	9.622	–	–	9.652	86.429	7.397	5.653	–	13.050		
Zonhoven	633	68.843	59.346	31.046	35.007	194.875	84	28.968	6	574.975	604.033	796.908	20.966	22.570	114.995	158.531		
Zutendaal	189	23.415	17.131	10.656	12.015	63.406	30	11.287	2	170.457	181.776	245.182	7.324	1.114	34.091	42.529		
<b>Total Municipalities</b>	<b>26.639</b>	<b>2.684.548</b>	<b>3.179.269</b>	<b>1.271.685</b>	<b>1.420.096</b>	<b>8.582.237</b>	<b>3.450</b>	<b>1.166.599</b>	<b>172</b>	<b>15.589.425</b>	<b>16.759.646</b>	<b>25.341.883</b>	<b>894.148</b>	<b>1.420.093</b>	<b>3.117.870</b>	<b>5.432.111</b>		
PBE	–	–	230.915	92.368	225.961	549.282	–	–	–	–	–	–	–	–	225.961	–		
<b>Overall total</b>	<b>26.639</b>	<b>2.684.548</b>	<b>3.410.124</b>	<b>1.364.051</b>	<b>1.646.077</b>	<b>9.131.439</b>	<b>3.450</b>	<b>1.166.599</b>	<b>172</b>	<b>15.589.425</b>	<b>16.759.646</b>	<b>25.341.883</b>	<b>894.148</b>	<b>1.646.074</b>	<b>3.117.870</b>	<b>5.432.111</b>		

3. *Fluvius West*

Shareholders	Voting shares				Non-voting					Total # shares	Total # profit certificates	
	shares electricity	shares gas	shares CATV	shares sewerage	shares	profit certificates						
					shares public lighting	profit certificates electricity	profit certificates gas	profit certificates CATV	profit certificates sewerage			
Asse			1.394								1.394	0
Beerse			44.172	424.744				10.190	5.740		468.916	15.930
Diksmuide	259.249	40.764	30.535	340.296	30.933	82.944	14.549	9.743	4.599		701.777	111.835
Dilbeek			1.875								1.875	0
Galmaarden			385								385	0
Gistel	138.248	38.601	22.546	281.736	23.632	48.695	12.735	7.164	3.807		504.763	72.401
Gooik			433								433	0
Grimbergen			1.635								1.635	0
Harelbeke	393.936	110.426	56.101	574.679	51.454	125.567	35.567	17.599	7.766		1.186.596	186.499
Herne			337								337	0
Hooglede	182.075	30.324	19.251	276.522	16.251	57.659	10.108	6.010	3.737		524.423	77.514
Houthulst			209.915								209.915	2.837
Ichtegem			316.432								4.276	316.432
Ingelmunster			242.795								3.281	242.795
Izegem	50			610.267							8.247	610.317
Jabbeke	188.682		30.456		34.175	60.605		8.715			253.313	69.320
Kampenhout			529								529	0
Koekelare	123.953	13.572	16.514	203.209		38.380	5.868	5.370	2.746		357.248	52.364
Kortemark	193.868		23.704	256.078		62.631		7.476	3.461		473.650	73.568
Langemark-Poelkapelle				159.819							2.160	159.819
Ledelegem	112.794	25.253	18.929		13.762	37.448	9.091	5.840			170.738	52.379
Lendelede	93.105	23.122	11.272	134.256	10.433	30.832	6.455	3.530	1.814		272.188	42.631
Lennik			433								433	0
Lichtervelde				189.560							2.562	189.560
Liedekerke			577								577	0
Machelen			577								577	0
Meise			914								914	0
Merchtem			722								722	0
Middelkerke	397.737	77.608	86.866			137.077	25.939	29.345			562.211	192.361
Moorslede				207.546					2.805		207.546	2.805
Nieuwpoort			38.491						13.411		38.491	13.411
Opwijk			97								97	0
Oudenburg	89.225	28.990	19.537	198.696	23.391	33.736	10.408	6.080	2.685		359.839	52.909
Pittem				144.394					1.951		144.394	1.951
Pepingen			241								241	0
Roosdaal			529								529	0
Staden				238.027					3.217		238.027	3.217
Steenokkerzeel			529								529	0
Torhout	271.966	42.981	40.614	406.094	25.940	94.310	16.015	13.185	5.488		787.595	128.998
Vilvoorde			1.731								1.731	0
Vosselaar	84.254	48.359	26.550	230.478	23.817	26.962	13.265	6.514	3.115		413.458	49.856
Wevelgem	482.336		31.791		54.623	145.334		9.828			568.750	155.162
<b>Total</b>	<b>3.011.478</b>	<b>480.000</b>	<b>530.267</b>	<b>5.645.543</b>	<b>308.411</b>	<b>982.180</b>	<b>160.000</b>	<b>160.000</b>	<b>76.294</b>		<b>9.975.699</b>	<b>1.378.474</b>

4. Gaselwest

Shareholder	Voting shares								Total shares	Non-voting								
	Grid management		Other activities							Shares public lighting	Profit certificates							Total profit certificates
	E	G	Publigas	Publi-T	Ape	Ate	Aw	Ce			Cg	Cov	Cpg	Cpt	Cpe	Cw		
Alveringem	79.541	13.756	6.213	23.104	--	1	--	122.615	6.865	1	1	1	1	1	--	--	5	
Anzegem	250.861	28.873	18.766	71.455	--	1	1	369.957	18.747	1	1	1	1	1	--	1	6	
Ardoeie	283.135	125.123	101.271	113.572	--	1	--	623.102	--	1	1	--	1	1	--	--	4	
Avelgem	89.280	11.323	21.409	16.316	--	1	--	138.329	10.168	1	1	1	1	1	--	--	5	
De Haan	266.131	168.323	90.263	78.517	--	1	--	603.235	51.084	1	1	1	1	1	--	--	5	
De Panne	293.910	194.220	74.706	70.789	--	1	--	633.626	29.902	1	1	1	1	1	--	--	5	
Deerlijk	301.299	106.236	55.577	85.894	--	1	--	549.007	14.391	1	1	1	1	1	--	--	5	
Dentergem	137.450	24.029	10.518	50.000	--	1	1	221.999	9.301	1	1	1	1	1	--	1	6	
Gavere	271.058	22.289	2.935	43.015	--	1	1	339.299	29.510	1	1	1	1	1	--	1	6	
Heuvelland	197.371	39.270	52.690	54.003	--	1	--	343.335	11.368	1	1	1	1	1	--	--	5	
Horebeke	43.860	740	--	6.033	--	1	1	50.635	3.741	1	1	1	--	1	--	1	5	
Houthulst	118.207	12.483	2.777	38.147	--	1	--	171.615	12.612	1	1	1	1	1	--	--	5	
Ichtegem	174.088	108.000	75.097	44.071	--	1	--	401.257	23.598	1	1	1	1	1	--	--	5	
Ieper	759.642	452.867	306.112	212.179	--	1	--	1.730.801	64.692	1	1	1	1	1	--	--	5	
Ingelmunster	215.453	88.894	45.890	47.426	--	1	--	397.664	15.601	1	1	1	1	1	--	--	5	
Izegem	--	347.906	150.683	--	--	1	1	498.591	--	--	1	--	1	--	--	1	3	
Kluisbergen	146.567	21.083	30.822	53.966	--	1	--	252.439	20.068	1	1	1	1	1	--	--	5	
Koksijde	584.764	316.576	125.541	121.081	--	1	--	1.147.963	70.908	1	1	1	1	1	--	--	5	
Kortemark	--	61.633	154.010	--	--	--	--	215.643	--	--	1	--	1	--	--	--	2	
Kortrijk	1.581.525	1.063.310	406.307	378.206	--	1	--	3.429.349	126.411	1	1	1	1	1	--	--	5	
Kruisem	363.845	38.244	23.728	81.292	--	2	2	507.113	30.959	1	1	1	1	1	--	1	6	
Kuurne	295.220	174.037	94.666	96.137	--	1	--	660.061	21.524	1	1	1	1	1	--	--	5	
Langemark-Poelkapelle	129.294	20.202	32.485	55.042	--	1	--	237.024	8.574	1	1	1	1	1	--	--	5	
Lo-Reninge	51.479	13.235	5.724	15.171	--	1	--	85.610	7.389	1	1	1	1	1	--	--	5	
Maarkedal	147.564	2.362	--	19.918	--	1	--	169.845	5.186	1	1	1	--	1	--	--	4	
Menen	452.249	419.277	211.299	145.419	--	1	--	1.228.245	43.575	1	1	1	1	1	--	--	5	
Mesen	14.003	13.288	4.256	1.619	--	1	--	33.167	2.989	1	1	1	1	1	--	--	5	
Meulebeke	197.735	80.020	59.637	48.327	--	1	1	385.721	14.290	1	1	1	1	1	--	1	6	
Moorslede	152.502	75.229	35.958	42.840	--	1	--	306.530	14.511	1	1	1	1	1	--	--	5	
Nazareth	220.549	20.178	2.593	64.188	--	1	--	307.509	27.833	1	1	1	1	1	--	--	5	
Nieuwpoort	266.389	149.246	58.956	44.530	--	--	--	519.121	--	1	1	--	1	1	--	--	4	
Oostrozebeke	161.039	38.363	36.937	58.796	--	1	--	295.136	10.918	1	1	1	1	1	--	--	5	
Oudenaarde	587.889	264.825	298.333	191.642	--	1	1	1.342.691	81.744	1	1	1	1	1	--	1	6	
Pittem	162.620	64.797	78.424	54.680	--	1	1	360.523	10.763	1	1	1	1	1	--	1	6	
Poperinge	310.652	152.463	80.968	86.768	--	1	--	630.852	55.000	1	1	1	1	1	--	--	5	
Roeselare	1.113.670	741.165	401.463	355.789	--	1	--	2.612.088	--	1	1	--	1	1	--	--	4	
Ronse	495.401	347.617	156.750	103.376	--	1	1	1.103.146	53.676	1	1	1	1	1	--	1	6	
Ruislede	85.950	26.424	14.628	29.528	--	1	--	156.531	7.687	1	1	1	1	1	--	--	5	
Spiere-Helkijn	36.923	4.374	1.272	18.497	--	1	1	61.068	4.453	1	1	1	1	1	--	1	6	
Staden	273.533	96.783	91.046	136.249	--	1	--	597.612	--	1	1	--	1	1	--	--	4	
Tielt	460.977	201.054	166.633	145.899	--	1	1	974.565	31.246	1	1	1	1	1	--	1	6	
Veurne	251.341	155.215	128.081	102.398	--	1	--	637.036	19.440	1	1	1	1	1	--	--	5	
Vleteren	41.001	10.848	5.724	11.965	--	1	--	69.539	6.396	1	1	1	1	1	--	--	5	
Waregem	904.096	338.991	319.664	347.890	--	1	--	1.910.642	63.614	1	1	1	1	1	--	--	5	
Wervik	204.724	161.044	82.876	60.395	--	1	--	509.040	30.156	1	1	1	1	1	--	--	5	
Wevelegem	--	143.639	189.332	--	--	1	--	332.972	--	--	1	--	1	--	--	--	2	
Wielsbeke	107.661	46.407	152.004	87.043	--	1	1	393.117	24.827	1	1	1	1	1	--	1	6	
Wingene	300.714	72.937	43.248	58.509	--	1	--	475.409	36.890	1	1	1	1	1	--	--	5	
Wortegem-Petegem	131.209	2.957	--	31.119	--	1	--	165.286	9.841	1	1	1	--	1	--	--	4	
Zonnebeke	191.935	84.223	93.448	111.528	--	1	--	481.135	21.026	1	1	1	1	1	--	--	5	
Zulte	310.780	38.759	12.280	77.165	--	1	--	438.985	33.183	1	1	1	1	1	--	--	5	
Zwalm	140.719	5.695	49	16.107	--	1	1	162.572	11.074	1	1	1	1	1	--	1	6	
Zwevegem	330.859	92.927	47.358	90.827	--	1	1	561.973	39.621	1	1	1	1	1	--	1	6	
<b>Total</b>	<b>14.688.664</b>	<b>7.303.759</b>	<b>4.661.407</b>	<b>4.298.427</b>	<b>--</b>	<b>52</b>	<b>16</b>	<b>30.952.325</b>	<b>1.247.352</b>	<b>50</b>	<b>53</b>	<b>46</b>	<b>50</b>	<b>50</b>	<b>--</b>	<b>15</b>	<b>264</b>	

5. *Imewo*

Shareholder	Voting shares							Total shares	Non-voting							Total profit certificates
									Profit certificates							
	E	G	Publigas	Publi-T	Ate	Aw	Shares public lighting		Ce	Cg	Cov	Cpg	Cpt	Cw		
Aalter	341.177	132.668	30.357	50.911	2	--	555.115	--	1	1	--	1	1	--	4	
Assenede	169.299	64.864	8.068	15.322	1	--	257.555	12.702	1	1	1	1	1	1	6	
Beernem	168.405	63.420	13.438	24.710	1	--	269.974	32.721	1	1	1	1	1	--	5	
Berlare	149.240	52.754	7.867	14.769	1	--	224.631	13.853	1	1	1	1	1	--	5	
Blankenberge	232.642	194.938	20.006	32.137	1	--	479.724	39.256	1	1	1	1	1	--	5	
Bredene	147.068	94.141	11.394	25.221	1	--	277.825	36.654	1	1	1	1	1	--	5	
Brugge	1.383.974	1.177.829	139.780	268.256	1	--	2.969.840	179.419	1	1	1	1	1	--	5	
Damme	108.770	53.899	8.168	16.911	1	--	187.749	32.995	1	1	1	1	1	--	5	
De Pinte	102.098	38.143	5.240	11.470	1	--	156.952	--	1	1	--	1	1	--	4	
Deinze	817.036	258.317	28.078	76.715	2	1	1.180.149	91.656	1	1	1	1	1	1	6	
Destelbergen	200.548	120.733	13.614	15.146	1	1	350.043	18.669	1	1	1	1	1	1	6	
Eeklo	296.627	274.835	20.576	38.506	1	--	630.545	26.259	1	1	1	1	1	--	5	
Evergem	487.418	228.526	29.955	49.498	1	--	795.398	57.376	1	1	1	1	1	--	5	
Gent	4.535.304	3.568.363	288.460	498.205	1	--	8.890.333	--	1	1	--	1	1	--	4	
Jabbeke	--	92.404	3.833	8.085	1	--	104.323	--	--	1	--	1	1	--	3	
Kaprijke	82.883	30.753	4.541	8.535	1	--	126.713	25.251	1	1	1	1	1	--	5	
Knokke-Heist	643.984	449.646	41.018	89.893	1	1	1.224.543	--	1	1	--	1	1	1	5	
Laarne	146.362	67.599	9.279	17.147	1	--	240.388	22.299	1	1	1	1	1	--	5	
Lede	160.817	109.650	8.168	14.380	1	--	293.016	13.037	1	1	1	1	1	--	5	
Lichtervelde	95.844	47.713	8.370	13.295	1	--	165.223	12.442	1	1	1	1	1	--	5	
Lievegem	307.680	147.661	18.666	33.485	3	1	507.496	53.046	1	1	1	1	1	1	6	
Lochristi	287.398	147.597	14.448	22.964	1	1	472.409	39.313	1	1	1	1	1	1	6	
Lokeren	459.425	320.502	38.224	64.349	1	--	882.501	78.280	1	1	1	1	1	--	5	
Maldegem	260.910	184.720	16.743	33.630	1	--	496.004	18.975	1	1	1	1	1	--	5	
Melle	125.026	111.624	7.967	12.800	1	1	257.419	23.645	1	1	1	1	1	1	6	
Merebeke	192.022	189.202	20.614	33.082	1	--	434.921	34.201	1	1	1	1	1	--	5	
Moerbeke	80.026	42.157	4.235	7.151	1	1	133.571	10.900	1	1	1	1	1	1	6	
Oostende	1.163.272	594.707	68.627	123.475	1	--	1.950.082	172.524	1	1	1	1	1	--	5	
Oosterzele	149.051	37.201	6.958	9.564	1	--	202.775	21.521	1	1	1	1	1	--	5	
Oostkamp	230.078	96.770	18.896	31.784	1	--	377.529	48.684	1	1	1	1	1	--	5	
Sint-Laureins	86.063	35.680	4.335	7.952	1	--	134.031	10.146	1	1	1	1	1	--	5	
Sint-Lievens-Houtem	117.422	22.522	9.785	14.039	1	--	163.769	11.267	1	1	1	1	1	--	5	
Sint-Martens-Latem	98.044	34.343	6.262	10.726	1	--	149.376	17.203	1	1	1	1	1	--	5	
Wachtebeke	60.269	23.002	4.541	6.239	1	--	94.052	18.321	1	1	1	1	1	--	5	
Wetteren	336.205	218.815	31.731	51.043	1	--	637.795	40.543	1	1	1	1	1	--	5	
Wichelen	127.636	49.498	5.525	9.931	1	--	192.591	17.714	1	1	1	1	1	--	5	
Zedelgem	202.768	111.631	20.878	31.180	1	--	366.458	40.690	1	1	1	1	1	--	5	
Zele	282.684	227.635	25.314	46.537	1	--	582.171	35.777	1	1	1	1	1	--	5	
Zuienkerke	36.248	10.770	1.906	3.082	1	--	52.007	3.842	1	1	1	1	1	--	5	
<b>Total</b>	<b>14.871.723</b>	<b>9.727.232</b>	<b>1.025.865</b>	<b>1.842.125</b>	<b>43</b>	<b>8</b>	<b>27.466.996</b>	<b>1.311.181</b>	<b>38</b>	<b>39</b>	<b>34</b>	<b>39</b>	<b>39</b>	<b>8</b>	<b>197</b>	

6. *Intergem*

Shareholder	Voting shares							Total shares	Non-voting							Total profit certificates
									Profit certificates							
	E	G	Apg	Apt	Ape	Ate	Aw		Shares public lighting	Ce	Cg	Cov	Cpg	Cpt	Cpe	
Aalst	1.176.018	628.026	357.271	383.963	111.052	1	1	2.656.332	--	1	1	--	1	1	1	6
Affligem	108.906	31.500	12.420	43.213	12.730	1	--	208.770	14.093	1	1	1	1	1	--	6
Bever	14.928	221	--	7.038	2.073	--	--	24.260	2.584	1	1	1	--	1	1	5
Beveren	719.677	326.004	214.363	192.329	55.161	1	--	1.507.535	--	1	1	--	1	1	1	5
Brakel	124.453	23.854	9.106	71.754	19.285	1	--	248.453	26.324	1	1	1	1	1	1	6
Buggenhout	185.746	73.440	32.612	61.354	17.519	1	1	370.673	10.554	1	1	1	1	1	1	7
Denderleeuw	167.448	108.867	53.700	76.764	22.613	1	--	429.393	28.836	1	1	1	1	1	1	6
Dendermonde	582.389	448.810	260.728	191.785	56.497	1	--	1.540.210	51.336	1	1	1	1	1	1	6
Erpe-Mere	230.344	33.465	5.105	87.022	25.635	1	1	381.573	27.913	1	1	1	1	1	1	7
Geraardsbergen	309.484	214.325	124.488	126.942	42.285	1	--	817.525	39.435	1	1	1	1	1	1	6
Haaltert	168.123	66.200	25.068	77.391	23.467	1	--	360.250	--	1	1	--	1	1	1	5
Hamme	242.215	210.287	113.610	106.399	31.343	1	--	703.855	21.986	1	1	1	1	1	1	6
Herzele	142.680	42.688	13.982	66.287	22.081	1	1	287.720	25.173	1	1	1	1	1	1	7
Kruibeke	168.091	116.418	79.665	68.933	20.307	1	--	453.415	30.456	1	1	1	1	1	1	6
Lebbeke	193.898	111.793	56.576	97.471	25.738	1	1	485.478	15.874	1	1	1	1	1	1	7
Lierde	49.522	9.804	667	25.069	8.351	1	1	93.415	6.827	1	1	1	1	1	1	7
Ninove	428.927	194.794	99.628	126.809	45.789	1	--	895.948	60.628	1	1	1	1	1	1	6
Sint-Gillis-Waas	171.362	146.179	73.455	70.767	20.847	1	--	482.611	18.327	1	1	1	1	1	1	6
Sint-Niklaas	1.043.690	686.912	382.131	259.500	93.702	1	--	2.465.936	97.966	1	1	1	1	1	1	6
Stekene	162.359	135.248	68.558	62.837	18.511	1	--	447.514	25.917	1	1	1	1	1	1	6
Temse	341.494	240.326	134.032	107.934	31.796	1	--	855.583	32.526	1	1	1	1	1	1	6
Waasmunster	101.276	51.407	20.421	38.166	11.102	1	1	222.374	13.926	1	1	1	1	1	1	7
Zottegem	275.848	110.816	54.596	117.548	34.628	1	1	593.438	--	1	1	--	1	1	1	6
<b>Total</b>	<b>7.108.878</b>	<b>4.011.384</b>	<b>2.192.182</b>	<b>2.467.275</b>	<b>752.512</b>	<b>22</b>	<b>8</b>	<b>16.532.261</b>	<b>550.681</b>	<b>23</b>	<b>23</b>	<b>19</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>141</b>

7. *Iveka*

Shareholder	Voting shares				Total	Non-voting							
	E	G	Publi-T	Aw		shares public lighting	Profit certificates						Total profit certificates
							Ce	Cg	Cov	Cpg	Cpt	Cw	
Arendonk	209.526	103.141	--	--	312.667	21.635	1	1	1		--	--	3
Baarle-Hertog	50.031	8.253	--	1	58.285	4.469	1	1	1		--	1	4
Balen	316.604	84.623	--	--	401.227	40.840	1	1	1		--	--	3
Beerse	263.845	165.671	--	--	429.516	18.513	1	1	1		--	--	3
Dessel	147.573	72.724	--	1	220.298	22.507	1	1	1		--	1	4
Essen	--	90.698	--	--	90.698	--	--	1	--		--	--	1
Geel	587.493	300.779	--	--	888.272	80.320	1	1	1		--	--	3
Grobbendonk	172.285	--	--	--	172.285	22.267	1	--	1		--	--	2
Herentals	446.641	266.160	--	--	712.801	--	1	1	--		--	--	2
Herenthout	132.426	90.493	--	1	222.920	9.649	1	1	1		--	1	4
Hoogstraten	351.123	196.478	--	1	547.602	33.604	1	1	1		--	1	4
Kalmthout	269.875	143.233	--	1	413.109	31.745	1	1	1		--	1	4
Kasterlee	284.788	130.129	--	--	414.917	20.208	1	1	1		--	--	3
Lille	274.876	153.435	--	1	428.312	17.987	1	1	1		--	1	4
Meerhout	168.814	57.639	--	1	226.454	9.561	1	1	1		--	1	4
Merksplas	--	70.961	--	--	70.961	--	--	1	--		--	--	1
Mol	545.061	267.482	--	1	812.544	53.852	1	1	1		--	1	4
Olen	175.738	111.157	--	--	286.895	18.373	1	1	1		--	--	3
Oud-Turnhout	212.933	119.133	--	--	332.066	15.394	1	1	1		--	--	3
Ravels	259.695	123.234	--	--	382.929	26.782	1	1	1		--	--	3
Retie	175.434	86.124	--	1	261.559	--	1	1	--		--	1	3
Rijkevorsel	212.864	91.322	--	--	304.186	15.958	1	1	1		--	--	3
Turnhout	518.717	414.743	--	--	933.460	93.312	1	1	1		--	--	3
Vorselaar	243.060	55.870	49.164	1	348.095	31.300	1	1	1		1	1	5
Westerlo	371.379	210.734	--	1	582.114	35.165	1	1	1		--	1	4
Wuustwezel	313.603	151.191	--	1	464.795	37.557	1	1	1		--	1	4
Zandhoven	202.565	107.116	--	1	309.682	13.385	1	1	1		--	1	4
<b>Total</b>	<b>6.906.949</b>	<b>3.672.523</b>	<b>49.164</b>	<b>13</b>	<b>10.628.649</b>	<b>674.383</b>	<b>25</b>	<b>26</b>	<b>23</b>	<b>--</b>	<b>1</b>	<b>13</b>	<b>88</b>



8. *Iverlek*

Shareholder	Voting shares							Total	Non-voting							
									Profit certificates							Total profit certificates
	E	G	Publigas	Publi-T	Ate	Aw	Shares public lighting		Ce	Cg	Cov	Cpg	Cpt	Cw		
Aarschot	591.965	215.705	16.579	92.506	1	--	916.756	28.052	1	1	1	1	1	--	5	
Asse	505.426	293.883	--	155.489	--	1	954.799	40.574	1	1	1	--	1	1	5	
Beersel	465.079	284.356	180.109	117.102	1	--	1.046.647	51.686	1	1	1	1	1	--	5	
Berlaar	197.460	121.461	68.246	47.133	1	--	434.301	10.650	1	1	1	1	1	--	5	
Bertem	154.225	68.535	30.810	30.080	1	1	283.652	9.817	1	1	1	1	1	1	6	
Bierbeek	182.251	47.891	5.382	36.929	1	1	272.455	8.492	1	1	1	1	1	1	6	
Bonheiden	260.732	129.037	69.720	61.709	1	--	521.199	12.891	1	1	1	1	1	--	5	
Boortmeerbeek	201.887	55.442	37.996	60.252	1	--	355.578	14.389	1	1	1	1	1	--	5	
Bornem	318.858	260.886	38.176	95.398	1	--	713.319	--	1	1	--	1	1	--	4	
Boutersem	117.563	54.007	18.936	28.183	1	--	218.690	9.411	1	1	1	1	1	--	5	
Diest	--	213.666	4.958	--	--	--	218.624	--	--	1	--	1	--	--	2	
Diibeek	590.053	503.381	292.385	172.982	--	--	1.558.801	47.331	1	1	1	1	1	--	5	
Drogenbos	90.232	111.888	12.375	27.502	--	--	241.997	7.961	1	1	1	1	1	--	5	
Haacht	260.213	49.123	8.673	60.738	1	--	378.748	15.301	1	1	1	1	1	--	5	
Halle	542.233	498.745	57.116	176.383	1	--	1.274.478	49.973	1	1	1	1	1	--	5	
Heist-op-den-Berg	732.483	298.776	150.631	164.153	1	1	1.346.045	54.919	1	1	1	1	1	1	6	
Herent	331.905	185.181	19.280	73.055	1	1	609.423	23.653	1	1	1	1	1	1	6	
Herselt	278.775	57.741	33.077	59.885	1	--	429.479	10.273	1	1	1	1	1	--	5	
Hoegaarden	115.416	71.876	37.570	30.405	1	--	255.268	8.935	1	1	1	1	1	--	5	
Hoeilaart	171.377	124.409	78.573	41.302	1	--	415.662	18.508	1	1	1	1	1	--	5	
Huldenberg	169.635	39.765	15.682	35.472	1	--	260.555	--	1	1	--	1	1	--	4	
Hulshout	184.658	57.365	24.465	47.133	1	--	313.622	26.462	1	1	1	1	1	--	5	
Kapelle-op-den-Bos	136.300	77.214	8.885	37.556	1	1	259.957	27.572	1	1	1	1	1	1	6	
Keerbergen	206.900	27.971	2.914	60.362	1	--	298.148	17.338	1	1	1	1	1	--	5	
Kortenberg	323.943	225.801	5.904	67.466	1	--	623.115	23.534	1	1	1	1	1	--	5	
Kraainem	191.345	199.659	130.521	53.935	1	--	575.461	--	1	1	--	1	1	--	4	
Lennik	171.235	48.977	2.963	36.929	--	--	260.104	15.322	1	1	1	1	1	--	5	
Leuven	1.565.952	1.457.894	1.394.467	549.430	1	--	4.967.744	--	1	1	--	1	1	--	4	
Liedekerke	212.218	81.596	49.817	47.133	--	--	390.764	13.137	1	1	1	1	1	--	5	
Linkebeek	79.531	80.659	220.355	19.908	1	1	400.455	4.847	1	1	1	1	1	1	6	
Londerzeel	285.901	106.667	12.952	82.506	1	--	488.027	18.237	1	1	1	1	1	--	5	
Mechelen	1.398.799	1.411.504	818.528	425.166	1	--	4.053.998	105.190	1	1	1	1	1	--	5	
Merchtem	263.670	98.116	38.381	74.262	--	--	474.429	13.804	1	1	1	1	1	--	5	
Opwijk	211.016	68.220	24.195	57.297	1	--	360.729	18.262	1	1	1	1	1	--	5	
Overijse	439.102	277.539	176.747	120.995	1	--	1.014.384	--	1	1	--	1	1	--	4	
Putte	296.861	106.079	55.174	90.497	1	1	548.613	14.606	1	1	1	1	1	1	6	
Puurs-Sint-Amands	391.519	294.505	33.279	114.486	2	2	833.793	46.220	1	1	1	1	1	1	6	
Roosdaal	194.783	63.661	22.556	44.750	--	--	325.750	12.246	1	1	1	1	1	--	5	
Rotselaar	294.900	74.452	8.438	60.252	1	1	438.044	15.269	1	1	1	1	1	1	6	
Scherpenheuvel-Zichem	414.266	94.603	3.155	92.322	1	--	604.347	18.536	1	1	1	1	1	--	5	
Sint-Genesius-Rode	287.982	247.505	185.913	95.789	1	1	817.191	--	1	1	--	1	1	1	5	
Sint-Katelijne-Waver	375.324	224.828	137.899	119.641	1	--	857.693	23.888	1	1	1	1	1	--	5	
Sint-Pieters-Leeuw	562.105	407.161	239.652	180.303	1	1	1.389.223	39.184	1	1	1	1	1	1	6	
Ternat	264.650	121.508	43.725	64.458	1	1	494.343	15.460	1	1	1	1	1	1	6	
Tervuren	332.010	285.645	189.438	79.202	1	--	886.296	--	1	1	--	1	1	--	4	
Tienen	590.435	497.119	291.075	148.201	1	1	1.526.832	58.459	1	1	1	1	1	1	6	
Tremelo	148.141	36.273	11.409	33.496	1	1	229.321	9.883	1	1	1	1	1	1	6	
Wezembeek-Oppem	212.023	180.412	545.508	60.372	1	--	998.316	13.969	1	1	1	1	1	--	5	
Willebroek	429.121	382.494	50.475	124.571	1	1	986.663	34.239	1	1	1	1	1	1	6	
Zaventem	644.507	598.054	340.191	226.219	1	--	1.808.972	--	1	1	--	1	1	--	4	
Zemst	356.276	182.228	78.714	77.745	1	--	694.964	25.819	1	1	1	1	1	--	5	
<b>Total</b>	<b>17.743.241</b>	<b>11.701.463</b>	<b>6.323.969</b>	<b>4.859.040</b>	<b>44</b>	<b>17</b>	<b>40.627.774</b>	<b>1.034.299</b>	<b>50</b>	<b>51</b>	<b>42</b>	<b>50</b>	<b>50</b>	<b>16</b>	<b>259</b>	

9. PBE

Shareholders	Voting shares			Non-voting		
	Shares E grid management electricity	Shares T teledistribution	Total E + T	Profit certificates		
	# shares E	# shares T	total	E	T	Total profit certificates
BEGIJNENDIJK	110	30	140	3.834	7.121	10.955
BEKKEVOORT	67	19	86	2.547	4.303	6.850
DIEST	286	73	359	12.481	17.631	30.112
GALMAARDEN	95	--	95	3.539	--	3.539
GEETBETS	66	19	85	2.541	4.328	6.869
GLABBEEK	57	16	73	2.331	3.681	6.012
GOOIK	100	--	100	3.850	--	3.850
HERNE	74	--	74	2.930	--	2.930
HOLSBEEK	104	28	132	3.733	6.507	10.240
KAMPENHOUT	126	--	126	5.910	--	5.910
KORTENAKEN	87	25	112	2.865	5.689	8.554
LANDEN	181	46	227	6.745	11.217	17.962
LINTER	79	23	102	3.100	5.260	8.360
LUBBEEK	147	40	187	6.427	9.536	15.963
OUD-HEVERLEE	116	30	146	5.538	7.140	12.678
PEPINGEN	46	--	46	1.794	--	1.794
STEENOKKERZEEL	128	--	128	5.415	--	5.415
TIELT-WINGE	118	33	151	4.707	7.466	12.173
TREMELLO	67	18	85	2.387	4.112	6.499
ZOUTLEEUW	93	26	119	3.694	6.009	9.703
<b>Total</b>	<b>2.147</b>	<b>426</b>	<b>2.573</b>	<b>86.368</b>	<b>100.000</b>	<b>186.368</b>

10. Riobra

Shareholder	shares A	shares B	shares I	Total
BEGIJNENDIJK	1	131.515	32.253	163.769
BEKKEVOORT	1	76.934	13.747	90.682
BERTEM	1	185.836	45.264	231.101
BEVER	1	24.475	6.234	30.710
BOORTMEERBEEK	2	284.689	73.303	357.994
BOUTERSEM	1	235.512	59.550	295.063
GALMAARDEN	1	152.163	34.839	187.003
GEETBETS	1	83.354	21.509	104.864
GLABBEEK	1	74.197	18.626	92.824
GOOIK	1	187.691	45.659	233.351
HERNE	1	139.555	35.515	175.071
HOEGAARDEN	1	118.308	30.688	148.997
HULDENBERG	1	186.529	19.918	206.448
KORTENAKEN	1	117.280	30.582	147.863
LANDEN	2	271.518	71.222	342.742
LENNIK	1	192.142	33.907	226.050
LINTER	1	177.610	46.583	224.194
LUBBEEK	2	197.424	23.178	220.604
MERCHTEM	2	217.629	57.063	274.694
OUD-HEVERLEE	2	130.480	33.733	164.215
PEPINGEN	1	90.799	15.785	106.585
STEENOKKERZEEL	2	229.206	59.843	289.051
TIELT-WINGE	1	130.604	33.094	163.699
TIENEN	4	616.839	161.714	778.557
ZOUTLEEUW	1	152.829	23.932	176.762
ROTSelaar	2	373.654	77.191	450.847
SINT PIETERS LEEUW	4	395.731	0	395.735
<b>TOTAL</b>	<b>40</b>	<b>5.174.503</b>	<b>1.104.932</b>	<b>6.279.475</b>

11. Sibelgas<sup>31</sup>

Shareholders	Total electricity & gas		
	Voting shares		
	Ce	Cg	Total
Grimbergen	1	1	2
Machelen	1	1	2
Meise	1	1	2
Vilvoorde	1	1	2
Wemmel	1	1	2
I.B.E.G.	1.790.033	1.474.319	3.264.352
<b>Total</b>	<b>1.790.038</b>	<b>1.474.324</b>	<b>3.264.362</b>

## 3 Description of the Markets for Fluvius

## 3.1 General

The below table provides an overview of the importance of the different business lines in which the Fluvius Economic Group is active as at 31 December 2020. Each of these are touched upon separately in the following sections.

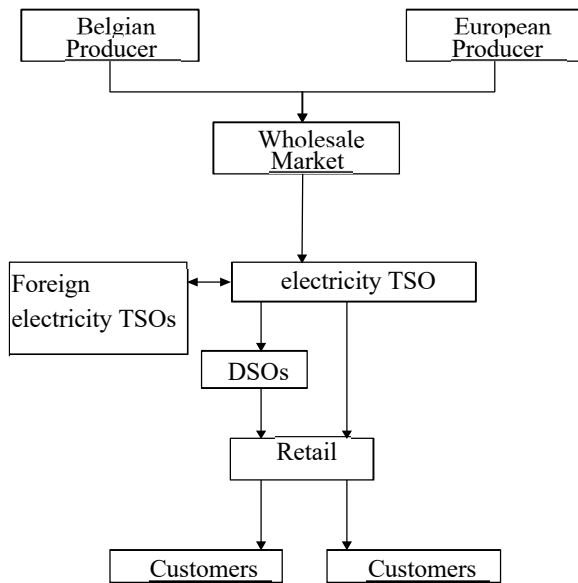
Activity	Revenues 2020 (in EUR)	% of total revenues
Electricity and gas	1,300,227,650	80.1
Public lighting	64,928,532	4.0
Sewerage	107,830,325	6.6
CATV/telecom	74,560,477	4.6
others	74,752,637	4.7

## 3.2 Organisation of the Belgian Electricity Market

The major players on the Flemish electricity market are the electricity producers, the electricity TSOs and the DSOs (and their service company), the wholesale and retail suppliers, energy service providers (including ESCOs and storage providers), intermediaries, energy communities, flexibility users and providers and aggregators, balance responsible parties, the end consumers and the regulators, as well as the Flemish Energy and Climate Agency (VEKA). Their functions are briefly outlined below.

<sup>31</sup> In relation to Sibelgas, “Ce” refers to (voting) shares of category C (as referred to in article 9 of Sibelgas’ articles of association) relating to electricity distribution and “Cg” refers to (voting) shares of category C relating to gas distribution activities. The distinction between “Ce” and “Cg” shares was created in order to remunerate the contribution of infrastructure proportionally, based on the value of the contributed infrastructure.

The picture below sketches the Belgian electricity market (including the market for energy services).



### Electricity Generation

Currently, the major players on the electricity generating market are Engie-Electrabel, EDF-Luminus and E.ON. The remaining generation capacity consists of the co-generation plants at the sites of large industrial consumers, units for renewable energy (such as small-scale hydropower units, photovoltaic electricity generation, offshore and onshore wind turbines and biomass/combined heating and power installations) and gas-fired CCGT power plants.

The construction of new installations for electricity generation is subject to the prior granting of an individual permit by the federal minister for Energy on the advice of the federal energy regulator CREG (*Commissie voor de Regulering van de Elektriciteit en het Gas/Commission de Régulation de l'Électricité et du Gaz*) (the “CREG”).

Over the years, the electricity producers have adapted their portfolio of primary energy sources for electricity generation. Since the early eighties of the last century nuclear energy became more important (in 1986 already 67.2 per cent. of electricity was generated through nuclear energy), together with gas and cogeneration units. This trend continued during the nineties (the average contribution of nuclear energy in the nineties amounted to 58 per cent. – gas and combined production units accounted for 17 per cent.). Currently, the share of renewable energy sources is increasing, mainly due to the use of wind turbines (both onshore and offshore), solar installations and biomass. Recent Eurostat figures show that the share of electricity generated from renewable sources in Belgium totalled 22.1 per cent. in 2020.

The EU's and the Belgian federal government's general energy policies aim at increasing the share of renewable energy generation and combined heat & power production (“CHP”). In order to stimulate these types of electricity production, the federal government had taken legal initiatives enabling the construction of offshore wind farms. The regional governments have worked out several measures to attain this goal. In the recent past, measures included the imposition of minimum supply levels (through quota obligations) for renewable energy and CHP by creating the legal framework for a mechanism of so-called “green power certificates” and “CHP-certificates” and the minimum price guarantees for green power and CHP certificates introduced to support the market for these instruments. The functioning of the green power certificates systems in the Flemish region is further outlined in section 9 – ‘Trends in

the markets in which the Issuer and the Guarantors are active'; the working of the CHP-certificates system is almost identical.

Technological evolutions result in an increasing number of smaller installations being put in place, continually increasing the share of decentralised and CHP production:

*Key Figures for Electricity Production in Belgium*

Electricity generation (installed capacity in Belgium – 2020)<sup>32</sup>: 26,500 MW, of which

- fossil fuel fired: 27.8%
- nuclear: 22.4%
- pumped hydro: 4.7%
- hydro: 0.4%
- wind: 17.8%
- solar: 22.8%
- biomass/biogas: 2.9%
- waste: 1.1%

Electricity generated in Belgium (actual net electricity production – 2020): 85.39 TWh, of which

- thermal, incl. biomass: 39.2%
- nuclear: 38.3%
- pumped hydro: 1.2%
- hydro: 0.3%
- wind: 14.8%
- solar: 5.8%
- other: 0.4%

In 2020, Belgium was a net exporter of electricity with a total net export volume of 0.3 TWh.

Total electricity consumption in Belgium during 2020 amounted to 79.89 TWh. The trend in electricity consumption volumes is stabilising, due to more energy efficiency in spite of economic growth and an increase of population. Electricity consumption per segment (2019 figures):

- industry: 45.8%
- services: 25.8%
- residential: 22.0%
- transport: 2.1%

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<sup>32</sup> For most figures included in this section, the source is either Febeg (Federation of Belgian Electricity and Gas Companies – [www.febeg.be](http://www.febeg.be)) or Synergrid ([www.synergrid.be](http://www.synergrid.be)).

- agriculture: 2.1%
- energy transformation: 2.1%

#### *Wholesale Market for Electricity*

Suppliers on the wholesale market (e.g. traders and intermediaries) buy, in Belgium and abroad, energy from electricity producers or other wholesale suppliers and/or sell energy to either other wholesale suppliers or retail suppliers. Since retail supply is an activity for which a license is required (as opposed to trading), traders most often do not directly sell electricity to end customers.

#### *Transmission System Operation*

Transmission system operation refers to the regulated activity linked to the transport of electricity over the medium to high and very high voltage grids with a voltage of 36 kV (local transmission) / 70 kV and higher. The major users of these grids are the electricity producers, electricity traders, DSOs and industrial consumers with a direct connection to the high voltage electricity transmission network.

A transmission system operator or electricity TSO operates and manages its grid independently from electricity producers and suppliers. Electricity TSOs have to organise an objective, non-discriminatory and transparent access to their electricity network. Transmission system operation is a regulated activity that is usually granted a legal monopoly within a larger geographical area. In Belgium, electricity transmission is performed by one single electricity TSO, Elia Transmission Belgium (see below). To fulfil this objective efficiently, electricity TSOs are in charge of the operation, maintenance and development of their grid. They also provide the required ancillary services.

The very high voltage electricity networks are also used for the import and export of electricity between interconnected national grids and for purposes of mutual assistance between electricity TSOs according to international standards set by ENTSO-E<sup>33</sup> operation rules (grid codes). Belgium's very high voltage electricity network is connected to France, Luxembourg, the UK and the Netherlands. On 9 November 2020, a connection to Germany was inaugurated.<sup>34</sup>

Starting 1 January 2020, transmission system operation in Belgium was reorganised because the Elia Group implemented a new company structure at that moment. It now consists of a holding company (Elia Group) and an entity for the regulated activities in Belgium (Elia Transmission Belgium NV/SA). The latter has also become the electricity TSO for Belgium's high-voltage electricity grid by Ministerial Decree dated 13 January 2020 under a number of conditions, for a 20-year period starting on 31 December 2019.

#### *Distribution System Operation*

Distribution refers to the public distribution of electricity over medium and low voltage electricity networks, generally below 36 kV, to retail consumers (small and medium-sized enterprises and household consumers) using electricity for their own use. An operator of such a network is called a distribution system operator or DSO. The Guarantors (with the exception of Riobra, which is not active in the distribution of energy) are DSOs. Following a decision by the Flemish energy regulator VREG of

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<sup>33</sup> ENTSO-E refers to the 'European Network of Transmission System Operators for Electricity', an association of 42 electricity TSOs from 35 European countries (situation on 1 January 2020). Website: <https://www.entsoe.eu/>.

<sup>34</sup> This connection, also known as the ALEGrO line, connects Lixhe (Belgium) with Oberzier (Germany). Commercial operations on this new connection have started on 18 November 2020.

5 July 2013<sup>35</sup>, the license of the DSOs Gaselwest, Imewo, Intergem, Iveka, Iverlek and Sibelgas has been expanded to the operation of electricity distribution grids up to 36 kV (formerly 30 kV).

A DSO operates, maintains and develops its network and is required by law to organize access to its network in an objective, non-discriminatory and transparent manner. Distribution system operation is a regulated activity that is usually granted a legal monopoly within the boundaries of the operating territory attributed to each DSO.

The main customers of the DSOs are wholesale suppliers and retail suppliers<sup>36</sup>.

Most appointed DSOs in Belgium are intermunicipal companies (more specifically, mission entrusted associations – see above). An intermunicipal company essentially is a partnership of public authorities that is charged with certain activities of municipal interest common to its members.

At the moment there are 16 DSOs in Belgium engaged in the distribution of electricity. In the Flemish Region, there are ten electricity DSOs, all of them being a Guarantor. The others have operations in the Brussels Capital Region (Sibelga) and the Walloon Region (5 DSOs).

With a view to ensuring the DSOs' independence, the participation of producers and suppliers in the DSOs' share capital or contribution (as applicable) is limited by law. In the Flemish Region, importers, producers, suppliers and energy service providers may (individually or jointly) not hold more than 30 per cent of a DSO's (and its operating company's) share capital or contributions (as applicable) (see above).

In the Flemish Region, DSOs are appointed by the VREG.

For reasons of clarity it should be noted that, although the intermunicipal companies/DSOs hold the legal monopoly of operating the electricity distribution network with a voltage below 36 kV, Elia Transmission Belgium<sup>37</sup> operates the electricity network between 36 kV and 70 kV (the local transmission system). Elia Transmission Belgium was granted this legal monopoly for the Flanders region by appointment of the VREG (24 December 2019) until 31 December 2023.

#### *Retail Supply*

Retail supply of electricity refers to the sale of electricity to end customers. Since 1 July 2003 several commercial suppliers, who compete against each other, have been active on the Flemish supply market.

A license is required to engage in retail supply. In the Flemish Region, such license can be granted by the VREG to individuals or companies that operate independently from the electricity TSO and the DSOs and that comply with the criteria laid down by law, such as sufficient technical, organisational and financial capacity (amongst other things).

On 30 June 2021, the top-3 of electricity suppliers (measured in market share) is as follows<sup>38</sup>:

1. Engie (39.36%)
2. Luminus (18.04%)

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<sup>35</sup> BESL-2013-10.

<sup>36</sup> A third type of customers are those retail users that because of payment problems have been dropped by commercial suppliers of electricity. Flemish regulation provides that the DSOs have in such instance an obligation to supply these customers with electricity as a supplier of last resort (a social public service obligation).

<sup>37</sup> Elia Transmission Belgium has been appointed as local electricity TSO for that purpose.

<sup>38</sup> Source: CREG.

3. Eneco (11.29%)

*Customers*

At this moment, all Belgian customers are eligible to choose their electricity supplier (“right of third-party access”).

*Regulators in Belgium*

Due to the Belgian federal structure, there are currently four regulators for the electricity market:

Federal level. The federal energy regulator, the CREG, is competent, amongst other things, for supervising the electricity market, including transmission at a voltage level above 70 kV and for advising on the licencing of electricity generation facilities with a capacity higher than 25 MW (other than nuclear and offshore production units). Tariff setting for the electricity TSO is also within the scope of the CREG’s authority, irrespective of the voltage level of the electricity network.

Regional level. Regional regulators are competent, amongst other things, for supervising the electricity market operations, including distribution and local transmission at a voltage equal to or below 70 kV and for renewable sources of energy. The powers relating to the grid distribution tariffs (but not local transmission tariffs) in Belgium have been transferred from the federal level to the respective regions as agreed pursuant to the Belgian Sixth State Reform as from 1 July 2014. From that date onwards, the VREG is vested with the powers to establish the tariff methodology and the approval of the proposals of the tariffs submitted by the DSOs.

The regional regulators in the Flemish, Walloon and Brussels-Capital Regions are respectively the VREG, CWaPE<sup>39</sup> and Brugel<sup>40</sup>.

### **3.3 Organisation of the Belgian Gas Market**

*Import*

Belgium does not possess gas fields on its own territory. Therefore, all natural gas for consumption in Belgium has to be imported from abroad. An optimal sourcing and diversification of gas supplying countries is therefore an essential objective in Belgium’s energy policy.

Currently, natural gas for the Belgian market is being imported from several sources (figures for 2020<sup>41</sup>):

1. The Netherlands (43%): the Dutch gas fields deliver low and high-calorific gas to Belgium via pipelines;
2. Norway (33%): Norway is an important gas producer thanks to its oil and gas fields in the North Sea. Norwegian gas is delivered at the Zeebrugge hub;
3. LNG (10%): LNG is being imported from countries such as Qatar;
4. Germany (7%);
5. storage (7%): gas is stored at the Loenhout facility in the north of Belgium, close to the Dutch border.

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<sup>39</sup> Commission Wallonne pour l’Energie.

<sup>40</sup> *Reguleringscommissie voor Energie in het Brussels Hoofdstedelijk Gewest / Commission de Régulation pour l’Energie en Région de Bruxelles-Capitale.*

<sup>41</sup> Source: CREG Annual Report 2020, page 66.



### *Wholesale*

Players on the wholesale market (e.g. importers, traders, shippers and intermediaries) buy natural gas abroad or on the international spot market. They then sell on these volumes to industrial customers, (other) intermediaries, distribution companies and electricity producers. Since gas retail supply, very much like electricity retail supply, is an activity for which a license is required, traders most often do not directly sell natural gas to end consumers.

### *Transport System Operation*

Transport system operation refers to the regulated activity related to the high-pressure gas networks and the energy flows on these networks. The main users of these networks are the electricity producers, wholesale gas suppliers, gas traders, the DSOs and large industrial users of gas.

In Belgium, Fluxys Belgium was appointed by the federal energy regulator CREG as the sole federal transport system operator for the gas transmission grid, as well as for the storage capacity on 27 September 2012. The gas transport system operator is frequently referred to as the “transport company”.

Fluxys LNG is responsible for operating the LNG infrastructure.

Transport system operators (“**gas TSOs**”, and together with electricity TSOs, “**TSOs**”), such as Fluxys Belgium, operate their networks independently from electricity producers and gas suppliers and are bound to organise the access to their gas grid in an objective, non-discriminatory and transparent way. Transport operations are regulated activities that are usually granted a legal monopoly within a larger geographical area. To fulfil this objective efficiently, gas TSOs are in charge of the operation, maintenance and development of their network and also provide the necessary ancillary services such as pressure reduction, odourisation, balancing, storage facilities, etc.

The gas TSO is not only responsible for the off-take and redelivery of natural gas within Belgium for Belgian consumption, it also fulfils a crucial role in the transit of gas to and from neighbouring countries since redelivery points will often be connection points with the gas transportation networks of other national networks. This is especially true for Belgium, given its good connection to natural gas and LNG supplies and also given its central position and multiple entry points linking the Belgian gas transportation grid to the grids in France, the UK, Germany, Southern Europe and the Netherlands.

It must be noted that the Belgian grid caters for two different types of natural gas: (1) high calorific natural gas and (2) low calorific natural gas which is being imported from the Netherlands. The Dutch authorities have, however, announced that low calorific gas deliveries to markets outside the Netherlands (including the Belgian market) will be gradually phased out starting in 2024 and entirely stopped by the year 2030 at the latest. These policy measures thus necessitate large investments for the Belgian gas sector, mostly to be carried out by the DSOs, to finance and implement the transformation of the low calorific gas networks in large parts of the Flemish Region. The parts of the Flemish gas distribution grids carrying low calorific gas and thus affected by the Dutch decision, are mostly situated in the provinces of Antwerp and Flemish-Brabant<sup>42</sup>.

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<sup>42</sup> Other major areas affected in Belgium are the Brussel Capital Region and the province of Walloon-Brabant.

### *Distribution System Operation*

Distribution system operation refers to the public distribution of natural gas on mid-pressure and low-pressure networks towards the end consumers (industry, small and mid-scale companies, households). The operator of such networks is usually called a distribution system operator or DSO.

A DSO operates, maintains and develops its own mid- and low-pressure network. As is the case for the gas TSO, DSOs are obliged to allow objective, non-discriminatory and transparent access to their networks to distribution network users. The operation of a distribution network is a regulated activity that is granted a legal monopoly within the boundaries of the operating territory attributed to each DSO.

As indicated above, all appointed gas DSOs in Belgium are intermunicipal companies (more specifically, mission entrusted associations – see above) charged with certain activities of municipal interest.

Currently, Belgium has 12 gas distribution DSOs, of which nine are situated in the Flemish Region (these being the Guarantors with energy distribution activities), one in the Brussels Capital Region and two in the Walloon Region.

With a view to ensuring the independence of the DSOs in the gas sector, the participation of producers and suppliers in the DSOs' share capital or contributions (as applicable) is limited by law. In the Flemish Region, importers, producers, suppliers and energy service providers may not hold more than 30 per cent of a DSO's (and its operating company's) share capital or contributions (as applicable).

### *Retail Supply*

The retail supply of gas refers to the sale of gas to end consumers. Since 1 July 2003, the retail supply to household consumers in the Flemish Region is being coordinated and managed by several commercial suppliers competing in a liberalised market. In all three regions of Belgium (i.e., Flanders, Wallonia and Brussels) a license is required to engage in the retail supply of gas. The relevant authority (in the case of Flanders this is the VREG) will only grant such a license to individuals or companies that comply with certain criteria, e.g. relating to technical, organisational and financial capabilities (amongst other things).

Currently, all Belgian customers are eligible to choose their own gas supplier ("right of third-party access").

On 30 June 2021, the top-3 of gas suppliers in Flanders (measured in market share) is as follows:

1. Engie (37.33%)
2. Luminus (16.87%)
3. Eneco (12.01%)

### *Belgian Regulators*

Very much in line with the competencies of the respective regulators for electricity, the federal regulator CREG, together with the three regional regulators (VREG, CWaPE and Brugel), is responsible for monitoring and surveying the Belgian gas market, each within the competencies attributed to it by law. Similar to the developments in the electricity sector, the Belgian Sixth State Reform has resulted in the transfer of the gas distribution grid tariff-setting competence from the federal to the regional level as from July 2014. From that date onwards, the VREG is vested with the powers to establish the tariff methodology and the approval of the proposals of the tariffs submitted by the Flemish DSOs.

### Basic Figures for the Gas Market<sup>43</sup>

Total gas consumption in Belgium amounted to 190.7 TWh in 2020<sup>44</sup>, down 1% compared to 2019. The total number of gas connections in Belgium (2020) was 3,489,845, showing a year-on-year growth rate of 1%.

### 3.4 Organisation of the Flemish sewerage market

The Flemish sewerage market is based on the principle that the municipalities are responsible for the public domain and that they are as such also responsible for the wastewater that is being transported over the public domain for treatment.

The Flemish policy on water and wastewater is built around the concept of the ‘*water chain*’, being all activities related to production, transport and distribution of water for human consumption, as well as the collection, transport and treatment of wastewater.

#### Geographical overview and statistics<sup>45</sup>

Currently, there are six drinking water companies in the Flemish Region. Between them they manage approx. 62,000 km of drinking water pipelines. Drinking water consumption by 3 million customers amounted to 349.4 million m<sup>3</sup>.

The aggregate sewerage systems in Flanders cover approx. 32,000 km of sewerage pipelines.

The map below<sup>46</sup> presents the 2021 situation of the sewerage operators within the Flemish Region. The municipalities indicated in white, are operating their own sewerage system independently.

#### Sewerage operators in the Flanders Region (situation as at June 2021)

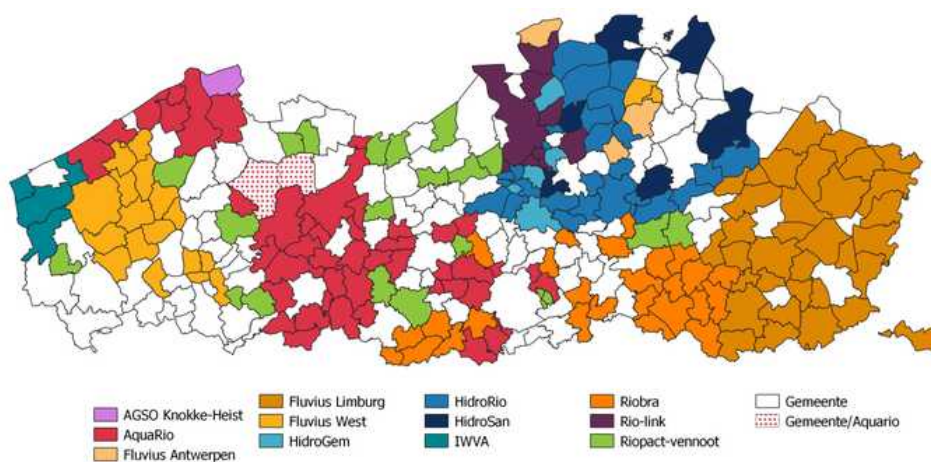


Figure 1: sewerage operators in the Flanders Region (situation as at June 2021)

<sup>43</sup> Source: Febeg.

<sup>44</sup> Source: CREG.

<sup>45</sup> Sources: the websites of AquaFlanders ([www.aquaflanders.be](http://www.aquaflanders.be)) and VMM ([www.vmm.be](http://www.vmm.be)).

<sup>46</sup> Source: VMM website at [www.vmm.be](http://www.vmm.be).

## Legal framework

### European Directives

The sector of water/wastewater is to a large extent driven by European legislation. The most important documents in this respect are the European Water Framework Directive<sup>47</sup> (the “**Framework Directive**”) and the Directive Urban Wastewater<sup>48</sup> (the “**Wastewater Directive**”). These Directives aim at securing the water resources and water quality in Europe. These two Directives have the largest impact on Flemish municipalities as to their policy on drinking water and wastewater.

The Framework Directive imposes that all aquatic ecosystems and, with regard to their water needs, terrestrial ecosystems and wetlands meet “good status” by the year 2015. In line with the possibility to obtain postponement when improvements cannot be realised in a reasonable manner within the timeframe provided in the Framework Directive, Belgium has obtained a postponement until 2027. The Framework Directive requires Member States to use water sparingly and to establish river basin districts and for each of these a river basin management plan. It envisages a cyclical process where river basin management plans are prepared, implemented and reviewed every six years. There are four distinct elements to the river basin planning cycle:

- characterisation and assessment of impacts on river basin districts;
- environmental monitoring;
- the setting of environmental objectives;
- and the design and implementation of the programme of measures needed to achieve them.

As such, the Framework Directive aims to significantly contribute to climate adaptation in the European Union<sup>49</sup>.

The second important Directive in the area of water and wastewater is the Wastewater Directive. Its objective is to protect the environment from the adverse effects of urban wastewater discharges and discharges from certain industrial sectors. It concerns the collection, treatment and discharge of:

- domestic wastewater;
- mixture of wastewater; and
- wastewater from certain industrial sectors.

Four main principles are laid down in the Wastewater Directive:

- planning;
- regulation;

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<sup>47</sup> Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (published in the Official Journal of the European Communities of 22 December 2000).

<sup>48</sup> European Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment (published in the Official Journal of the European Communities of 30 May 1991).

<sup>49</sup> It should be pointed out that the purposes of the Directive, although being older, are fully in line with the United Nations’ Social Development Goals (the “**SDGs**”), especially the SDGs 6 (clean water and sanitation), 13 (climate action), 14 (life below water) and 16 (life on land).

- monitoring; and
- information & reporting.

More specifically, the Wastewater Directive requires:

- the collection and treatment of wastewater in all agglomerations of > 2,000 population equivalents;
- secondary treatment of all discharges from agglomerations of > 2,000 population equivalents and more advanced treatment for agglomerations > 10,000 population equivalents in designated sensitive areas and their catchments;
- pre-authorisation of all discharges of urban wastewater, of discharges from the food processing industry and of industrial discharges into urban wastewater collection systems;
- monitoring of the performance of treatment plants and receiving waters; and
- controls of sewerage sludge disposal and re-use, and treated wastewater re-use whenever appropriate.

#### *Implementation in the Flemish Region*

The basic legislation ruling the water policies in general and the sewerage activity<sup>50</sup> in the Flemish Region in particular is the Coordinated Flemish Decree of 15 June 2018 on the integral water policy, as amended<sup>51</sup> (the “**Water Decree**”). Pursuant to the Special Law of 8 August 1980 on Institutional Reforms, the regions have a wide-ranging competence concerning the environment and water policy. This also includes the treatment of wastewater and sewerage, the subsidies and regulation of the tariffs.

For the Flemish Region, the Wastewater Directive is mainly implemented through an Executive Order of the Flemish Government, dated 1 June 1995 (published on 31 July 1995), concerning general and sectoral provisions relating to environmental safety (also called “Vlarem II”). The Framework Directive was implemented by the Decree on Integrated Water Policy of 18 July 2003 (published on 14 November 2003, and now replaced by the Water Decree).

In October 2010, the Flemish Government fixed the river basin management plans for the river Scheldt and the river Meuse basins and the accompanying measures programme for Flanders. This programme sets out how the objectives of the Framework Directive and the Decree on Integrated Water Policy (now replaced by the Water Decree) can be realised. It also contains measures to improve the surface water quality, to reduce flooding and to purify contaminated sediments. Further implementation was given by an Executive Order of the Flemish Government of 8 April 2011 (published on 10 June 2011) which concerned the rights and obligations of the operators of a public water distribution network and their customers regarding the supply of water designed for human consumption, the execution of the obligation of remediation and the general water sales regulation.

As to the possibility of receiving a subsidy for the construction of public sewers, there is the Executive Order of the Flemish Government of 5 May 2017 (published on 6 June 2017)

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<sup>50</sup> By definition, open waterways (such as ditches and brooks) are not considered to be part of the Flemish sewerage system. A sewer is defined as a closed tubing system.

<sup>51</sup> The Water Decree is the codification of, among others, the former Decree of 24 May 2002 on water used for human consumption (which was amended several times). This codification was ratified by Decree of 30 November 2018.

concerning the subsidisation of works mentioned in Article 2.6.1.3.1, §1 of the Decree of 18 July 2003 concerning the Integral Water Policy, coordinated on 15 June 2018 in the Water Decree.

Finally, the zoning Executive Order of 10 March 2006 of the Flemish Government (published on 9 June 2006) had as its objective the determination of a zoning plan for each municipality. In September 2006, the Flemish Environment Agency (*Vlaamse Milieumaatschappij*, “VMM”) started with the transmission of a draft zoning plan to all Flemish municipalities. These plans went through an approval procedure in which both the municipalities, the basin authorities and the citizens could express their views. This resulted in a final zoning plan for each municipality which consists of four different zones:

- the central area with pre-existing connection to a water treatment plan (orange shaded);
- the optimised outlying area with recent connection to a water treatment plant (green shaded);
- the outlying area which is still to optimise collectively, this is the area where the connection will be realised (dark green shaded); and
- the outlying area which is still to optimise individually, where the wastewater will have to be purified individually by means of an IBA (individual sewerage treatment) (red shaded).

In order to put the zoning plan into practice, the Flemish Environment Agency in cooperation with the municipality will set up an area-covering implementation plan. Such an implementation plan contains the projects to be carried out, the order of execution (priority), the final completion date, the acquisition points and the exceptions to the principles of optimal disconnection. In addition, the implementation plan is a binding plan. The format of an implementation plan will therefore include the following steps:

- the layout of a project basket: demonstrating the reusability of the existing sewer system, the definition of projects and the determination of the acquisition points;
- the application of the methodology for prioritising projects;
- the determination of areas where an optimal separated system should be constructed; and
- the adoption of the implementation plan through the Flemish Government.

The preparation of the project basket is based on the final zoning plan, the sewerage database of the Issuer and the information which the municipality passes to the Flemish Environment Agency. The projects for the dark green clusters on the zoning plan (outlying area which is still to optimise collectively) should be included in the project basket of the implementation plan. Now, the draft implementation plans specify which projects should be executed with priority. It is clear, though, that a vast part of the project basket has to be implemented before 2027 at the latest.

#### *Wastewater treatment infrastructure and regulation – Introduction*

The European Union imposed on its Member States to substantially improve the quality of groundwater and surface water by 2015. This requires a developed system of wastewater collection, transport and treatment. In Flanders, the wastewater infrastructure is structured at two levels: the supramunicipal and the municipal level. The municipal or non-priority sewers collect the wastewater from the houses, whereas the collectors and priority sewers of the Flemish Region

collect wastewater at the points of discharge of municipal sewers and transport it to wastewater treatment plants, where it is treated in accordance with European and Flemish standards.

The competent regulator – the Flemish Environment Agency – is the regulator of the wastewater sector in the Flemish region. It is responsible for preparing, checking and monitoring the planning of the wastewater infrastructure in Flanders (VMM as ecological regulator) and the regulation of the tariffs (VMM as economic regulator). By Act of 6 January 2014, the competence with regard to price monitoring of the drinking water component of the integral water bill has also been transferred to VMM from 1 July 2014 onwards.

*Wastewater infrastructure at the supramunicipal level*

Aquafin NV was established by the Flemish Region in 1990, for the purpose of expanding, operating and prefinancing the supramunicipal wastewater treatment infrastructure in Flanders. The Flemish Region (through its holding company *Vlaamse Milieuholding – VMH*) is the sole shareholder in Aquafin.

As at 31 December 2020, Aquafin operated 323 installations for wastewater treatment, 6,727 km of ducts and 1,919 supramunicipal pumping stations and storage settlement tanks<sup>52</sup>.

*Wastewater infrastructure at the municipal level*

Pursuant to the Drinking Water Decree of 24 May 2002 (published on 23 July 2002, and now replaced by the Water Decree), the treatment of wastewater at municipal level is a joint responsibility of the municipalities on the one hand, and the drinking water companies on the other hand. The drinking water companies are responsible for the treatment of the water they deliver to their customers. On the other hand, the municipalities can also be considered to have a specific responsibility of their own for the treatment of (all) wastewater on their proper territory. The drinking water companies can fulfil their obligation by concluding a service agreement with the owner/operator of the sewers at municipal level, which can be the municipality itself, a municipal or intermunicipal company or an entity which the municipality has appointed after a public tendering procedure. The municipalities also have a number of ways in which they can fulfil their responsibilities, either by:

- taking care of the sewerage network themselves;
- entering into a partnership with the drinking water companies; or
- delegating the development and maintenance of the sewerage network to an intermunicipal company or (after a public tendering procedure) to a third party.

These situations are in principle regulated by a contract between the parties concerned or by the accession through the articles of association of the intermunicipal company.

The current situation (as at the end of 2020) in the Flemish sewerage sector is the following. Sewerage activities are being operated by:

1. intermunicipal utility companies that are not drinking water companies:
  - (a) Fluvius West
  - (b) Fluvius Antwerpen

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<sup>52</sup> Source: [www.aquafin.be](http://www.aquafin.be)

- (c) Fluvius Limburg
- (d) Riobra

all of these being Guarantors belonging to the Fluvius Economic Group, with the Issuer as their operating company

2. intermunicipal companies that also have drinking water activities:
  - (a) Water-link, in collaboration with Aquafin
  - (b) IWVA
  - (c) Farys
  - (d) Pidpa
  - (e) De Watergroep, in collaboration with Aquafin
3. third parties appointed after a market consultation
  - (a) Aquafin
4. municipality
  - (a) the autonomous municipal company of Knokke-Heist
  - (b) other municipalities

*Contribution and compensation*

Pursuant to the Drinking Water Decree (now replaced by the Water Decree), the operators of a public water distribution network (i.e., the drinking water companies) can charge to their customers a “contribution” (“*bijdrage*”) in order to cover the cost of the water treatment obligation imposed on the drinking water companies. This contribution is calculated on the basis of the volume of water (measured in m<sup>3</sup>) supplied by the drinking water company to the customer. The operator of a public water distribution network can also charge a “compensation” (“*vergoeding*”) to the users of a private water extraction. This compensation is intended to contribute to the cost of the treatment of the wastewater coming from the private water extraction, as even if a customer gets its (drinking) water from a private water extraction, his wastewater will still be discharged via the same sewerage system.

Both the municipal contribution and the municipal compensation are charged by the drinking water company to the end-users of the (municipal) sewerage systems. With the amount of contributions and fees they receive, the drinking water companies subsequently pay the municipalities or the intermunicipal companies for the sewerage services that are provided to them. The calculation of the contribution and compensation to be paid by the users cannot be freely determined by the public water companies. The operator of a public water distribution system (i.e., the drinking water company) will set the rate of the contribution or compensation in terms of the costs it must bear in order to fulfil its remediation obligations (i.e. the amounts due to the sewerage operator). However, there is no guarantee that the full cost can always be charged to the end-user/consumer, since there are two limitations to the amount of the contribution or compensation.

Firstly, the regulator (being the Flemish Environment Agency) could limit the level of the contribution/compensation on the basis of economic, ecological or social reasons. Secondly, the



Water Decree contains an absolute cap for the contribution/compensation, which amounted to 1.5826 EUR/m<sup>3</sup> for collective remediation installations and 2.7130 EUR/m<sup>3</sup> for individual remediation installations (amounts valid in 2020; VAT excluded). The cap is normally indexed every year. These tariffs are capped at a maximum of 1.4 times the supramunicipal uniform tariff for non-residential and large-scale consumers with a non-individualised tariff.

Residents that are not able to be connected to the sewerage system, are responsible for the construction and operation of their own individual wastewater treatment system. In return, they can be exempted from the municipal and supramunicipal contribution or compensation. However, it is also possible for the sewerage system operators to collectivise the individual remediation obligation. As a result, the resident will have to pay an individual remediation contribution or compensation, just as the residents connected to the collective sewerage system have to pay a collective remediation contribution or compensation. The sewerage system operators within the Fluvius Economic Group have all decided to collectivise the individual remediation obligation. The costs are recovered through the drinking water companies. To this end, addenda to the agreements have been concluded between the system operators for sewerage and the drinking water companies. This implies that these operators, if they are the ones who placed the individuation remediation infrastructure, collect both the supramunicipal (at factor 1) and the municipal (at the abovementioned factor 1.4) contributions or compensations (i.e. a factor 2.4, covering sewerage and remediation). For the residents concerned, this does not make a difference, however, as these will not have to pay any intermunicipal contribution or compensation on top of the amount (at factor 2.4) owed to Fluvius for both services.

#### *Future developments*

The Flemish wastewater sector is faced with the need for substantial investments in both the expanding and upgrading the sewerage system in order to meet the European clean water objectives by 2027. The map below<sup>53</sup> gives an indication of the current degree of connectivity to the sewerage system for wastewater (situation in January 2021):

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<sup>53</sup> source: VMM website.

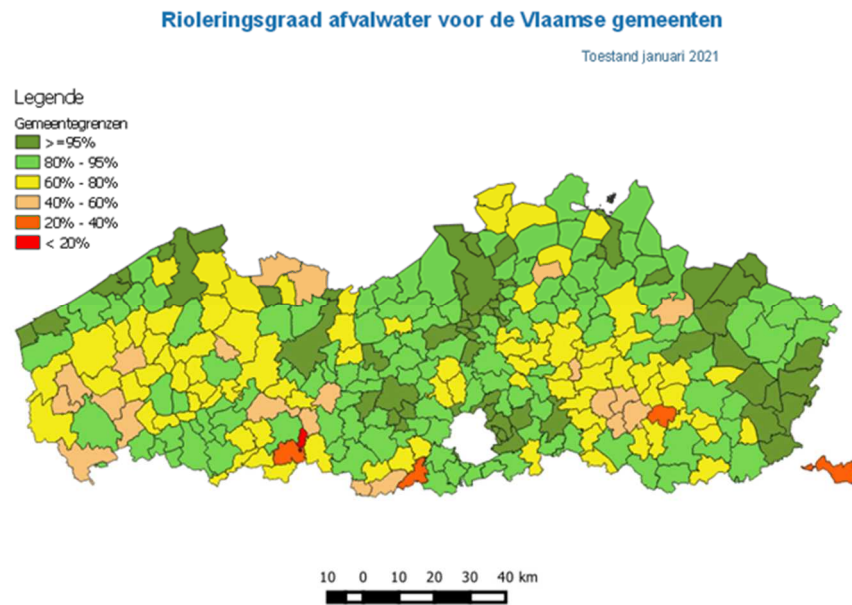


Figure 2: Sewerage penetration rate in Flemish municipalities (January 2021)

For the relevant Guarantors, the average sewerage degree (situation as at end December 2020) is as follows:

- Fluvius Antwerpen: 81.89%
- Fluvius Limburg: 86.78%
- Fluvius West: 77.39%
- Riobra: 66.71%

aggregate for the four Guarantors: 78.19%.

#### *Separated sewers for rain water and wastewater*

Pursuant to the Decree on Integrated Water Policy (now replaced by the Water Decree), the Flemish Region has undertaken to organise the management of the rain water and surface water in such a way that the rain water is separated from the wastewater ('separated sewers'). All new extensions of the sewerage system consist of separated sewers. The implementation plans (implementing the zoning plan) will define the areas where the existing sewers should be replaced by separated sewers. Furthermore, the obligation to separate rain water and wastewater is also applicable at the level of individual houses. For new buildings, the obligation to separate rain water and wastewater is a requirement in the framework of obtaining building permits. For existing buildings, the Issuer and the relevant Guarantors should inform the house owners about their obligations, concerning rain water and wastewater. In order to do so, detailed plans of every house are drafted by the Issuer and delivered to the owners of the houses. The Executive Order of the Flemish Government of 5 July 2013 (published on 8 October 2013) establishing a regional planning regulation concerning rain drains, infiltration, buffering systems and separate discharge of wastewater and rain water tightened the already existing obligations at the Flemish level. It entered into force on 1 January 2014. In summary, it has the following core elements:

- any new construction of surfacing (“*verharding*”) larger than 40 m<sup>2</sup> will have to comply with this Resolution;
- general compulsory installation of an infiltration facility (with the exception for parcels with a surface of less than 250 m<sup>2</sup>);
- new buildings and homes larger than 100 m<sup>2</sup> must have a rain water tank with a capacity of at least 5,000 liters;
- for new subdivisions, collective infiltration facilities will be required.

#### *Financing model*

Recently, the VMM provided the Flemish municipalities updated financing standards in order to gain a clear insight into the financial challenges they are facing with regard to sewerage. The model used is based on the available revenues and the required investments for the zoning plans and execution plans for the whole of Flanders. Several scenarios have been elaborated. In this way, VMM has indicated that the Issuer’s sewerage municipalities, in order to reach the reduction objectives and the level of ambition set by VMM, will have to invest as follows:

<b>Fluvius (aggregate in EUR)</b>	<b>2021-2027</b>	<b>2021-2027 (amount per year)</b>
Replacement investments	129,058,588	18,436,941
Expansion investments	1,053,384,603	150,483,515
<b>TOTAL</b>	<b>1,182,443,191</b>	<b>168,920,456</b>

<b>CAPEX BUDGET SEWERAGE<sup>54</sup></b>						
<b>(EUR)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>TOTAL</b>
Fluvius Antwerpen	940,871	984,815	1,028,805	1,074,981	1,123,490	5,152,962
Fluvius Limburg	46,614,434	48,792,974	51,065,654	53,452,481	55,963,877	255,889,420
Fluvius West	11,385,280	11,922,299	12,472,296	13,048,977	13,653,542	62,482,394
Riobra	11,846,273	12,411,816	13,004,517	13,625,042	14,254,564	65,142,211
<b>TOTAL</b>	<b>70,786,858</b>	<b>74,111,904</b>	<b>77,571,272</b>	<b>81,201,482</b>	<b>84,995,473</b>	<b>388,666,989</b>

<b>(EUR)</b>	<b>TOTAL</b>	<b>TOTAL per year</b>
Fluvius Antwerpen	5,152,962	1,030,592
Fluvius Limburg	255,889,420	51,177,884
Fluvius West OV	62,482,394	12,496,479
Riobra OV	65,142,211	13,028,442
<b>TOTAL</b>	<b>388,666,989</b>	<b>77,733,398</b>

<sup>54</sup> Please note that the annual investment budgets will be revised in December 2021.

The current investment standards provide that no expansion investments are to be carried out without subsidies by the Flemish Government (maximum 75%) or, in the absence thereof, by the relevant municipalities. However, the Issuer's current investment standards, the current subsidy policy and rationalisation grants are clearly insufficient to maintain the rate of EUR 1.3 billion presupposed by the VMM. If the extension of the sewerage network is to be completed by the end of 2027, the Issuer has to annually invest approximately EUR 89 million. After deduction of the supramunicipal efforts through Aquafin and the (uncertain) subsidies of the Flemish Government, this still means an effort of EUR 57 million per year. In addition, the need for replacement investments for the maintenance of the existing sewerage network should also be taken into account. From the preceding numbers – which are similar for the whole of Flanders – it is clear that the sewerage sector in Flanders (including the Issuer and the relevant Guarantors) experiences structural financing problems, which may also impact the financing of the Fluvius Economic Group as a whole. Therefore, the Issuer is currently working on a detailed financial plan containing various scenarios in order to remedy this structural problem, such as e.g. a reduction of investment needs (alternative sewerage, maintaining mixed sewerage systems and spreading out over time), or the creation of additional income (maximisation of rationalisation grants, alternative income, evolution of subsidies etc.). The ultimate solution will of course depend on the policy decisions taken in this regard by the Flemish Government and the participating municipalities. From 1 January 2016 onwards, the tariff structure is based on a fixed tariff plus a variable base tariff plus a variable comfort tariff applicable to higher consumption volumes. The Flemish Government expressed the intention that there will be more certainty about the flow of revenues so that the financing of the public water supply will be less vulnerable to possible decreases in water consumption in the future. Furthermore, the Flemish Government clearly stated that it will support the cities, municipalities and sewerage system operators in the construction, the repair or maintenance of the sewerage systems. Pending a more structural solution, the Issuer maximally opts for an efficient spending of scarce funds. At the same time, the financial plan is used to guard over the means to finance the intended short-term investments, whereby absolute priority is given to urgent replacement investments and subsidised projects.

#### *Subsidies*

Sewerage infrastructure owners have the possibility to apply for regional sewerage subsidies. Typically, since 2017, new sewerage projects can obtain a 75% regional subsidy. In many cases road works will also have to be carried out, but these latter costs are not covered by the subsidy mechanism and are generally borne by the municipalities.

#### *Sewerage network of the Fluvius Economic Group*

The Issuer is the largest individual player in the field of sewerage system management in Flanders with approx. 25% of the Flemish municipalities covered. It is operational in 86<sup>55</sup> municipalities. Fluvius West, Fluvius Antwerpen, Fluvius Limburg and Riobra are its four system operators for sewerage.

#### *Fluvius West*

Fluvius West has taken over the responsibilities and obligations of the municipalities which have joined Fluvius West with respect to their sewerage activities. The municipalities participating in Fluvius West for the sewerage activity have contributed the following rights and assets in exchange for shares in the intermunicipality:

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<sup>55</sup> Pittem joined Fluvius West on 1 January 2020 and Lennik joined Riobra on 1 January 2021.

- full ownership (infrastructure, etc.) and the necessary rights required for the management of wastewater and rain water;
- the rights of the municipalities with regard to private property; and
- the rights of the municipalities to control the management of wastewater and rain water on their territories.

*Fluvius Limburg*

Fluvius Limburg has taken over the responsibilities and obligations of the municipalities which have joined Fluvius Limburg with respect to their sewerage activities.

The municipalities participating in Fluvius Limburg for the sewerage activity have contributed the following rights and assets in exchange for shares in the intermunicipality:

- full ownership (infrastructure, etc.) and the necessary rights required for the management of wastewater and rain water;
- the rights of the municipalities with regard to private property; and
- the rights of the municipalities to control the management of wastewater and rain water on their territories.

*Fluvius Antwerpen*

Fluvius Antwerpen has taken over the responsibilities and obligations of the municipalities which had joined Iveg with respect to their sewerage activities. The municipalities have the choice whether or not to contribute full ownership of infrastructure etc. to Fluvius Antwerpen. It must in any event contribute the usage rights. Consequently, the participating municipalities for the sewerage activity contribute the following rights and assets in exchange for shares in the intermunicipality:

- the necessary rights required for the management of wastewater and rain water;
- the rights of the municipalities with regard to private property; and
- the rights of the municipalities to control the management of wastewater and rain water on their territories.

*Riobra*

Riobra has taken over the responsibilities and obligations of the municipalities which have joined Riobra with respect to their sewerage activities. The municipalities have contributed the full ownership of all assets appropriate for the activity of Riobra in exchange for shares in Riobra. The sewerage activities of each municipality are transferred to Riobra by means of a complete transfer of competence. Furthermore, the municipalities freely contributed into Riobra (i) the exclusive rights on all pipes, sewers, buildings, installations and equipment required for the management of wastewater and rain water, (ii) the rights which the municipality disposes of concerning private property and (iii) the rights which the municipality disposes of in order to ensure the activity of sewerage.

### **3.5 Organisation of the Flemish cable television (CATV) market**

The cable network activities of the Issuer and the relevant Guarantors are limited to the grid-related activities (grid extension, connections to the grid, grid maintenance etc.). The commercial and

content - related CATV activities, however, have been transferred to Telenet NV following the 2008 Telenet Agreement as set out below. The relevant grid is owned by those Guarantors with CATV-activities (being Fluvius Antwerpen, Fluvius Limburg, Fluvius West and PBE).

The current commercial market for CATV services in Flanders is split up between a number of service providers, the most prominent ones being Proximus and Telenet. These (and other) providers offer television, internet and telephony services to the customers.

### **3.6 Other activities of the Issuer and the Guarantors**

#### *3.6.1 Public lighting*

The responsibilities for public lighting in Flanders are split between the Region (for roads and the public domain belonging to the federal authorities) and the municipalities (for roads and the public domain owned by the municipalities). The Issuer and the Guarantors are only involved in public lighting at the municipal level. Public lighting operations are a public service obligation for the DSOs (article 4.122 of the Energy Decree).

The majority of the Flemish municipalities (267 out of a total of 300) have decided to contribute their public lighting infrastructure (mainly the poles, fittings and lamps used for public lighting purposes) into their electricity DSO in exchange for an amount in cash and shares of the DSO. By concentrating the entire assets for public lighting within the DSO, the roll-out of the investment programme to switch the entire municipal public lighting in Flanders, i.e., approximately 1.2 million lighting points, to energy-efficient LED technology by the year 2030 is facilitated and can be executed in the most efficient way from an operational and financial point of view. It should be noted that, by decision of the Flemish Government, the public service obligation of operating the municipal public lighting will be eliminated as from 1 January 2022 onwards. To take this into account, the allowed income for electricity in the year 2022 is expected to be reduced by EUR 5.9 million.

#### *3.6.2 Financial participations*

Certain Guarantors hold substantial financial participations in certain holdings (directly or indirectly) controlling the Belgian TSOs Elia Transmission Belgium SA/NV (electricity) and Fluxys Belgium (gas).

##### **Publi-T**

Publi-T is the controlling shareholder of Elia Group NV/SA (“**Elia Group**”). Elia Group is the sole shareholder of Elia Transmission Belgium NV/SA, which has been licensed as Belgium’s electricity TSO.

Publi-T is organised as a cooperative company under Belgian law. It owns 44.83% of Elia Group’s shares with the other shares divided over Publipart (3.32%) and free float (51.85%).

The following Guarantors directly hold shares in Publi-T (figures as at 30 June 2021):

- Fluvius Antwerpen: 5.27%
- Fluvius Limburg: 9.34%
- Fluvius West: 2.81%
- Gaselwest: 8.05%
- Imewo: 9.01%

- Intergem: 4.29%
- Iveka: 0.07%
- Iverlek: 7.27%
- PBE: 1.93%

aggregate for the above Guarantors: 48.03%.

The Guarantors' total book value of their Publi-T participations is EUR 328.74 million (according to Belgian GAAP) as at 30 June 2021 (compared to the same amount as at 31 December 2020). In 2020, they received a total dividend of EUR 21.63 million. Its market value (calculated applying IFRS), however, is estimated at EUR 1,307.32 million based on the share price<sup>56</sup> of Elia (EUR 89.00) as of 30 June 2021.<sup>57</sup>

### **Publigas**

Publigas is the controlling shareholder of Fluxys. Publigas is organised as a cooperative company under Belgian law. It owns 77.48% of the Fluxys shares with the other shares divided over the Canadian pension fund CDPQ<sup>58</sup> (19.88%), the federal investment entity FPIM<sup>59</sup> (2.13%) and the Fluxys employees (0.51%).

The following Guarantors directly hold shares in Publigas (figures as at 30 June 2021):

- Fluvius Antwerpen: 6.59%
- Gaselwest: 6.84%
- Imewo: 7.13%
- Intergem: 3.06%
- Iverlek: 6.74%

aggregate for the above Guarantors: 30.36%.

The Guarantors' total book value of their Publigas participations is EUR 74.49 million (according to Belgian GAAP) as at 30 June 2021 (which was the same (according to Belgian GAAP) as at 31 December 2020). In 2020, the relevant Guarantors received a total Publigas dividend of EUR 31.61 million.

### *3.6.3 District heating*

Networks for district heating are gaining more and more traction over the last few years. Such grids distribute heat generated in a heating source to consumers. These grids can deliver heat to residential customers, industrial customers or a mix of both. District heating offers enhanced energy-efficiency, since the technology uses residual heat, which would otherwise be lost, for heating purposes or for industrial processes.

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<sup>56</sup> Elia's shares are listed on the Euronext Brussels stock exchange (ticker: ELI).

<sup>57</sup> This does not include the value of the shares of Elia held by Intergem.

<sup>58</sup> CDPQ = Caisse de Dépôt et Placement du Québec.

<sup>59</sup> FPIM = Federale Participatie- en Investeringsmaatschappij (in French: *Société Fédérale de Participations et d'Investissement*).

In the Flemish Region, the Energy Decree<sup>60</sup> defines district heating networks. At the date of this Base Prospectus, district heating falls outside the scope of regulation by the energy regulator VREG (or any other regulating body). Nevertheless, VREG is charged by the Flemish legislator with (1) the duty to inform the market on district heating, (2) an advisory role in this respect and (3) a supervisory role on the service quality delivered by heat suppliers. VREG is also competent for establishing a Technical Regulation for district heating. And, finally, VREG can act as an arbitrator in market disputes in which heating network operators are involved.

As at 5 October 2021, Fluvius System Operator was involved in the following district heating projects as grid operator and/or heat supplier<sup>61</sup>:

<b>Project</b>	<b>Location</b>	<b>Fluvius = grid operator</b>	<b>Fluvius = heat supplier</b>	<b>Type</b>
<b>Blue Gate</b>	Antwerp	x	x	other
<b>Nieuw Zuid</b>	Antwerp	x	x	mixed
<b>De Ark</b>	Dessel	x	x	residential <100
<b>Hof ter Bloemmolens</b>	Diksmuide	x	x	residential >100
<b>Sint-Idesbald</b>	Roeselare	x	x	SME
<b>Brouwerijdomein</b>	Gistel		x	residential <100
<b>Roobaertpark</b>	Roeselare	x	x	residential <100
<b>Guido Gezellestraat</b>	Mol	x	x	residential <100
<b>Rodekruislaan</b>	Mol	x	x	mixed
<b>Goudwinde 1/2</b>	Harelbeke		x	residential >100
<b>Goudwinde 3/4</b>	Harelbeke		x	residential >100
<b>De Kluis</b>	Hoogstraten	x	x	SME
<b>Kuurne/Harelbeke</b>	Kuurne/Harelbeke	x	x	residential >100
<b>Balk Van Beel – Ark - Twist</b>	Leuven	x		residential >100
<b>Balmatt site (VITO)</b>	Mol	x		other
<b>Niefhout</b>	Turnhout	x		residential >100
<b>Suikerpark (phase 1)</b>	Veurne	x		residential <100

Legend:

- Residential <100: heat delivered to less than 100 residential consumers
- Residential > 100: heat delivered to more than 100 residential consumers

<sup>60</sup> The Decree also defines cooling networks.

<sup>61</sup> Source: VREG District Heating Grid Report, dated 5 October 2021, <https://www.vreg.be/sites/default/files/document/rapp-2021-20.pdf>.



- SME: heat delivered to small and medium-sized enterprises only
- Other: heat delivered to other consumers (school, hospital, industrial building...)
- Mixed: heat delivered to a mixture of the above categories, e.g. a school in combination with residential consumers

Although the number of district heating grids in Flanders (76 as reported by VREG) is still relatively limited, this segment is developing rapidly. For the period 2021-2026, an aggregated budget of EUR 75.8 million is provided by the Fluvius Economic Group for the development of district heating grid projects.

## **4 Regulatory and contractual framework applicable to the Guarantors**

### **4.1 Regulatory framework for the Flemish energy DSOs (electricity and gas)**

#### *4.1.1 Natural monopoly and regulation*

A DSO's activity of energy distribution within its operating area is considered to be a "natural monopoly" activity. This concept implies that, on a specific market segment, one single company can produce a desired output at a lower social cost than two or more companies placed in competition are able to, because of both high fixed costs and economies of scale. On the other hand, a monopolist could in theory show undesired behaviour, such as excessive pricing for its end consumers, or inefficiency in its operations and an underdeveloped productivity.

This monopoly market position for the DSOs is also acknowledged in the Flemish Region where the operation of a distribution network is a regulated activity that is granted a legal monopoly within the boundaries of the operating territory attributed to each DSO.

For their distribution services, DSOs charge a fee (also called "tariff") to the energy suppliers. The fee charged by the DSOs is called a distribution grid fee. The suppliers include this grid fee into the end consumers' energy bill. The energy consumption bill that goes out to the end consumers thus includes not only the energy that was used (and a profit margin), but also the fees that were invoiced by the TSO and the DSO for the transport and distribution of electricity and gas. Nonetheless, within the Flemish regulatory system the DSO directly invoices one-off costs for the connection to the distribution grid to the end customer. Within this regulatory framework, established by the Flemish legislator, the VREG sets or approves the level of tariffs and/or the profits that DSOs are allowed to make and the regulator permanently verifies the professional and managerial reliability of a DSO and its operating company. The DSO grid fee is regulated, which means that the distribution grid fee has to be submitted for prior approval (*i.e.* before it is being actually charged) to the energy regulator.

The tariffs of this distribution grid fee are based on a "cost-oriented" system, and are fixed following a proposal for each individual DSO and for each of electricity and gas distribution separately. In practice, this means that there are differences between the tariffs charged by each DSO, dependent on the level of its operational costs.

The regulatory framework consists of multi-annual tariffs, set on the basis of a tariff methodology that is fixed for a certain tariff period. During a specific tariff period tariffs can in principle only change in clearly defined circumstances and according to a pre-established formula. Currently, a tariff period lasts four years.

The tariff methodology set by the VREG applies to the DSOs for gas and electricity that operate within the Flemish Region.

The VREG's tariff methodology is built upon an "ex ante revenue cap model" in which a cap determines the maximum revenue a DSO can collect from the grid users, with the exclusion of so-called "exogenous" costs that are beyond the DSO's control. In addition, the tariff methodology caters for an adequate compensation for a DSO's volume risk (i.e. the risk that the actual income derived from the grid fees deviates from the expected income due to a difference between actual and expected off-take and injection volumes from the grid users). The latter volume risk compensation is foreseen both on the level of exogenous and endogenous costs.

The cap formula allows for the allowed revenues to be updated annually based on the consumer price index as published by the Federal Public Service for the Economy (in Dutch: "*Federale Overheidsdienst Economie*") based on the forecasts by the Federal Planning Agency (in Dutch: "*Federaal Planbureau*"). The VREG defends the revenue cap model on the grounds that it incentivises cost efficiencies at the DSOs and that it best remedies the regulator's information handicap<sup>62</sup>. From an investor's point of view, the most important criterion of the tariff methodology is the amount and the stability of the "allowed income".

The tariff methodology establishes the distribution grid fee which is the main source of revenue for the DSOs. The purpose is to sufficiently remunerate the DSOs, which should enable them to carry out the duties imposed on them, to build and maintain future-proof grids and to realise a fair remuneration for their shareholders as a return on the capital they invested. The VREG also pointed out that it wishes to take into account the regulatory risk and the potential impact thereof on financiers. Therefore, the tariff methodology should be transparent and – to the extent possible – stable and predictable. Any arbitrary and discriminatory action by the regulator with an impact on distribution tariffs must be ruled out. A situation in which there is an exaggerated focus on temporary effects violating the tariff methodology's stability, effectivity and credibility should at all times be avoided.

Tariffs are public, they are applied for the whole of the territory of each DSO and they are not subject to negotiation with customers. The currently applicable tariffs can be consulted on the VREG's website<sup>63</sup> and on the Issuer's website<sup>64</sup>.

The grid tariff structure is based on the cascade principle: end-users pay for the costs of the grid level to which they are connected and the costs of all higher grid levels proportionally to the use of these grid levels. In the electricity market this cascade principle is fully implemented as the DSOs pay the TSO for the use of the transmission grid. The transmission tariffs of Elia Transmission Belgium, the Belgian electricity TSO, are hence included in the electricity distribution tariffs of the DSOs which the latter charge to the suppliers (who eventually charge them on to their customers). This is conversely not the case on the gas market where the gas TSO Fluxys Belgium invoices the suppliers directly without the DSOs being involved.

As mentioned above, distribution grid tariffs are regulated, which means that the distribution grid fees are (i) based on a tariff methodology established by the regulator in principle for the entire regulatory/tariff period (currently four years) and (ii) have to be submitted (based on a proposal for each individual DSO and both for gas and electricity separately) for prior approval (i.e. before being actually charged) by the regulator. The regulator will exercise control on the proposed

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<sup>62</sup> The theoretical concept of '*information handicap*' refers to the universal and structural handicap a regulator faces in relation to the entities it regulates: a regulator as an outsider can never obtain the same level of information about a regulated entity's activities as this regulated entity itself.

<sup>63</sup> See: <https://www.vreg.be/nl/distributienettarieven>.

<sup>64</sup> See: <https://www.fluvius.be/nl/thema/aansluitingen-elektriciteit-1/contracten-reglementen-en-tarieven-elektriciteit>.

distribution grid fees. This takes the form of a check in advance (“*ex ante*”) when the DSOs’ tariff proposals are submitted for approval. At this moment, the regulator can reject elements of the budgeted costs and the regulator will establish the allowed income for a DSO (i.e., the part of the income that can be recovered through the grid tariffs). Afterwards (“*ex post*”), i.e., after the year for which an allowed income had been established, the DSO merely has a reporting obligation and is obliged to submit a detailed report to the regulator regarding the actual costs incurred (both for the so-called exogenous and endogenous costs) during the previous year. The regulatory framework consists of multi-annual tariffs applying for the whole tariff period. The regulatory framework aims at sufficiently remunerating the DSOs, enabling them to carry out the duties imposed on them and realising a fair remuneration as a return on the share capital or contributions (as applicable) of their shareholders.

Only the Guarantors (and not the Issuer) obtain their income directly from these grid fees. Where certain costs are not taken into account in the regulated tariffs, the corresponding economic cost is to be borne by the shareholders of the Guarantors (through a decrease in profit). As mentioned above, the operating company works on the basis of a pure pass-through mechanism for all its costs to the Guarantors, based on an allocation key.

#### *4.1.2 Legislative principles for the regulatory tariffification framework*

The tariff-setting competences for distribution grid tariffs in Belgium are situated with the regions<sup>65</sup>. For the Flemish Region, the VREG has since mid-2014 replaced the CREG as the competent regulatory body.

The general principles underlying the tariff methodology are enshrined in the tariff guidelines set out in the Energy Decree. The current tariffication system in Flanders is basically an income regulation-based system, also called a “revenue-cap” system.

The regional legislator and the VREG are bound by the general principles defined by the Third Energy Package and (for electricity) the Clean Energy Package (and to extent the proposals become law, the Fit for 55 package - see above and below). In particular, the VREG has to respect the principle that tariff methodologies should guarantee the long-term ability of the system to meet reasonable demands for the distribution of electricity and gas. In addition, the tariff methodologies should allow the DSOs to ensure the necessary investments in their networks to be carried out in a manner that allows those investments to ensure the viability of the networks. Increasingly, tariff legislation places a focus on the facilitation and incentivising of flexibility, demand-response, distributed generation, storage and energy efficiency services, including through aggregation or via energy communities, by providers independent from the DSOs (including non-discriminatory network access for these providers and their customers).

#### *The regulator’s role and competencies*

The current powers of the regulator are quite broad and the regulator holds an independent position within the energy market. The regulator has the exclusive power to establish (although after “structured, documented and transparent” consultation with the DSOs) the tariff methodology to be used by the DSOs as a basis for their tariff proposals, and subsequently to approve these tariff proposals or – if needed – to impose provisional tariffs.

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<sup>65</sup> On transmission of electricity and transport of natural gas the federal regulator CREG has retained its tariff-setting competency beyond 1 July 2014.

Nevertheless, when establishing the tariff methodology, the regulator remains bound by a number of binding guidelines incorporated in legislation. Amongst these guidelines is the principle that the VREG executes its tariff competency within the boundaries of the general energy policy as defined at European, federal and regional level. Furthermore, the VREG is compelled to extensively motivate its tariff decisions, both for its tariff methodology and the actual tariff decisions. The regulator is not allowed to retro-actively amend tariffs, notwithstanding the settlement of tariff balances in subsequent tariff periods (*“regulatoire saldi”* – see below) or compensatory measures after having imposed temporary provisional tariffs.

In accordance with the rules laid down in the Third Energy Package, the core duties of the regulator for tariff setting do not deprive the legislator of the right to issue general policy guidelines which will have to be reflected into the tariff structure and methodology. The Energy Decree sets out binding tariff guidelines, which include, amongst others, the more general principles of exhaustiveness and transparency, non-discrimination and proportionality. In addition, this article in the Energy Decree also specifies that:

- the criteria to reject costs should be non-discriminatory and transparent;
- grid users should not be charged twice for the same use;<sup>66</sup>
- the tariffs are non-discriminatory and proportional, and should reflect the actual costs, to the extent that these correspond to the costs made by efficient and structurally comparable DSOs;
- the remuneration for the regulated assets should allow a DSO to make the necessary investments for the execution of its tasks and its “access to capital”;
- the charges related to public service obligations are included in the tariffs, yet the VREG still has the power to assess the costs generated by the DSOs for those tasks and to benchmark those costs with the other DSOs;
- the tariff methodology should stipulate the determination of the tariff balances;
- cross-subsidisation between regulated and non-regulated activities is not allowed;
- costs which are not under the control of a DSO constitute “exogenous costs”; costs relating to the execution of public service obligations and additionally imposed during a tariff period qualify as exogenous costs as well;
- the DSOs should perform their tasks in an efficient way; and
- any capacity tariff should take into account regionally objectifiable differences.

#### *4.1.3 Tarification principles (2021-2024)*

(a) Allowed income for the DSOs

There are two main aspects in tarification that have to be clearly separated:

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<sup>66</sup> This recent addition to the guidelines should be read in the context of any transitional arrangements that may result from the Constitutional Court judgement of 14 January 2021, which annulled the application of virtual reversed metering in combination with a prosumer tariff for solar panel owners being switched to a digital meter, in order to avoid that they might be charged cumulatively with a prosumer tariff and on their actual offtake. Please refer to section 4.1.5 – ‘Other tariff-related topics – tariff structure’ in Part VII – ‘Description of the Issuer and the Guarantors’ for more information.

- (i) the tariff methodology establishes the distribution tariff by defining principles and parameters;
- (ii) the tariff structure sets out how the tariff is spread over the different categories of end consumers.

It is to be noted that a Guarantor's income is only affected by the tariff methodology, not by the tariff structure.

The VREG has chosen for a tariff regulation based on the so-called "allowed income" model with the exception of exogenous costs. It deems this approach as the best approach to incentivise DSOs to execute their operations as cost-efficiently as possible.

The tariff methodology used by the VREG is basically built upon three different categories of DSO costs, which are touched upon below:

- (A) endogenous costs: to be processed through the grid fee via the allowed income
- (B) exogenous costs: entirely to be borne by a DSO's grid users through the grid fee
- (C) other costs: to be borne by the DSO itself, these costs cannot be included into the grid fee

(A) *Endogenous costs*

In the "allowed income" model the endogenous costs are subject to incentive regulation to stimulate a DSO to work as cost-efficiently as possible and to ensure a sustainable management of the grid over time. Hence, to cover the endogenous costs, the tariff methodology should allow each DSO a certain amount of fixed revenues (the "*allowed income*") which should correspond to the revenues of an efficient DSO. According to the VREG, the cost budget for a DSO should reflect the recent historical evolution of the endogenous sector costs and the actual share of each individual DSO therein ("sector trend methodology").

The major endogenous costs for the DSOs are:

- operational net expenditures,
- depreciations,
- remuneration for the cost of equity,
- remuneration for the cost of debt.

*Operational net expenditures*

The operating net expenditures incurred by a DSO in the context of its regulated activities, i.e. operational costs minus operational revenues, qualify as endogenous costs to which incentive regulation applies.

*Depreciations*

The value of all infrastructure elements that make up a distribution grid for electricity or gas is depreciated in accordance with the rules established by the regulator. This depreciation cost is integrally included into the distribution grid fee.

The amortisation of surplus values based on the historical indexation and the initial regulated asset base is also taken into account.

The VREG believes that goodwill and formation expenses do not qualify as assets used for distribution grid management purposes. As a consequence, the tariff methodology does not allow a DSO to include amortisations on goodwill and formation expenses as an endogenous cost in its tariff envelope. These costs cannot be recovered via the tariffs.

*Remuneration for the cost of equity*

The DSO is also entitled to receive a fair remuneration for the resources that its shareholders have invested in the distribution grid in the form of contributions and other contributions and reserves. Basically, the remuneration for equity is set on the basis of the formula

$$'RAB \times WACC',$$

in which

- RAB (Regulatory Asset Base) equals the regulated grid value calculated as the net economic reconstruction value, *i.e.* the investment amount needed to build a technically equivalent new grid, but based on the age of the current grid. The evolution of the RAB is monitored through a technical inventory and the yearly changes thereof (being investments in new grid infrastructure on the one hand and decommissioned infrastructure elements on the other hand).

The net working capital can be included into the RAB value taken into consideration for the establishment of the equity remuneration.

and in which

- WACC (Weighted Average Cost of Capital) is a weighted average of an entity's costs of equity and debt, weighted by the proportions of equity and debt in its total balance sheet value. The WACC parameter is derived from the CAPM<sup>67</sup> pricing formula. The WACC is determined ex-ante by the regulator and should be at an efficient and realistic level. The capital remuneration is calculated with reference to the relevant assets on the DSO's balance sheet used for executing its regulated activities. Following the equity/debt calibration, an additional adjustment is made for corporate taxes as well.

The parameters for this calculation during the tariff period 2021-2024 have been set as detailed in section 4.1.4(c) – 'The tariff period 2021-2024' below.

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<sup>67</sup> CAPM refers to the commonly used "Capital Asset Pricing Model", an economic model for the determination of required returns on investments given the risk of the relevant assets and the cost of capital. The CAPM formula is "the expected return of an investment equals the risk-free rate multiplied by the investment beta multiplied by the market risk premium", in which beta is a measure of how much risk the investment will add to (or subtract from) an investment portfolio equal to the market.

*Remuneration for the cost of debt*

A DSO's costs for debt (including interests and transaction costs) are also being remunerated through the grid fee.

The VREG has indicated that it is not in favour of introducing a major risk of refinancing by the regulated DSOs. Such a risk might arise when a DSO is obliged to refinance its outstanding debt (mostly on terms beyond a 4-year tariff period so as to reflect the long-term useful life of its grid infrastructure's assets) at the start of each new tariff period. With the basic principle of cost-efficiency in mind, the VREG also does not want to incentivise DSOs towards early redemptions of debt (whether bank loans or bonds), which would trigger additional costs. Therefore, the VREG has chosen for an approach which combines current market circumstances (interest rates) and the historical circumstances at the basis of outstanding DSO debt.

The tariff methodology allows for transaction costs related to attracting debt financing. Transaction costs are a.o. fees paid to legal and financial advisers, costs paid to the financial regulator FSMA, costs made for drawing up a prospectus, listing costs, credit rating costs.

More precisely, to determine the cost of debt in the WACC (as a percentage), the VREG applies a combined value consisting of the sum of (i) a risk-free interest rate for historical debt, (ii) a risk premium for historical and for new debt and (iii) an increase for transaction costs (for both historical and new debt). The values for these components and other parameters to calculate the cost of debt during the tariff period 2021-2024 have been set as detailed in section 4.1.4(c) – 'The tariff period 2021-2024' below.

*Allowed income for endogenous costs*

Endogenous costs are subject to incentive regulation. The VREG has emphasised the importance of identifying the amount of the allowed income for endogenous costs in a transparent, non-discriminatory and predictable manner. To this end, the VREG has decided to determine the amount of the allowed income for endogenous costs on the basis of the evolution of the endogenous "sector" costs during a certain "observation period". This observation period equals the five-year period starting from the year before the start of a specific tariff period. This method of post-calculation allows the VREG to determine a DSO's future income on the basis of the evolution and amount of the sector's most recent (historical) costs.

Furthermore, by referring to the "sector" costs, the VREG can incentivise all DSOs to work as efficiently as possible. For example, in case a DSO's endogenous costs have increased more rapidly than the sector average, the former's future allowed income in the next regulatory period will to a lesser extent correspond to that DSO's latest cost level. Conversely, if a DSO's endogenous costs have decreased more rapidly compared to the costs of its peers, its new allowed income in the next regulatory period will be higher than its most recent cost level.

*(B) Exogenous costs*

Exogenous costs in general constitute the costs that are "beyond the control" of the DSO (or its operating company). These costs are therefore not subject to a system

of incentive regulation and, as such, they are left out of the revenue cap. All exogenous costs are passed through to the distribution grid users, without any profit margin for a DSO and/or its operating company.

A DSO is obliged to introduce an annual budget for exogenous costs to the VREG. The regulator then investigates this budget proposal for approval and introduction into the relevant grid fees. Any differences between these annual budgets (which are proposed “*ex ante*”) and the actual costs incurred by the DSO (which can only be exactly established “*ex post*”), whether positive or negative (so-called “tariff balances”), are being processed in the tariffs during the following tariff period (in principle in a four-year cycle).

The major exogenous costs for a Flemish energy DSO are:

- costs for the (financial) public service obligations to be performed by the DSO (in relation to e.g. the stimulation of rational energy use or minimum gas supply)
- costs for the transmission of electricity (invoiced by electricity TSO Elia Transmission Belgium)
- pension charges (see below for more details)
- taxes (excluding corporate tax)
- levies
- charges related to certificates; and
- the reduction of tariff balances.

#### *Costs for Public Service Obligations*

The legislative authorities have imposed on the Flemish DSOs a number of public service obligations, which are mostly social, technical and ecological measures, such as the costs for budget metering, combatting energy poverty and minimum gas supply<sup>68</sup>, the costs for RUE<sup>69</sup> subsidies paid out to consumers, energy scans, insulation projects etc. The net costs incurred by the DSOs with respect to these public service obligations<sup>70</sup> are fully passed on to consumers through the distribution grid fee.

#### *Costs for the transmission of electricity (electricity TSO Elia Transmission Belgium)*

The federal electricity TSO Elia Transmission Belgium<sup>71</sup> (unlike the gas TSO Fluxys) invoices its costs for the use of the electricity transmission grid to the DSOs. The DSO is allowed to include the transmission cost as an exogenous cost

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<sup>68</sup> To the extent these costs are not compensated by any direct support from the Flemish Government.

<sup>69</sup> RUE: rational use of energy.

<sup>70</sup> Only the net costs for public service obligations may be introduced into the tariffs, i.e. after deduction of any contributions or receipts from third parties, including the Flemish Government.

<sup>71</sup> Elia Transmission Belgium NV/SA has been designated as the national and regional/local electricity TSO for the very high- and high-voltage electricity grid in Belgium (source: Elia Group Press Release of 20 January 2020).



into its own tariff to be invoiced to the electricity suppliers. The DSO can do so, since the transmission cost invoiced by electricity TSO Elia Transmission Belgium is also subject to regulation, albeit by the federal energy regulator CREG.

The federal contribution which is added to the electricity grid tariffs is not included into these exogenous costs.

#### *Pension charges*

The charges incurred by a DSO for the non-capitalised supplementary pensions or the public sector pensions paid out to employees that have executed a regulated activity in electricity and/or gas distribution are deemed to have an exogenous character, on the express condition that these charges are due on the basis of statutory regimes, collective bargaining agreements or any other sufficiently formalised agreements approved prior to 30 April 1999.

#### *Taxes*

Taxes are considered to be exogenous costs. Corporate taxes, if any, are an exception to this general principle. This also applies to other amounts levied by public authorities and paid for by third parties, e.g. retributions paid by the DSOs to municipalities<sup>72</sup> and the levy on the use of the large-scale reference file (as stipulated in the Flemish Decree of 16 April 2004 regarding the Large-Scale Reference File<sup>73</sup>).

#### *Levies*

Part of the total grid fee consists of federal and Flemish levies. More particularly:

- the *energy contribution* is a levy on each kWh of electricity and gas consumed.
- the *federal contribution* serves amongst other things to finance the Social Energy Fund and the Fund for Protected Consumers. It also finances the federal regulator CREG. Lastly, the federal contribution is also used to finance the Denuclearisation Fund and dedicated measures aimed at reducing greenhouse gas emissions.
- the *Flemish contribution* (“*contribution to the Energy Fund*”) is used by the Flemish authorities to finance their energy policy. As such, these funds are being used to finance the VREG’s operations, the social energy policy, and the policies related to rational use of energy, combined heat-power (CHP) and renewables.

In the tariff methodology, these levies are treated as exogenous costs for the DSOs.

#### *Charges related to certificates*

The DSOs’ costs directly related to the obligatory purchase of certificates for green power and combined heat/power, at their minimum support level, can be introduced into the grid fee as an exogenous cost. Also included as exogenous costs

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<sup>72</sup> The so-called “regulation on municipal retributions” (in Dutch: “*reglement gemeentelijke retributies*”).

<sup>73</sup> Published in the Belgian State Gazette on 5 July 2004.

are the costs/revenues from the obligatory solidarity mechanism between the DSOs, which results in either an additional cost (if a specific DSO has to take over additional certificates from other DSOs) or a revenue (if a DSO can sell certificates to other DSOs). The same holds for certificates which a DSO can sell to the Flemish authorities within the framework of measures laid down in the Energy Decree.

More details about the certificate mechanism such as it is being applied in the Flemish Region, are included in the next paragraphs.

In the Flemish Region, a system of so-called green power certificates and CHP certificates was introduced in 2004. The three main pillars of the Flemish green power and CHP certificate system are (i) the possibility of producers of green energy and CHP to be granted green/CHP certificates<sup>74</sup>, (ii) the obligation for suppliers of electricity to acquire each year a number of green power and CHP certificates (quota obligation) and (iii) the guarantee system whereby a minimum price for the certificates is guaranteed to the producers of electricity for a predetermined period.

In this framework, the producers of green electricity and CHP have the responsibility to transmit the necessary production information to the VREG, which will rely on this information to issue green power and CHP certificates. The DSOs also have an important role in the guarantee system, since this guarantee system has been implemented through the obligation for the DSOs to purchase green power and CHP certificates from certain producers of green electricity/CHP at a fixed price.

The Issuer, as the operating company for the Flemish electricity DSOs, is also responsible for the administrative aspects towards the prosumers in Flanders. The latter have to contact Fluvius for all matters pertaining the green certificates/CHP database, such as a change of address, the input of their solar production data in order to obtain certificates, etc.

The system is such that the DSOs are obliged to buy the green power and CHP certificates at a fixed minimum price predetermined by the public authorities, without the DSOs having any say on the price level. The DSOs buy these certificates from any party requesting to do so, and then offload these green power certificates in the market while recognising the difference between the guaranteed price (at which the DSOs have bought the certificates) and the market price for the certificates (at which they can be sold by the DSOs) as a public service obligation cost, to be charged through in the distribution grid fee as an exogenous cost. The number of certificates which the DSOs can be forced to purchase is not limited and will depend on the amount of produced renewable energy. Through this certificate mechanism, the Flemish authorities have established a support mechanism for the development of renewable and decentralised (including CHP) electricity generation in Flanders.

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<sup>74</sup> For installations with a start date before 1 January 2013, one green power or CHP certificate is attributed for each 1,000 kWh of green electricity produced or saved. For installations with a start date from 1 January 2013, one green power or CHP certificate is attributed for each 1,000 kWh of green electricity produced or saved, multiplied by the applicable banding factor (which is calculated on the basis of the unprofitable sum for the type of project and remains fixed for the whole duration of the support).

*Reduction of tariff balances*

In addition, the VREG in principle considers the historically accumulated tariff balances (“*regulatoire saldi*”)<sup>75</sup> to be exogenous as well. This means that the amount of exogenous costs to be incorporated into the grid fees for a certain year may be modified annually by the VREG depending on the exogenous costs actually incurred in (the) previous year(s). In addition, the future balances as a consequence of the actually incurred exogenous costs and the actual revenues which should cover these costs, are subtracted from or added to the grid fees.

(C) *Other costs*

If and when a DSO has incurred other costs, these costs constitute “rejected costs” (“*verworpen kosten*”), which means that regulation does not allow them to be included into the grid tariffs. As such, these costs cannot be recovered through the grid fee and have to be borne by the DSO (and thus, ultimately, its shareholders). Examples of this category of other costs are fines, provisions, costs for lost court cases etc.

*Establishment of a DSO’s total allowed income*

As mentioned above, the total allowed income which a DSO can obtain from the periodical distribution grid fees is based upon (i) the allowed income for exogenous costs and (ii) the allowed income for endogenous costs.

*Adaptations of the allowed income*

The tariff methodology allows for certain additional adaptations. A DSO’s endogenous costs can be adapted taking into account (i) inflation, (ii) several X-factors reflecting positive/negative results of the relevant DSO and (iii) a Q-factor (quality factor) to stimulate a persistently high service quality to be delivered by the DSO.

*Inflation:* The tariff methodology caters for inflation rate evolutions. In practice, this is implemented by a dual-step approach. On the one hand, the historical values of endogenous sector costs are updated at the beginning of every tariff period and, on the other hand, a DSO’s allowed income is adapted “annually”. The inflation rate is measured on the basis of the retail price index.

*X-factor:* The adaptation of a DSO’s allowed income on the basis of inflation is corrected by a so-called “X-factor”. This X-factor indicates to what extent a DSO’s tariffs can increase annually assuming that the DSO performs its tasks efficiently. The use of the X-factor constitutes a form of incentive-based regulation as it indicates to what extent a DSO has to deliver extra efficiency and productivity. Through the X-factor, consumers directly participate in the expected cost reductions in the form of lower tariffs in the next regulatory period. On the other hand, a DSO can also benefit as long as it manages to reduce costs in excess of the X-factor. The residual cost savings can then be retained in the form of higher profits in the next regulatory period.

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<sup>75</sup> Formerly called “regulatory assets & liabilities”.

*Q-factor:* A DSO could theoretically exaggerate its cost savings benchmarked against the X-factor, possibly at the expense of the quality of its services delivered to the end consumers. To mitigate this problem, the tariff methodology also contains a Q-factor. The Q-factor or “quality factor” measures the level of quality of a DSO’s services and is translated into a financial remuneration (or a financial penalisation).

*X'-factor:* On 20 September 2018, the Flemish energy regulator introduced a specific additional factor, labelled X', into the then ongoing tariff methodology (for 2017-2020) at the occasion of the merger of the DSOs’ operating companies Eandis System Operator and Infrac into Fluvius System Operator. The X'-factor introduces an extra financial cost saving incentive for the DSOs, as well as a compulsory timing for these cost savings to be realised. This X' factor is maintained in the new tariff methodology from 2021 onwards.

*X'' factor:* Frontier shift

The previous tariff methodology (for 2017-2020) made use of a mechanism to set the allowed income for endogenous costs based on the actual costs of the previous years. This model includes a competitive element, incentivizing the individual DSOs to outperform the norm, being the average evolution for the group of all DSOs.

As a consequence of the Fluvius merger, the VREG introduced an additional safeguard for cost efficiency in the new tariff methodology from 2021 onwards. This safeguard takes the form of a so-called “frontier shift”, i.e. a productivity improvement which efficient companies can realise. The cost evolution for distribution system operations is being compared to the ones in comparable and representative sectors. Every DSO should be able to realise at least the net frontier shift productivity improvement.

The Guarantors and the Issuer are faced with the financial impact of the decision by the Flemish Government to accelerate the roll-out of digital metering for electricity and gas, compared to the original timeline. In accordance with the provisions in the 2021-2024 tariff methodology, the Issuer requested and obtained advances for the year 2021 for a total amount (electricity and gas combined) of EUR 43 million. These advances are integrated into the grid fees and thus result in an increase of the tariffs. At the end of August 2021, an advance amount of EUR 26 million (electricity only) has been requested by the Issuer – on behalf of the Guarantors – for the year 2022. As at the date of this Base Prospectus, the VREG has not yet taken a decision on this request. The VREG still has to decide on how and when the allowed advances will have to be repaid.

(b) *Periodical and non-periodical costs and tariffs*

Within the tariff methodology, a distinction is made between periodical and non-periodical (or one-off) costs. The non-periodical tariffs include e.g. tariffs for the connection to the distribution grid, for studies related to a connection or for adaptations to the metering system. Periodical tariffs include tariffs for the use of the distribution grid, for public service obligations, for the use of the transport grid and for a number of ancillary services.

4.1.4 The DSOs' regulatory tariffs in historical perspective

(a) Before 2017

In the years preceding 2017, the distribution grid tariffication system was changed several times. In the information presented below, the changes that are still relevant for the tariff methodologies 2017-2020 and 2021-2024 are commented upon.

The two-year period 2015-2016 constituted a transitory tariff period in which the tariff methodology defined by the VREG was partially inspired by the tariff methodology previously established by the CREG. This 2015-2016 tariff methodology was established following an *ad hoc* procedure and evolved into a revenue cap model in which a cap determines the maximum revenue a DSO can collect from its consumers, with the exclusion of the “exogenous” costs that are beyond the DSO’s control.

Pursuant to the Belgian Sixth State Reform the tariff-setting competences for distribution grid tariffs have been transferred to the Regions from 1 July 2014 onwards. In the Flemish Region, the VREG has thus become responsible for distribution grid tariffication. On 14 March 2014, the Flemish Parliament approved a Decree altering the Energy Decree to formally appoint the VREG as the regulator for distribution grid tariffs and to anticipate the implementation of these new tariff competences in the Flemish Region as from July 2014.

*Recovery of historical regulatory assets and liabilities*

Regulatory tariff schemes up until the year 2014 provided for stimuli for DSOs to operate more productively and efficiently. A distinction was made between “manageable costs” (*beheersbare kosten*) and “non-manageable costs” (*niet-beheersbare kosten*). The former are costs over which the DSO has direct control; the latter are the costs over which the DSO does not have such direct control (e.g. TSO tariffs and public service obligations). The CREG compared both manageable and non-manageable costs actually incurred on a yearly basis with the respective costs foreseen in the budget upon which the original tariff proposals were based. Differences relating to manageable costs were to the benefit of the shareholders of a DSO (bonus) or were borne by them (malus). Deviations relating to non-manageable costs (e.g. depreciations, public service obligations, network losses) and to volumes of transported energy were considered as a global liability or receivable towards the grid users (Regulatory Assets or Liabilities or “RALs”).

These deviations were registered by the Guarantors on an accrual account prior to an approval of the exact level of these deviations by the regulator following the end of each year of a regulatory period either as a receivable (in case the non-manageable costs actually incurred are higher than the budgeted costs) or as a liability (non-manageable costs actually incurred are lower than budgeted costs).

The CREG did not take a decision on the RALs relating to the years 2010 and 2011 due to the uncertainty of the tariff framework arguing that such a decision required the preliminary establishment of a tariff methodology and that given the then ongoing transfer of tariff setting competences, there was no time, nor a legal basis to establish such a methodology.

On 30 June 2015, the Court of Appeal of Brussels – in proceedings instituted by the DSOs from the former Infrac Group – ruled that, in order to ensure regulatory continuity, it would be appropriate that the responsibility for the “determination” of the RALs should

lie with the same regulatory body that is also competent for the “allocation” of those RALs. Hence, the Court decided that the VREG should take both the determination and the allocation decision for the relevant RALs. When making those decisions, the VREG should take into account the tariff methodology used by the CREG to “determine” the original tariffs to the extent this methodology complies with the regulatory guidelines contained in the federal Electricity Law.

In the 2015-2016 transitory tariff methodology the VREG qualified these RALs as exogenous costs. When the VREG established the 2015-2016 transitory tariff methodology in the fourth quarter of 2014, it was not prone to take a similar decision for the RALs relating to the period 2010-2014. The VREG decided, on 5 October 2015, to amend the 2015-2016 transitory tariff methodology to allow for the integration of a 20% provision for the RALs relating to the period 2010-2014. In its 2017-2020 tariff methodology, the VREG evenly integrated the remaining 80% in the annual tariffs of 2017, 2018, 2019 and 2020 (i.e., 20% every year).

*(b) The regulatory tariff period 2017-2020*

On 24 August 2016<sup>76</sup>, the VREG established the tariff methodology for electricity and gas distribution in the Flemish Region for the tariff period 2017-2020. Since then, the VREG amended this tariff methodology at several occasions:

1. on 6 July 2018 (BESL-2018-23): the amendments introduced criteria for evaluating the reasonableness of costs incurred by the DSOs; reporting on the cost efficiency of the connection points with the Elia electricity transmission grid was made obligatory;
2. on 20 September 2018 (BESL-2018-73): the amendments introduced financial stimuli at the occasion of the operating companies Eandis System Operator and Infrax into Fluvius System Operator which took effect on 1 July 2018;
3. on 21 June 2019 (BESL-2019-24): a number of changes were introduced into the tariff methodology to take into account the introduction of digital meters.

Apart from the general principles underlying the tariff methodologies, as commented upon in section 4.1 – ‘Regulatory framework for the Flemish energy DSOs (electricity and gas)’, the main points of the 2017-2020 methodology can be summarised as follows:

The VREG applies the following calculation parameters:

in calculating the cost of equity,

- a gearing ratio of 40% equity versus 60% debt, irrespective of the actual balance sheet structures of the regulated DSOs;
- a risk-free interest rate of 1.43%, which is derived from (i) 0.80% being the two-year weighted average of yields on 10-year government bonds (for 75% Belgian government bonds (‘OLO’) and for 25% on German government bonds (‘Bunds’)) and (ii) 0.63%, being a compensation for the decreasing

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<sup>76</sup> VREG document ‘BESL-2016-09’ at <https://www.vreg.be/nl/document/besl-2016-09>.

impact of the ongoing bond purchase programme by the European Central Bank (“ECB”) on government bonds<sup>77</sup>;

- an additional market risk premium of 5.01%;
- a parameter reflecting the risk profile of the DSO (the so-called “equity beta factor”) set at 0.81 for both electricity and gas.

Based on these parameters, the VREG set the post-tax cost of capital at 5.49%.

in calculating the cost of debt,

- the proportion between historical debt and new debt is set at 65% for historical debt and 35% for new debt;
- the same risk-free interest rate parameters as described above for the cost of equity are being applied; this amounts to a risk-free interest rate for historical debt of 3.04%;
- a risk premium for historical debt of 0.64% and 0.61% for new debt;
- 0.15% is added to the cost of debt, both for new and historical debt, to cater for transaction costs.

The overall cost of debt used in the tariff methodology 2017-2020 for the Flemish DSOs is therefore 3.04%.

The combined cost of equity (5.49%) and cost of debt (3.04%) results in a total WACC (pre-tax) of 4.8%. This boils down to a post-tax WACC of 4.0%.

*(c) The tariff period 2021-2024*

The VREG published its decision on the new tariff methodology for the tariff period 2021-2024 on 13 August 2020<sup>78</sup>.

Apart from the general principles underlying all tariff methodologies, as commented upon in section 4.1 – ‘Regulatory framework for the Flemish energy DSOs (electricity and gas)’, the main points of the 2021-2024 methodology can be summarised as follows:

The VREG will apply the following calculation parameters:

in calculating the cost of equity,

- a gearing ratio of 40% equity versus 60% debt, irrespective of the actual balance sheet structures of the regulated DSOs;

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<sup>77</sup> The ECB initiated a Quantitative Easing (“QE”) programme in January 2015: it consisted of an expanded asset purchase programme of bonds issued by different types of issuers and aims at a reduction of bonds yields in order to support and revitalise the eurozone’s economy. Since its inception, the ECB’s QE programme brought about a general reduction of bond yields and the risk-free interest rate in European debt capital markets.

<sup>78</sup> VREG Decision of 13 August 2020 ‘BESL-2020-31’ (available at <https://www.vreg.be/nl/document/besl-2020-31>). The original Decision was subsequently amended by Decisions of 11 December 2020 (‘BESL-2020-86’, available at <https://www.vreg.be/nl/document/besl-2020-86>), 5 February 2021 (‘BESL-2021-07’, available at <https://www.vreg.be/nl/document/besl-2021-07>), 25 June 2021 (‘BESL-2021-33’, available at <https://www.vreg.be/nl/document/besl-2021-33>) and 8 October 2021 (‘BESL-2021-97’, available at <https://www.vreg.be/nl/document/besl-2021-97>).

*Description of the Issuer and the Guarantors*

- a risk-free interest rate of 0.09%, which is derived from the two-year weighted average of yields on 10-year government bonds (for 75% Belgian government bonds (“OLO”) and for 25% on German government bonds (“Bunds”))
- the compensation for the decreasing impact of the ongoing bond purchase programme by the ECB on government bonds, introduced in the previous (2017-2020) tariff methodology, will no longer apply in the 2021-2024 tariff period;
- an additional market risk premium of 4.81%;
- a parameter reflecting the risk profile of the DSO (the so-called “equity beta factor”) set at 0.83 for both electricity and gas.

Based on these parameters, the VREG set the pre-tax cost of equity at 5.44% (post-tax at 4.08%<sup>79</sup>).

in calculating the cost of debt,

- the proportion between historical debt and new debt is set at 60% for historical debt and 40% for new debt;
- the same risk-free interest rate parameters as described above for the cost of equity are being applied, albeit without the compensation for the ECB bond purchasing programme; this amounts to a risk-free interest rate for historical debt of 2.11%;
- a risk premium for historical debt of 0.58% and 0.85% for new debt;
- the interest rates are set at 2.84% for historical debt and at 1.09% for new debt;
- 0.15% is added to the cost of debt, both for new and historical debt to cater for transaction costs.

The overall cost of debt used in the tariff methodology 2021-2024 for the Flemish DSOs is therefore 2.14%.

The combined cost of equity (5.44%) and cost of debt (2.14%) results in a total WACC (pre-tax) of 3.5%.

Additionally, the VREG decided to implement a fundamental change in the remuneration mechanism for the RAB: the revaluation surplus values within the RAB<sup>80</sup> are being set apart and the relevant remuneration will be gradually phased out to disappear entirely over a period of eight years (2021-2029).

The quality incentive, also identified as “Q-factor”, will be an element in the allowed income for endogenous costs. It will be calculated on the basis of a DSO’s performance on (i) power outages and (ii) late connections to the distribution grid.

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<sup>79</sup> Calculated on the basis of a corporate tax rate of 25.00%.

<sup>80</sup> For 2019, the Guarantors’ aggregate RAB value for electricity and gas network infrastructure amounted to 9.9 billion EUR, of which approximately an amount of 1.9 billion EUR is composed of revaluation surplus values.



The trend methodology which the regulator uses for setting the DSOs' allowed income does not take into account a swift and substantial increase of costs, since it is based on the evolution in the recent past and not on the expected costs in the near future. That is why the VREG has foreseen an advance payment scheme that allows the Issuer and the Guarantors to file year-by-year a request for an advance to compensate for quickly rising costs. The decision by the Flemish Government, dated 5 June 2020, to accelerate the smart metering roll-out (see section 9.2 – 'Trends in the energy sector') does indeed trigger substantial additional costs at the level of the Issuer and the Guarantors. A request for an advance of EUR 42.83 million for 2021 has been filed by the Issuer and the Guarantors and was approved by the regulator. Further details on the approval of advancements for 2022 and beyond and on the repayment mechanism of these advances, are still to be elaborated.

Following the publication of the 2021-2024 tariff methodology, the Issuer's Board of Directors in its meeting of 26 August 2020 evaluated the tariff methodology's impact on the Fluvius Economic Group's financials. The Board concluded that the new tariff methodology will have a considerable impact on the DSOs' allowed income, and thus on their revenues, cashflows and profit margins for both electricity and gas, due to, amongst other things, a reduction of the WACC to a level below market conditions, the phase-out of the remuneration on the RAB revaluation surplus values, the additional X' cost savings target of EUR 150 million, the "frontier shift" measures in gas distribution and the uncertainty on the advance mechanism for 2022 and beyond to mitigate the effects of the accelerated roll-out programme for digital metering.

The downward revision by the VREG of the parameters for setting the allowed incomes during the tariff period 2021-2024 results in a downward trend for the revenues and cash flows that can be generated by the DSOs in their regulated businesses of electricity and gas distribution. The exact impact can, however, only be estimated reliably once the exact allowed income for each of those four years will have been formally set by VREG (which generally occurs around mid-October of the preceding year). The 2021-2024 tariff methodology also inspired Moody's and Creditreform's decisions to lower the Issuer's rating outlook from 'stable' to 'negative' in 2020. In June 2021, however, the Issuer and the Guarantors themselves approved a set of mitigating measures which aim at lessening the negative impact of the 2021-2024 tariff methodology on the Guarantors' financial position. In summary, these measures entail: (1) requesting advances from the regulator in relation to the accelerated roll-out of digital metering, so that the allowed income is temporarily increased to cope with the additional need for financing; (2) setting strict technical and financial criteria for evaluating investments ('capex'); (3) implementing extra cost savings in order to reach the cost saving target of EUR 150 million by the end of 2024, as set by VREG; and (4) adjusting the dividend policy, starting with the dividends for the financial year 2022, taking into account the ratio 'equity on RAB' in each mission-entrusted company shareholder. In light of these mitigating measures, Moody's has decided to reinstate the Issuer's 'stable' rating outlook (see section 1.4 – 'The Issuer's corporate ratings' for further information).

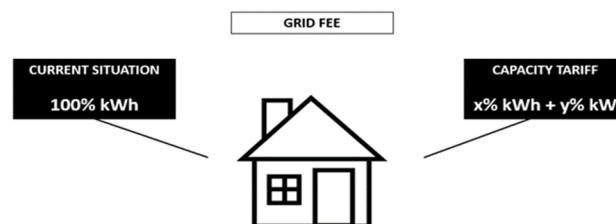
The allowed income for each of the Guarantors for the year 2021, both for electricity and gas, was established by the VREG decisions dated 8 October 2020<sup>81</sup>.

#### 4.1.5 Other tariff-related topics – tariff structure

##### (a) Capacity tariff

In the run-up towards establishing the 2021-2024 tariff methodology for electricity, the VREG had already announced its intention to fundamentally change the tariff structure, i.e. the mechanism setting out how total costs are spread out over different categories of end users. As a result, it has been decided to introduce in the Flemish Region, as from 1 July 2022 (the original deadline for implementation of 1 January 2022 having been postponed by 6 months), a grid fee based on capacity. The capacity-based elements will only impact that part of the aggregate grid tariff for residential and SME consumers, which is directly related to building, managing and maintaining the grid. Tariff components such as the cost for public service obligations, transmission of electricity and surcharges remain out of scope of the capacity tariff. These will still be calculated and allocated on the basis of consumed volumes (kWh).

The current tariffication mechanism for electricity distribution is entirely based on energy consumption volumes (i.e. euro/kWh-consumption/period). A capacity-based distribution grid fee is based on euro/kW/period.



The general idea behind a capacity-driven grid fee is that such a tariff better reflects a DSO's actual cost drivers, and that the capacity criterion is a better way to allocate the relevant costs to those grid users that have actually triggered the costs. Indeed, a DSO's relevant operational costs are largely driven by the grid dimensioning (expressed as the expected peak capacity on the grid and the simultaneity of the peak capacity of the aggregate users on the grid), as financially reflected in depreciations and the cost of capital, rather than by the energy volumes distributed at a specific connection over a period of time. Grid dimensioning is primarily determined taking into account the expected system peak. The energy transition which entails more electrification (electric mobility, electric heat pumps etc.) and a more decentralised and decarbonised energy system – will inevitably result in a higher system peak and substantially higher grid investments, if no further measures are taken.

In the capacity tariffication proposed by the VREG, a grid user “reserves” an expected peak capacity for the upcoming year, the so-called “access capacity”. The access capacity

<sup>81</sup> Fluvius Antwerpen: BESL-2020-58 for electricity and BESL-2020-68 for gas; Fluvius Limburg: BESL-2020-59 for electricity and BESL-2020-69 for gas; Fluvius West: BESL-2020-60 for electricity and BESL-2020-70 for gas; Gaselwest: BESL-2020-61 for electricity and BESL-2020-71 for gas; Imewo: BESL-2020-62 for electricity and BESL-2020-72 for gas; Intergem: BESL-2020-63 for electricity and BESL-2020-73 for gas; Iveka: BESL-2020-64 for electricity and BESL-2020-74 for gas; Iverlek: BESL-2020-65 for electricity and BESL-2020-75 for gas; PBE: BESL-2020-66 for electricity; Sibelgas: BESL-2020-67 for electricity and BESL-2020-76 for gas.

would be determined on the peak capacity of the past year. The capacity tariff would not be influenced by the moment at which the peak capacity will be reached.

A capacity-driven distribution tariff structure is thought to incentivise a grid user to better align its connection capacity utilisation on the condition that the grid user gains a better insight into its use of the connection capacity. This insight into grid and connection utilisation is enabled by the introduction of digital metering linked to an in-house display. Grid users will be more aware of the costs caused by peak capacity and thus be pushed towards reducing those peaks.

The DSOs and the Issuer have received some additional time from the VREG (until 1 July 2022) to implement the new tariff structure for electricity, including the capacity tariff. The tariff structure for gas will still enter into force on 1 January 2022 as originally foreseen. The DSOs can be subject to a malus up to EUR 1 million per month of delay in implementing this new tariff structure after the aforementioned date.

*(b) Data management tariffication*

Article 4.1.29 of the Energy Decree stipulates that the data management activities are subject to a system of regulated tariffication. Such tariffication covers the activities of metering, including the collection, validation and transmission of metering data according to article 4.1.8 of the Energy Decree.

As from 2021, the data tariff will consist of a fixed annual amount for each access point and per level of metering detail (15 minutes, day, month, year). This global tariff is invoiced on the basis of offtake volumes. Apart from this, there is an additional tariff for generation within the framework of the certificate allowance. The data management tariffs will be significantly broader in scope than those applicable until year-end 2020, since they are to cover data management, which goes beyond the current ‘metering activity’. But for the end consumers, this specific price increase will be compensated by a similar decrease of the other elements in the grid fee. Potential volume-based balances arising out of a smaller number of customers with 15-min readings versus other customers can be recovered in subsequent tariff periods.

As from 2022, a fixed tariff term for data management (EUR/year) will be introduced. It is a global tariff that the consumer is due for the entire data management for the relevant access point. It will consist of a fixed annual amount, determined by the meter type and the degree of reading detail (15 minutes, day, month, year). It will be invoiced on the basis of offtake volumes. It will also be applicable to production meters within the framework of the certificate allowance.

For the sake of completeness: beside the data management, there is also a tariff for non-periodic data services. The proceeds of the latter tariff are negligible compared to those from the data management tariffs. These data services aim at the development of new markets based on data that become available through the data management activities carried out by the Issuer/Guarantors, and they are bundled in a so-called “services catalogue”. This catalogue includes (i) making available 15-minute data collected from tele-read meters, (ii) making available through a web portal 15-min or daily data collected from digital meters, (iii) making available through machine-to-machine exchanges (API) 15-min or daily data collected from digital meters and (iv) consultancy and data consultancy services.

(c) *Prosumer tariff*

The so-called prosumer<sup>82</sup> tariff was introduced into the Flemish energy market on 1 July 2015. It applies to consumers with a decentral electricity production installation equal to or below 10 kW (most often solar panels) and a reversing (“Ferraris”) electricity meter. It should be pointed out that the prosumer tariff is an element of distribution grid tariffication, not a tax. The prosumer tariff allows for the distribution grid tariffs to better reflect the actual electricity volumes transiting over the DSOs’ distribution networks<sup>83</sup> as it is supposed to compensate (in the form of a lump-sum compensation) for the non-measured part of the prosumer’s use of the distribution grid.

The prosumer tariff is set for each DSO separately. It is calculated based on the maximum AC capacity of the inverter (measured in kVA), since the regulator considers this calculation method to be the best possible indicator for the maximum impact the prosumer’s installation has on the DSO’s grid. The actual prosumer tariff, valid during 2020, is the result of the AC capacity multiplied by a set tariff which varies between 72.29 EUR<sup>84</sup> (Intergem) and 105.94 EUR (Gaselwest). Two recent changes were introduced by the VREG in its Decision of 8 October 2021:

- (i) solar panel owners switching from an analog (reverse) meter to a digital meter get to “take” their built up negative net balance in the form of a one-off reduction on their next settlement invoice, up to maximum the amount of their actual offtake of that first invoice as measured by the digital meter; any excess balance will be forfeited; and
- (ii) the monthly prosumer tariff will be split more evenly over the year, based on the normal amount of sunny hours per month.

The introduction of digital meters had changed the situation for prosumers who had the option, under the old Article 4.1.30/1 of the Energy Decree, for their digital meter to either (i) function, during a period of maximum 15 years, as a “virtually” reversing meter, in which case the prosumer tariff would remain due in combination with a remuneration for their compensated offtake or (ii) function as a proper digital meter (capable of separately measuring offtake and injection), and have their distribution grid fee calculated on the actual off-take volumes. With a judgment of 14 January 2021 (No 5/2021) however, the Constitutional Court annulled this arrangement deeming it to be discriminatory, given that grid users who did not own solar panels would not be able to benefit from it. As a result, the tariff methodology was amended and no longer takes into account the possibility of “virtual reverse metering”. Consequently, the prosumer tariff can be applied only to prosumers with an actual, analog reverse meter.

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<sup>82</sup> The term “prosumer” (a contraction of the words “producer” and “consumer”) refers to grid users that use the grid to take off electricity but also to inject electricity. The electricity they inject into the distribution grid is produced by their own small-scale decentralised generation installation (equal to or less than 10 kW such as solar panels and others).

<sup>83</sup> Prior to the introduction of the prosumer tariff, the DSOs’ distribution tariffs did not reflect the actual electricity volumes which were transiting over their grid (i.e., both off-take and injection), because prosumers only contributed to the network costs at the rate of the net balance measured on their reversing meter between the quantities consumed from and injected into the network (the so-called “compensated offtake” or “*gecompenseerde afname*”). As a consequence, a prosumer injecting 3,000 kWh and taking off 3,000 kWh in a given year, was only charged based on the net meter reading of a balance of zero off-take and zero injection. Hence, the DSOs were faced with a decrease of revenues and, therefore, afterwards in an upward pressure on the tariffs to be paid by non-prosumer grid users.

<sup>84</sup> 21% of VAT included.

The introduction of the digital meter does not impact the electricity commodity price as such, nor the surcharges to be paid by the prosumer.

#### **4.2 Regulatory framework for the Flemish sewerage intermunicipalities**

For a description of the regulatory framework on sewerage in Flanders, please refer to section 3.4 ‘Organisation of the Flemish sewerage market’ in which the legislative basis at the European and Flemish level is set out, the role of both the Flemish Environment Agency (VMM) and Aquafin are explained and the subsidy mechanism for sewerage projects in the Flemish region is commented upon.

#### **4.3 Regulatory and contractual framework for Flemish CATV intermunicipalities**

On 1 October 2008, Fluvius Limburg (former Interelectra and Inter-media), Fluvius West (former WVEM) and PBE entered into an agreement with Telenet NV (the “**2008 Telenet Agreement**”), whereby Telenet NV acquired the analogue and digital subscriber base of these companies. Furthermore, a long-term lease of certain network assets was granted to Telenet NV at the occasion of this transaction. The Issuer and the relevant Guarantors now act as contractors for Telenet NV and they are responsible for the operation, maintenance, expansion and upgrading of the cable network.

In the same agreement, it was agreed upon that the cable companies could use the cable network to offer services to provinces, cities, municipalities and related local governments and public entities located in the area of the aforementioned Guarantors. Following the 2008 Telenet Agreement, Telenet NV has all rights to use substantially all of the network under a long-term lease for an initial period of 38 years. Telenet is contractually obliged to pay recurring fees in addition to the fees paid in relation to the Interkabel Contribution Deed (which was entered into by Telenet Vlaanderen NV in 1996, and remains in full force and effect) under certain pre-existing agreements with the relevant Guarantors that remain the network’s legal owners. All capital expenditures associated with the network will be initiated by Telenet NV, but executed and prefunded by the Guarantors through an increase of the lease payments due by Telenet NV to them, and will follow a 15-year reimbursement schedule. Telenet NV’s usage rights on the network take the form of long-term lease agreements (“*erfpacht*”). Unless extended, the long-term leases will expire on 23 September 2046, and cannot be terminated earlier, except in the following cases:

- (a) non-payment of at least 25% by Telenet NV of its annual lease payments, which is not remedied within 100 business days; or
- (b) bankruptcy of Telenet NV.

However, in each such case of early termination, the long-term lease will not be terminated if Telenet NV is replaced by a Replacing Entity (“*Instappende Entiteit*” as defined in the long-term leases) within a certain time period. A Replacing Entity is any interested party that meets certain strict solvency requirements. In the event that a long-term lease is transferred to a Replacing Entity for an event that does not also lead to the automatic termination of the usage rights under the Interkabel Contribution Deed (see below), Telenet Vlaanderen NV will have the right (but not the obligation) to transfer its usage rights on the network to such Replacing Entity, subject to certain conditions. Under the terms of the Interkabel Contribution Deed, Telenet’s usage rights to provide point-to-point services over the network will automatically terminate if, among other things, (i) there is a unanimous and definitive decision of the board of directors of Telenet NV to cease any direct or indirect development, installation or exploitation of its telecommunications network in Belgium, (ii) Telenet NV or Telenet Vlaanderen NV is declared bankrupt or placed into liquidation, (iii) certain provisions of the articles of association (“*statuten*”) of Telenet Vlaanderen NV are amended in any way that is detrimental to the rights of Interkabel without Interkabel’s written consent, (iv) the director of Telenet Vlaanderen NV nominated

by Interkabel is dismissed for any reason without Interkabel's written consent and such director is not replaced by another director nominated by Interkabel or (v) Telenet Vlaanderen NV ceases to be an affiliate of Telenet NV. However, in each such case of early termination, the usage rights will not be terminated if Telenet Vlaanderen NV is replaced by a Replacing Entity (as defined in the Interkabel Contribution Deed) within a certain time period. Telenet Vlaanderen NV has pre-emptive rights, with certain exceptions, with respect to any proposed transfer by Interkabel or any of Fluvius Antwerpen, Fluvius Limburg, Fluvius West and PBE of its respective interests in the network, or transfers by the latter of shares in Interkabel, at the price offered by a third party. For as long as Telenet Vlaanderen NV has the usage rights on the network under the Interkabel Contribution Deed, Interkabel has pre-emptive rights, with certain exceptions for transfers to certain affiliates, with respect to any proposed transfer of Telenet Vlaanderen NV shares, at the price offered by a third party. Interkabel and the relevant Guarantors have agreed not to dissolve their co-ownership structure in respect of the network voluntarily without the consent of Telenet Vlaanderen NV. The Issuer made use of the possibility provided for in the 2008 Telenet Agreement to use the cable network to offer services to provinces, cities, municipalities and related local governments and public entities located in the area of the aforementioned Guarantors and started a number of CATV grid-related services (Infra-LAN-net, Infra-TEL-net and Infra-INTER-net):

- Infra-LAN-net consists of a Local Area Network which links, through the cable network, all the buildings and services of the municipalities and allows for the exchange of information between these services.
- Infra-TEL-net consists of a telephone service over the cable network between the different services of the municipalities.
- Infra-INTER-net provides access to broadband internet to the municipality services and the schools.

The main characteristic of these services is that they are only available in municipalities where a relevant Guarantor owns the cable network. It should be noted, however, that following a review of its corporate strategy, the Issuer has decided to divest the aforementioned CATV grid-related services to local authorities, on the express condition that the new operator takes over these activities at the same (or improved) financial conditions for the local authorities and at the same (or improved) service levels. As at the date of this Base Prospectus, the divestment programme has not yet started and no specific target date has been put forward as this will largely depend on market circumstances and responses.

The legal basis for the CATV activity is based, on the one hand, on the federal Law of 13 June 2005 regarding electronic communication (published on 20 June 2005, which covers telecom and internet cables) and, on the other hand, on the Flemish Media Decree of 27 March 2009 (published on 27 March 2009, which covers CATV cables).

### **Fast data network**

On 26 June 2020<sup>85</sup>, the Issuer formally announced the start of talks with Telenet about the realisation of a fast data network of the future for the Flemish Region. The Issuer had taken this step after having set up five fibre-to-the-home ("FTTH") pilot projects covering in total 15,000 homes passed (in Antwerp, Genk, Ghent, Diksmuide and Poperinge) and in which it only provides the open fibre infrastructure without offering any services. The pilot projects prompted the Issuer's concern that, in the long term, a

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<sup>85</sup> For the entire text of the press release, see <https://over.fluvius.be/sites/fluvius/files/2020-06/fluvius-and-telenet-talk-about-data-netwerk-of-the-future.pdf>.

new digital divide may arise in Flanders with certain regions and customers gaining access to new, faster data connections, while others might completely lag behind. A potential partnership with Telenet would allow for the development of a high-quality and fast data network for all customers.

On 28 October 2021<sup>86</sup>, the talks between the Issuer and Telenet led to the entry into a non-binding term sheet between both parties, which sets out the framework for the realisation of the “data network of the future” and the joint roll-out of FTTH technology. To this end, both companies intend to create a new self-funding independent infrastructure company, to which they intend to contribute their existing hybrid fibre coaxial and fibre assets and through which they intend to develop newly-built fibre assets in the future.

The Issuer’s main goals in relation to the development of the “data network of the future” are:

- to create a fibre data network that is available to all Flemish families and businesses, both in urban and rural areas;
- to create an open network with an open structure and non-discriminatory conditions allowing full and free competition between service companies;
- to create a new data network that will, in the long term, allow even higher data speeds than today; and
- the roll-out to take place at the lowest possible social cost and in a sustainable way.

Within the business of the Issuer, this activity will be carried out completely independently from its regulated energy distribution activities.

## **5 Selected Financial Information Concerning the Issuer and the Fluvius Economic Group**

### **5.1 Selected historical financial information of the Issuer for the financial years ended on 31 December 2019 and 31 December 2020**

The following tables set out in summary form certain information from the statement of financial position, the income statement and the cash flow statement relating to the Issuer. The information has been extracted from the audited consolidated annual financial statements of the Issuer as of and for the years ended 31 December 2019 and 31 December 2020.

The audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2019 have been approved by the Issuer’s Annual General Meeting of Shareholders on 27 May 2020. The audited, consolidated financial annual statements of the Issuer as of and for the year ended 31 December 2020 have been approved by the Issuer’s Annual General Meeting of Shareholders on 26 May 2021.

These audited consolidated annual financial statements of the Issuer have been prepared in accordance with IFRS. The Issuer’s auditor delivered an unqualified report on these audited consolidated annual financial statements both for the year ended 31 December 2019 and for the year ended 31 December 2020.

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<sup>86</sup> For the entire text of the press release, see <https://over.fluvius.be/sites/fluvius/files/2021-10/press-release-fluvius-and-telenet-reach-non-binding-agreement.pdf>.

*Consolidated statement of profit or loss as at 31 December 2019 and 31 December 2020 and for the years then ended*

(In thousands of EUR)	Notes	2020	2019
<b>Operating revenue</b>		<b>1.726.688</b>	<b>1.659.700</b>
Revenue from contracts with customers	3	1.662.061	1.628.959
Other operating income		64.627	30.741
<b>Operating expenses</b>		<b>-1.709.216</b>	<b>-1.640.292</b>
Cost of trade goods		-146.356	-150.281
Cost for services and other consumables	4	-941.840	-916.127
Employee benefit expenses	5	-617.264	-564.209
Depreciation, amortization, impairments and changes in provisions	6	-19	-8.629
Other operational expenses		-3.737	-1.046
<b>Result from operations</b>		<b>17.472</b>	<b>19.408</b>
Finance income	7	121.898	125.030
Finance costs	7	-132.388	-135.690
<b>Profit before tax</b>		<b>6.982</b>	<b>8.748</b>
Income tax expenses	8	-6.982	-8.748
<b>Profit for the period</b>		<b>0</b>	<b>0</b>

*Consolidated statement of comprehensive income as at 31 December 2019 and 31 December 2020 and for the years then ended*

(In thousands of EUR)	Notes	2020	2019
<b>Profit for the period</b>		<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods</b>			
Actuarial gains (losses) on long-term employee benefits	21	16.176	-28.365
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	21	-16.176	28.365
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>0</b>	<b>0</b>



## Consolidated statement of financial position as at 31 December 2019 and 31 December 2020 and for the years then ended

(In thousands of EUR)	Notes	2020	2019
<b>Non-current assets</b>		<b>4.228.021</b>	<b>4.094.994</b>
Intangible assets	9	1.505	2.150
Property, plant and equipment	10	3.425	5.451
Right-of-use assets	11	35.214	36.972
Investment in joint ventures and associates	12	17	16
Other investments	13, 24	917	905
Rights to reimbursement on post-employment employee benefits	14	288.395	258.499
Long-term receivables, other	15	3.898.548	3.791.001
<b>Current assets</b>		<b>1.611.182</b>	<b>1.104.429</b>
Inventories	16	97.296	78.542
Short-term receivables, other	15	500.000	170.000
Trade and other receivables	17, 24	450.680	391.907
Receivables cash pool activities	17, 24	561.516	435.758
Cash and cash equivalents	18, 24	1.690	28.222
<b>TOTAL ASSETS</b>		<b>5.839.203</b>	<b>5.199.423</b>
<b>EQUITY</b>	<b>19</b>	<b>1.617</b>	<b>1.617</b>
<b>Total equity attributable to owners of the parent</b>		<b>1.517</b>	<b>1.517</b>
Contribution excluding capital / Share capital, reserves and retained earnings (*)		1.517	1.517
<b>Non-controlling interest</b>		<b>100</b>	<b>100</b>
<b>LIABILITIES</b>		<b>5.837.586</b>	<b>5.197.806</b>
<b>Non-current liabilities</b>		<b>4.238.997</b>	<b>4.112.761</b>
Interest bearing loans and borrowings	20, 24	3.919.032	3.821.108
Lease liabilities	11, 24	25.570	26.937
Employee benefit liabilities	21	286.959	245.624
Derivative financial instruments	22, 24	6.000	6.217
Provisions	21	1.436	12.875
<b>Current liabilities</b>		<b>1.598.589</b>	<b>1.085.045</b>
Interest bearing loans and borrowings	20, 24	1.050.893	637.986
Lease liabilities	11, 24	10.347	10.472
Trade payables and other current liabilities	23, 24	430.585	300.538
Liabilities cash pool activities	23, 24	104.561	133.069
Current tax liabilities	23	2.203	2.980
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5.839.203</b>	<b>5.199.423</b>

Consolidated cash-flow statement as at 31 December 2019 and 31 December 2020 and for the years then ended

(In thousands of EUR)	Notes	2020	2019
Profit for the period		0	0
Amortization of intangible assets	6	645	713
Depreciation on property, plant and equipment and right-of-use assets	6	13.775	13.228
Change in provisions (Reversal -; Recognition +)	21	-11.439	-19.268
Impairment current assets (Reversal -; Recognition +)	6	-2.962	13.956
Gains or losses on realization receivables		2.741	465
Net finance costs		10.707	10.080
Change in fair value of derivative financial instruments	22	-217	580
Gains or losses on sale of property, plant and equipment		-45	-827
Income tax expense	8	6.981	8.748
<b>Operating cash flow before change in working capital and provisions for employee benefits</b>		<b>20.186</b>	<b>27.675</b>
Change in inventories		-18.754	-10.454
Change in trade and other receivables		-47.894	-88.202
Change in trade payables and other current liabilities		126.578	29.076
Change in employee benefits	21	11.439	19.268
<b>Net operating cash flow</b>		<b>71.369</b>	<b>-50.312</b>
Interest paid		-125.270	-131.457
Interest received		101.773	124.547
Financial discount on debts	7	312	408
Income tax paid (received)	8	-7.759	-7.842
<b>Net cash flow from operating activities</b>		<b>60.611</b>	<b>-36.981</b>
Proceeds from sale of property, plant and equipment		46	2.500
Purchase of intangible assets		0	-65
Purchase of property, plant and equipment		-227	-926
Acquisition of companies and other investments	13	-1	0
Proceeds from sale of companies and other investments		1	222
Net investments in long-term receivables		-22	0
<b>Net cash flow used in investing activities</b>		<b>-203</b>	<b>1.731</b>
Change in non-controlling interest	19	0	7
Repayment of borrowings	20	-173.500	-3.500
Proceeds from bonds/borrowings	20	598.608	0
Payment of finance lease liabilities	11	-12.277	-12.050
Change in current financial liabilities	20	83.100	439.544
Change in cash pool	17, 23	-154.263	-353.733
Provide long-term loans	20	-598.608	0
Repayment long-term loans	20	170.000	0
<b>Net cash flow from/used in financing activities</b>		<b>-86.940</b>	<b>61.377</b>
<b>Net increase/decrease in cash</b>		<b>-26.532</b>	<b>26.127</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>18</b>	<b>28.222</b>	<b>2.095</b>
<b>Cash and cash equivalents at the end of period</b>	<b>18</b>	<b>1.690</b>	<b>28.222</b>

## 5.2 Historical financial information of the Issuer as at 30 June 2021 and for the six-month period then ended

The following tables set out in summary form certain information from the statement of financial position and the statement of profit or loss relating to the Issuer. The information has been extracted from the unaudited condensed consolidated financial statements of the Issuer for the half year ended 30 June 2021, which have been prepared in accordance with IFRS, with limited review conclusion of the statutory auditor.

Unaudited condensed consolidated statement of financial position with limited review conclusion of the statutory auditor as at 30 June 2021 and for the six-month period then ended

### Condensed consolidated statement of financial position

(In thousands of EUR)	Notes	30 June 2021	31 December 2020
<b>Non-current assets</b>		<b>4.953.931</b>	<b>4.228.021</b>
Intangible assets	9	1.296	1.505
Property, plant and equipment	10	2.881	3.425
Right-of-use assets	11	35.200	35.214
Investment in joint ventures and associates	12	17	17
Other investments	13, 23	818	917
Rights to reimbursement on post-employment employee benefits	14	216.104	288.395
Long-term receivables, other	15	4.697.615	3.898.548
<b>Current assets</b>		<b>1.271.440</b>	<b>1.611.182</b>
Inventories		119.087	97.296
Short-term receivables, other	15	500.000	500.000
Trade and other receivables	16, 23	400.893	450.680
Receivables cash pool activities	17, 23	100.166	561.516
Current tax assets		1.964	0
Cash and cash equivalents	18, 23	149.330	1.690
<b>TOTAL ASSETS</b>		<b>6.225.371</b>	<b>5.839.203</b>
<b>EQUITY</b>	<b>19</b>	<b>1.617</b>	<b>1.517</b>
Total equity attributable to owners of the parent		1.517	1.517
Contributions excluding capital, reserves and retained earnings		1.517	1.517
<b>Non-controlling interest</b>		<b>100</b>	<b>100</b>
<b>LIABILITIES</b>		<b>6.223.754</b>	<b>5.837.586</b>
<b>Non-current liabilities</b>		<b>4.960.856</b>	<b>4.238.997</b>
Interest bearing loans and borrowings	20, 23	4.714.274	3.919.032
Lease liabilities	11, 23	25.491	25.570
Employee benefit liabilities	21	214.907	286.959
Derivative financial instruments	20, 23	4.957	6.000
Provisions	21	1.197	1.436
<b>Current liabilities</b>		<b>1.262.898</b>	<b>1.598.589</b>
Interest bearing loans and borrowings	20, 23	503.414	1.050.893
Lease liabilities	11, 23	10.444	10.347
Trade payables and other current liabilities	22, 23	426.224	430.585
Liabilities cash pool activities	17, 23	322.076	104.561
Current tax liabilities		740	2.203
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6.225.371</b>	<b>5.839.203</b>

Unaudited condensed consolidated statement of profit or loss with limited review conclusion of the statutory auditor as at 30 June 2021 and for the six-month period then ended

### Condensed consolidated statement of profit or loss

(In thousands of EUR)	Notes	30 June 2021	30 June 2020
<b>Operating revenue</b>		<b>885.047</b>	<b>819.527</b>
Revenue from contracts with customers	3	846.328	784.147
Other operating income		38.719	35.380
<b>Operating expenses</b>		<b>-878.493</b>	<b>-810.034</b>
Cost of trade goods		-94.400	-67.622
Cost for services and other consumables	4	-487.549	-453.221
Employee benefit expenses	5	-287.393	-297.021
Depreciation, amortization, impairments and changes in provisions	6	-8.536	10.579
Other operational expenses		-615	-2.749
<b>Result from operations</b>		<b>6.554</b>	<b>9.493</b>
Finance income	7	59.030	60.516
Finance costs	7	-61.973	-65.803
<b>Profit before tax</b>		<b>3.611</b>	<b>4.206</b>
Income tax expenses	8	-3.611	-4.206
<b>Profit for the period</b>		<b>0</b>	<b>0</b>

### 5.3 Selected consolidated historical financial information of Fluvius Economic Group for the financial years ended 31 December 2019 and 31 December 2020 and for the years then ended

The following tables set out in summary form certain information from the statement of financial position, the statement of profit or loss, the statement of comprehensive income and the cash flow statement relating to the Fluvius Economic Group. The information has been extracted from the audited consolidated annual financial statements of the Fluvius Economic Group for the years ended 31 December 2019 and 31 December 2020. These consolidated statements of the Fluvius Economic Group have been prepared in accordance with IFRS.

The statutory auditor of the Fluvius Economic Group has issued an unqualified opinion on both of these audited consolidated annual financial statements. These however contain an emphasis of matter paragraph which describes the specificities of the regulatory framework and tariffs and the related accounting treatment, as well as the uncertainties related to the balances resulting from the tariff settlement mechanism.

*Fluvius Economic Group's consolidated statement of profit or loss as at 31 December 2019 and 31 December 2020 and for the years then ended*

(In thousands of EUR)	Notes	2020	2019
<b>Operating revenue</b>	<b>6</b>	<b>3.487.243</b>	<b>3.472.010</b>
Revenue from contracts with customers		2.923.733	2.991.498
Other operating income		135.407	84.456
Own construction, capitalized		428.103	396.056
<b>Operating expenses</b>		<b>-2.944.678</b>	<b>-2.954.901</b>
Cost of trade goods	7	-1.419.362	-1.414.554
Cost for services and other consumables	8	-437.231	-463.369
Employee benefit expenses	9	-619.288	-589.852
Depreciation, amortization, impairments and changes in provisions	10	-476.897	-449.171
Other operational expenses	11	-83.115	-63.044
Regulated transfers	12	91.215	25.089
<b>Result from operations</b>		<b>542.565</b>	<b>517.109</b>
Finance income	13	117.891	107.040
Finance costs	13	-187.103	-208.309
<b>Profit before tax</b>		<b>473.353</b>	<b>415.840</b>
Income tax expenses	14	-110.623	-84.925
<b>Profit for the period</b>		<b>362.730</b>	<b>330.915</b>

*Fluvius Economic Group's consolidated statement of comprehensive income as at 31 December 2019 and 31 December 2020 and for the years then ended*

(In thousands of EUR)	Notes	2020	2019
<b>Profit for the period</b>		<b>362.730</b>	<b>330.915</b>
<b>Other comprehensive income</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods</b>			
Actuarial gains (losses) on long-term employee benefits	26	-85.437	-201.023
Actuarial gains (losses) on rights to reimbursement on post-employment employee benefits	26	100.875	144.014
Fair value other investments	19	268.018	326.974
Deferred tax gains (losses)	14	6.117	25.609
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods</b>		<b>289.573</b>	<b>295.574</b>
<b>Total comprehensive income for the period</b>		<b>652.303</b>	<b>626.489</b>

*Fluvius Economic Group's consolidated statement of financial position as at 31 December 2019 and 31 December 2020 and for the years then ended*

(In thousands of EUR)	Notes	2020	2019
<b>Non-current assets</b>		<b>14.899.187</b>	<b>14.190.941</b>
Intangible assets	15	114.303	95.850
Property, plant and equipment	16	11.665.019	11.407.129
Right-of-use assets	17	42.147	45.959
Investment in joint ventures and associates	18	2.017	2.016
Other investments	19, 32	2.064.271	1.709.053
Rights to reimbursement on post-employment employee benefits	26	443.513	353.605
Long-term receivables, other	20, 32	567.917	577.329
<b>Current assets</b>		<b>926.971</b>	<b>964.552</b>
Inventories	21	97.296	78.542
Trade and other receivables	22, 32	787.678	802.413
Current tax assets	29	10.669	19.009
Cash and cash equivalents	23, 32	31.328	64.588
<b>TOTAL ASSETS</b>		<b>15.826.158</b>	<b>15.155.493</b>
<b>EQUITY</b>	<b>24</b>	<b>6.757.091</b>	<b>6.407.595</b>
<b>Total equity attributable to owners of the parent</b>		<b>6.756.991</b>	<b>6.407.495</b>
Contributions excluding capital, other / Share capital		2.688.588	2.678.818
Contributions excluding capital, share premium / Issue premiums		126.903	126.884
Reserves		1.753.908	1.737.309
Other comprehensive income		1.082.234	792.661
Retained earnings		1.105.358	1.071.823
<b>Non-controlling interest</b>		<b>100</b>	<b>100</b>
<b>LIABILITIES</b>		<b>9.069.067</b>	<b>8.747.898</b>
<b>Non-current liabilities</b>		<b>6.933.089</b>	<b>6.948.800</b>
Interest bearing loans and borrowings	25, 32	5.280.508	5.413.841
Lease liabilities	17	32.319	35.563
Employee benefit liabilities	26	906.515	773.954
Derivative financial instruments	27, 32	62.717	74.726
Provisions	28	8.772	22.110
Deferred tax liability	14	347.532	358.929
Government grants	29	294.726	269.677
<b>Current liabilities</b>		<b>2.135.978</b>	<b>1.799.098</b>
Interest bearing loans and borrowings	25, 32	1.307.966	874.951
Lease liabilities	17	12.488	12.435
Trade payables and other current liabilities	30, 32	800.617	894.020
Current tax liabilities	31, 32	14.907	17.692
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15.826.158</b>	<b>15.155.493</b>



*Fluvius Economic Group's consolidated cash-flow statement as at 31 December 2019 and 31 December 2020 and for the years then ended*

(In thousands of EUR)	Notes	2020	2019
Profit for the period		362.730	330.915
Amortization of intangible assets	10	36.087	27.337
Depreciation on property, plant and equipment and right-of-use assets	10	444.260	418.499
Change in provisions (Reversal -; Recognition +)	10	-13.338	-19.459
Impairment current assets (Reversal -; Recognition +)		9.888	22.794
Gains or losses on realization receivables		10.824	11.874
Net finance costs		86.808	111.888
Change in fair value of derivative financial instruments	13	-12.009	-5.681
Gains or losses on sale of property, plant and equipment		55.716	41.920
Movement in government grants	29	-5.588	-4.938
Income tax expense	14	110.623	84.925
<b>Operating cash flow before change in working capital and provisions for employee benefits</b>		<b>1.086.001</b>	<b>1.020.074</b>
Change in inventories		-18.754	-8.083
Change in trade and other receivables		-8.823	-44.575
Change in trade payables and other current liabilities		-94.021	-31.573
Change in employee benefits		58.091	50.223
<b>Net operating cash flow</b>		<b>-63.507</b>	<b>-34.008</b>
Interest paid		-179.299	-205.382
Interest received		82.401	81.132
Financial discount on debts		312	413
Income tax paid (received)	31	-110.348	-94.442
<b>Net cash flow from operating activities</b>		<b>815.560</b>	<b>767.787</b>
Proceeds from sale of property, plant and equipment		1.911	74.001
Purchase of intangible assets	15	-54.539	-50.743
Purchase of property, plant and equipment	16	-745.902	-649.628
Acquisition of companies and other investments	19	-79.254	0
Acquisition of business combinations	3	0	17.002
Proceeds from sale of companies and other investments	19	164	222
Net investments in long-term receivables		-18	0
Receipt of a government grant	29	30.637	37.284
<b>Net cash flow used in investing activities</b>		<b>-847.001</b>	<b>-571.862</b>
Proceeds from contributions excluding capital / issue of shares	24	32.600	0
Repayment of contributions excluding capital / share capital	24	-26.591	0
Change in non-controlling interest	24	0	7
Repayment of borrowings	25	-405.089	-259.827
Proceeds from borrowings	25	0	2.343
Proceeds from bonds/borrowings	25	598.608	0
Payment of finance lease liabilities	17	-14.417	-12.755
Change in current financial liabilities	25	108.100	439.544
Change in short-term investments		0	14.989
Repayment long-term loans		16.022	11.921
Dividends paid	24	-311.052	-289.239
<b>Net cash flow from/used in financing activities</b>		<b>-1.819</b>	<b>-153.031</b>
<b>Net increase/decrease in cash</b>	<b>23</b>	<b>-33.260</b>	<b>42.894</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>23</b>	<b>64.588</b>	<b>21.694</b>
<b>Cash and cash equivalents at the end of period</b>	<b>23</b>	<b>31.328</b>	<b>64.588</b>

#### 5.4 Historical financial information of the Fluvius Economic Group for the half year ended 30 June 2021

The following tables set out in summary form certain information from the statement of financial position and the statement of profit or loss relating to the Fluvius Economic Group. The information has been extracted from the unaudited condensed consolidated financial statements of the Fluvius Economic Group for the half year ended 30 June 2021, which have been prepared in accordance with IFRS, with limited review conclusion of the statutory auditor.

Unaudited condensed consolidated statement of financial position with limited review conclusion of the statutory auditor as at 30 June 2021 and for the six-month period then ended

### Condensed consolidated statement of financial position

(In thousands of EUR)	Notes	30 June 2021	31 December 2020
<b>Non-current assets</b>		<b>14.779.772</b>	<b>14.899.187</b>
Intangible assets	13	123.064	114.303
Property, plant and equipment	14	11.806.378	11.665.019
Right-of-use assets	15	40.758	42.147
Investment in joint ventures and associates	16	2.017	2.017
Other investments	17, 29	2.016.161	2.064.271
Rights to reimbursement on post-employment employee benefits	23	235.520	443.513
Long-term receivables, other	18, 29	555.874	567.917
<b>Current assets</b>		<b>1.308.180</b>	<b>926.971</b>
Inventories		119.087	97.296
Trade and other receivables	19, 29	982.899	787.676
Current tax assets	28, 29	4.972	10.669
Cash and cash equivalents	20, 29	193.222	31.328
<b>TOTAL ASSETS</b>		<b>16.079.952</b>	<b>15.826.158</b>
<b>EQUITY</b>	<b>21</b>	<b>6.879.614</b>	<b>6.757.091</b>
<b>Total equity attributable to owners of the parent</b>		<b>6.878.914</b>	<b>6.756.891</b>
Contributions excluding capital, other		2.748.344	2.688.588
Contributions excluding capital, issue premiums		126.903	126.903
Reserves		1.760.870	1.753.905
Other comprehensive income		1.108.555	1.082.234
Retained earnings		1.134.242	1.105.358
<b>Non-controlling interest</b>		<b>100</b>	<b>100</b>
<b>LIABILITIES</b>		<b>9.200.938</b>	<b>9.069.067</b>
<b>Non-current liabilities</b>		<b>7.454.554</b>	<b>6.933.089</b>
Interest bearing loans and borrowings	22, 29	6.070.299	5.280.508
Lease liabilities	15, 29	30.985	32.319
Employee benefit liabilities	23	605.237	906.515
Derivative financial instruments	24, 29	57.381	62.717
Provisions	25	7.725	8.772
Deferred tax liability	12	370.147	347.532
Government grants	26	312.780	294.726
<b>Current liabilities</b>		<b>1.746.384</b>	<b>2.135.978</b>
Interest bearing loans and borrowings	22, 29	760.626	1.307.966
Lease liabilities	15, 29	12.524	12.488
Trade payables and other current liabilities	27, 29	970.621	800.617
Current tax liabilities	28, 29	2.613	14.907
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16.079.952</b>	<b>15.826.158</b>



Unaudited condensed consolidated statement of profit or loss with limited review conclusion of the statutory auditor as at 30 June 2021 and for the six-month period then ended

### Condensed consolidated statement of profit or loss

(In thousands of EUR)	Notes	30 June 2021	30 June 2020
<b>Operating revenue</b>	<b>4</b>	<b>1.826.248</b>	<b>1.733.784</b>
Revenue from contracts with customers		1.492.373	1.443.273
Other operating income		76.469	68.461
Own construction, capitalized		257.406	222.030
<b>Operating expenses</b>		<b>-1.602.278</b>	<b>-1.436.637</b>
Cost of trade goods	5	-733.605	-686.738
Cost for services and other consumables	6	-230.701	-214.804
Employee benefit expenses	7	-295.393	-311.544
Depreciation, amortization, impairments and changes in provisions	8	-251.438	-227.866
Other operational expenses		-41.816	-31.079
Regulated transfers	9, 33	-49.325	35.394
<b>Result from operations</b>		<b>223.970</b>	<b>297.147</b>
Finance income	10	28.244	31.550
Finance costs	11	-82.016	-89.479
<b>Profit before tax</b>		<b>170.198</b>	<b>239.218</b>
Income tax expenses	12	-51.074	-57.787
<b>Profit for the period</b>		<b>119.124</b>	<b>181.431</b>

## 5.5 Financing policy of the Fluvius Economic Group

### General

For its activities, the Fluvius Economic Group attracts financing from various sources. The Fluvius Economic Group primarily addresses short-term funding needs through its commercial paper programme as well as through various short-term revolving credit facilities. All bond and note financing of the Fluvius Economic Group is entered into by Fluvius System Operator and guaranteed by the Guarantors. No third parties have granted guarantees in respect of the indebtedness of the Fluvius Economic Group. As at the date of this Base Prospectus, the Issuer is not subject to any financial covenant, nor has it granted any security, under its financing arrangements.

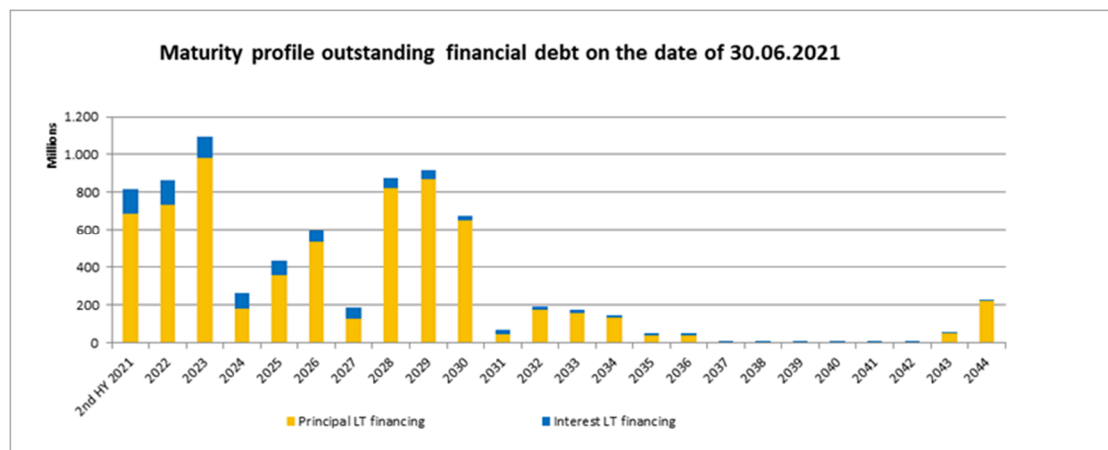
It is the Issuer's and the Guarantors' intention to move in the long term towards a balance sheet structure for each individual Guarantor in which a maximum of up to 60 per cent. of their assets is financed through debt (for regulatory purposes calculated according to Belgian GAAP). This proportion was established by the VREG in its tariff methodology for the determination of the Guarantors' distribution tariffs for both electricity and gas. However, for rating purposes and, more specifically, in order to maintain a favourable rating with the rating agencies Moody's Investor Services Ltd. and Creditreform Rating AG, the Fluvius Economic Group aims to retain a sufficient level of equity on its balance sheet.

As at 30 June 2021, 23.86% of the total indebtedness of the Fluvius Economic Group was directly entered into by the Guarantors (compared to 27.11% as at 31 December 2020).

*Long-term financing*<sup>87</sup>

The total amount of long-term interest-bearing debt of the Fluvius Economic Group that is currently outstanding amounts to EUR 6,805.9 million as of 30 June 2021 (compared to EUR 6,015.9 million as at 31 December 2020).

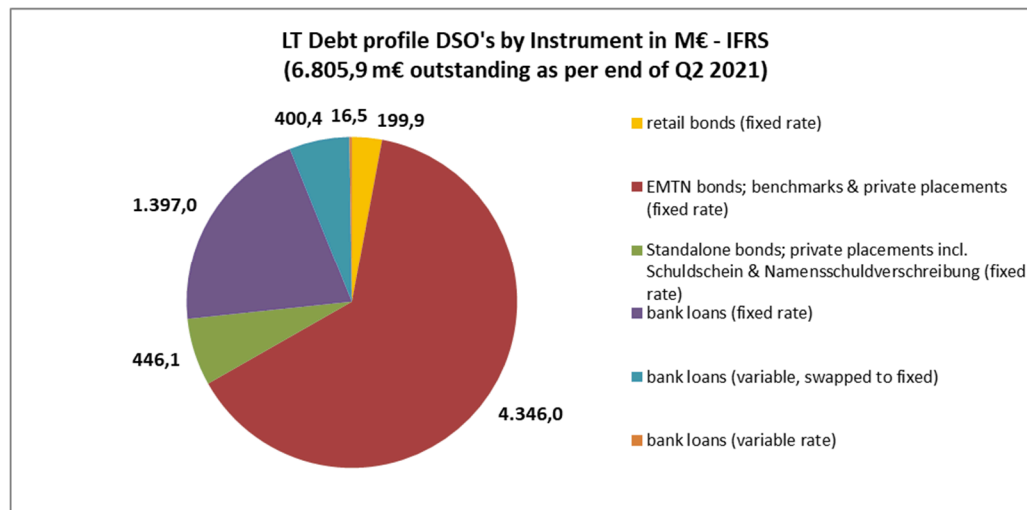
The Fluvius Economic Group strives to optimise the maturity profile of its debt. The principal amounts and interests to be paid by the Fluvius Economic Group on its long-term financing are set out in the maturity profile below (situation as at 30 June 2021, taking into account the current position of long-term financing):



Long-term financing is obtained through a broad range of financial instruments: bank loans, (sub)benchmark bonds, retail bonds and private placement debt instruments. Such financing enables the Guarantors to finance their investment and operational activities. All funds raised by the Issuer are entirely passed through to the Guarantors at the same conditions of maturity and interest rates.

All bank loans are directly entered into by the DSOs themselves, after a tendering procedure carried out by the Issuer on their behalf. So, the amounts raised through bank loans do not figure on the Issuer's statements of financial position. On the other hand, bonds and private placement debt instruments are issued by Fluvius System Operator and guaranteed by the Guarantors. The amounts thus raised are immediately passed through to the Guarantors. As a consequence, the amounts raised in bonds and private placement debt instruments are figuring both as a liability to bondholders and as an asset (a receivable, payable by the Guarantors to the Issuer) on the Issuer's statement of financial position in the annual financial statements. In April 2021, the Issuer drew the first two tranches (for a total amount of EUR 200 million and a 7-year maturity) under a EUR 425 million credit facility granted by the European Investment Bank (EIB). The loans are guaranteed on a several and proportionate but not joint basis by the ten Guarantors with electricity distribution activities. The proceeds are to be used to finance the investments in digital metering for electricity. Also in April 2021, the Issuer realised a private placement under the Programme for an amount of EUR 100 million with a 12-year maturity. Through this transaction, the Issuer was able to reduce its short-term financing. In June 2021, the Issuer realised an EMTN benchmark bond transaction for an amount of EUR 500 million with a 7-year maturity.

<sup>87</sup> This includes the current portion of the long-term financing.



A complete overview of the outstanding bonds and private placement debt instruments as at the date of this Base Prospectus is presented in the following table (in order of maturity). These bonds and private placement instruments all have a fixed interest rate.

Type	E = Eandis I = Infrax F = Fluvius	Amount (m€)	Issue Date	Maturity date	Maturity	Coupon
EMTN benchmark	E	500	8/11/2011	8/11/2021	10	4,500%
EMTN benchmark	E	500	30/11/2012	30/11/2022	10	2,750%
EMTN benchmark	E	500	9/10/2013	9/10/2023	10	2,875%
EMTN sub-benchmark	I	250	30/10/2013	30/10/2023	10	3,750%
Retail	E	200	23/06/2017	23/06/2025	8	2,000%
EMTN sub-benchmark	E	400	4/12/2014	4/12/2026	12	1,750%
Schuldschein	E	50	21/09/2012	21/09/2027	15	3,500%
EMTN Private Placement	E	54,5	28/03/2013	28/03/2028	15	3,500%
EMTN Benchmark	F	500	7/06/2021	14/06/2028	7	0,250%
EMTN benchmark	E	550	7/05/2014	7/05/2029	15	2,875%
EMTN sub-benchmark	I	250	29/10/2014	29/10/2029	15	2,625%
EMTN benchmark GREEN	F	600	25/11/2020	2/12/2030	10	0,250%
EMTN Private Placement	E	135,5	10/07/2012	10/07/2032	20	3,950%
EMTN Private Placement	E	20,5	28/03/2013	28/03/2033	20	3,750%
EMTN Private Placement	F	100	30/03/2021	8/04/2033	12	0,810%
Private Placement	E	95	27/10/2014	27/10/2034	20	2,600%
Private Placement	E	23	5/03/2014	5/03/2036	22	3,550%
Namenschuldverschreibung	E	50	24/06/2013	24/06/2043	30	3,500%
Private Placement	E	52	5/03/2014	5/03/2044	30	3,550%
Private Placement	E	170	27/10/2014	27/10/2044	30	3,000%

The *Schuldschein* and *Namenschuldverschreibung* debt instruments mentioned in the table above are long-term debt instruments under German law.

As at the date of this Base Prospectus, the Fluvius Economic Group is not in default under any covenants set out in long-term financing agreements.

*Short-term financing*

The Fluvius Economic Group has the benefit of various financing arrangements for a total amount of EUR 925 million to cater for its short-term financing needs. See the following table for more details (situation as at 30 June 2021):

Facility	Amount	Counterparties	Committed?
Cash facility / straight loan	EUR 225 million	2 banks	yes
Revolving credit	EUR 200 million	1 bank	yes
Commercial Paper programme	EUR 500 million	4 banks	no

As at 30 June 2021, EUR 25 million short-term financing was outstanding (compared to EUR 572.6 million as at 31 December 2020).

The Information Memorandum on the Issuer's Commercial Paper (CP) programme dated February 2019 is available on the Issuer's website: <https://www.fluvius.be/sites/fluvius/files/2019-11/cp-fluvius-info-memo-2019.pdf>.

## 6 Legal and arbitration procedures

### 6.1 Legal and arbitration proceedings of the Issuer

#### *Legal Proceedings*

With the exception of the proceedings about the gas explosion in Wilrijk (see below), the Issuer is currently not involved in any other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the twelve months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer.

- Gas explosion in *Wilrijk (Antwerp)*: At the request of the public prosecutor's office in Antwerp, the free-trial court (*raadkamer*) referred, on 30 September 2020, the Issuer, its CEO and its Director Grid Operations to the First Instance Criminal Court (*correctionele rechtbank*) for their possible involvement in the gas explosion in *Wilrijk (Antwerp)* on 3 September 2019. One person died and three people were severely injured by this explosion, and it caused considerable material damage. Pleadings before the First Instance Criminal Court of Antwerp took place in March 2021 and the Issuer argued extensively to show that the company, its managers and employees are not to blame for these tragic events. In April 2021, the court ruled the acquittal of both managers and the simple declaration of guilt of the Issuer with suspension of sentence. On 27 May 2021, the Issuer lodged an appeal against this judgment in respect of the declaration of guilt.
- On 14 January 2021, the Belgian Constitutional Court (*Grondwettelijk Hof*) struck down various provisions of the Decree of the Flemish Region of 26 April 2019 amending the Energy Decree of 8 May 2009 in respect of the roll-out of digital meters and amending Article 7.1.1, 7.1.2 and 7.1.5 of that Decree introducing digital meters. More specifically, the Court struck down the temporary maintenance of the compensation mechanism (the "reversing electricity meter") and the prosumer tariff. The Court further annulled the charging to grid users of the costs of installing smart meters and putting them into service, as well as the ability to cut off users from the electricity grid if they obstruct the installation of a smart meter, unless an opinion is first obtained from the Local Advisory Committee (LAC). Lastly, the Court held that every grid user should be able to choose to have wired

communications to and from the smart meter rather than wireless. The annulment took effect as from the publication of the judgment in the Belgian State Gazette on 1 March 2021 and does not apply retroactively.

The judgment has far-reaching consequences for the Issuer and other market participants. In conjunction with the Flemish Minister for Energy and the Flemish energy regulator VREG, the Issuer has decided to temporarily suspend the accelerated switch to smart meters for existing prosumers and not to restart it until new, approved legislation is in place. Smart meters are still being installed in specific situations, such as replacements for faulty meters, overcoupling with voltage changes, tariff changes (from single hourly tariff to time-of-use tariff), enhancements or meters installed on request.

The Issuer has abandoned the target of providing smart meters to all solar panel owners by the end of 2022. They will now be included in the accelerated geographical roll-out and will receive smart meters over the period from 2021 to 2029. The general targets remain in place: 80% smart meters by 2024 and universal smart metering by 1 July 2029.

Prosumers who already have a smart meter, will no longer have to pay the prosumer tariff. Since the publication of the judgment of the Constitutional Court in the Belgian State Gazette (on 1 March 2021), their electricity bills are based on the electricity that they actually offtake from the grid (including energy cost, standing charges, kWh-based taxes and VAT). They are able to obtain payment from their supplier for the electricity they feed in. This system also applies to new prosumers who joined as from 1 January 2021.

The VREG has now adjusted the 2021-2024 distribution tariff methodology in line with the judgment of the Constitutional Court (VREG decision 2021-07). This change also took effect as from the publication date of the judgment of the Constitutional Court.

Further discussions are still ongoing with the Flemish government and the VREG on a number of points, such as the specific approach to customers who claim to be sensitive to electromagnetic radiation.

#### *Insurance Proceedings*

Fluvius System Operator is currently not involved in any insurance proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the twelve months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer.

## **6.2 Legal and arbitration proceedings of the Guarantors**

#### *Legal Proceedings*

The summary below gives an overview of the proceedings that may have a material impact on one or more of the Guarantors as at the date of this Base Prospectus.

- *DSOs – distribution tariffs*: Zonstraal VZW is disputing the prosumer's tariff (VREG tariff methodology 2015-2016). Claimant brought the case before both the Brussels' Court of Appeal and the Council of State (*Raad van State*). The latter has declared itself competent (8 June 2017). In a second proceeding on the same matter (but relating to the tariff methodology 2017-2020 established by the Flemish energy regulator VREG), this time before the Markets Court (*Marktenhof*), the Markets Court ruled on 22 November 2017 in favour of VREG. Since this ruling, no new elements or evolutions have appeared. Regardless of the outcome of the proceedings, the DSOs will not be

subject to any material adverse financial impact, since they are able to pass through any potential costs in the distribution grid tariffs.

- *Guarantor Iverlek & Electrabel Customer Solutions*: Claimant DNG disputes the prosumer tariff and has brought both the DSO Iverlek and energy supplier Electrabel Customer Solutions (ECS) before the Company Court (*Ondernemingsrechtbank*). On 14 March 2017, the Company Court in Brussels decided in favour of Iverlek/ECS. As a next step, the claimant has lodged an appeal procedure (Court of Appeal of Brussels). It is expected that the case can be heard before the Court of Appeal by June 2023.
- *DSOs – case brought by Essent Belgium NV*: The Guarantors are involved in proceedings before the Court of First Instance of Brussels regarding former Flemish Region legislation that organised the free distribution of green energy and which was abolished in 2005. The proceedings were initiated in March 2004 by supplier Essent Belgium NV against the Flemish Region. The Guarantors as well as the Flemish energy regulator VREG were forced to intervene in these proceedings. In summary, Essent claims that the legal framework that organised the free distribution of green energy breached principles of EU and Belgian constitutional law since only green energy that was produced in Belgium or in the Flemish Region was illegible for free distribution, whereas Essent imported green energy that was produced abroad. The Guarantors billed Essent distribution costs for an amount of approximately EUR 4.7 million. Essent Belgium contests that these amounts are due and claims the reimbursement of the costs that it paid already (approximately EUR 1,045,000). In addition, Essent Belgium NV claims compensation from the Flemish Region. In an intermediary ruling dated 2 September 2014, the Court of First Instance of Brussels submitted a prejudicial question to the European Court of Justice regarding the compatibility of the Flemish legal framework on the free distribution of green energy with EU law. In October 2014, certain of the Guarantors summoned Essent Belgium NV before the Antwerp Court of First Instance for the payment of their distribution costs to avoid prescription of the underlying invoices; these proceedings have not yet been activated. Inter Energa had already summoned Essent in December 2008 before the Hasselt Court to obtain payment of its invoices; the Court accepted this claim and Essent appealed the Hasselt Court's ruling. In a ruling dated 29 September 2016, the European Court of Justice considered that the relevant legal framework on the free distribution of green energy was indeed not in line with EU law. On 16 April 2021, the Brussels Court of First Instance ruled in favour of the Guarantors and parties entered into a settlement agreement on 29 July 2021, pursuant to which all of the ongoing court proceedings between Essent Belgium NV and the Guarantors were terminated.
- *Proximus litigation*: The Antwerp Court of Appeal ruled on 18 December 2017 on the claim for damages brought by the telecom operator Proximus against Interkabel and the Guarantors with CATV activities. Proximus's claim was rejected by the Court of Appeal. At the end of June 2019, Proximus decided to file an appeal with the Court of Cassation against this judgment of the Antwerp Court of Appeal. Interkabel and the Guarantors involved in this case filed their conclusions to the Court of Cassation on 27 September 2019. Telenet also filed their conclusions. On 22 January 2021, the Court of Cassation ruled that the judgment of the Court of Appeal of Antwerp should be partially annulled. The partial annulment only relates to the point that the Antwerp Court of Appeal did not sufficiently justify the annulment of the agreement between Telenet and the DSOs, but does not express an opinion on this point. In order to examine and rule on this, the case is referred to the Brussels Court of Appeal for a retrial on this point. The Court of Cassation did not annul the rejection of Proximus's claim for compensation, which may therefore be definitively rejected. In addition, the contracts between Telenet and the DSOs contain an indemnity clause in favour of the relevant DSOs which limits the DSOs' liability to a maximum amount of EUR 20 million in case of a

negative outcome of the judicial proceedings. Any amounts exceeding EUR 20 million will have to be borne by Telenet. An amount of EUR 20 million has been recognised in the DSO accounts as a provision (this provision is only recognised in the Belgian GAAP accounts, not in the accounts according to IFRS).

#### *Insurance Proceedings*

In the course of their normal activities, the Guarantors are confronted with a large number of insurance proceedings that are separately not material but taken all together could have a material impact on the financial position or profitability of one or more Guarantors. In the following paragraph an aggregated overview of the insurance proceedings in which at least one of the Guarantors is involved is presented. Note that not all of the disputes listed below have led or will lead to a legal proceeding, taking into account that many of them are expected to be settled amicably by agreement between the DSO and the end user.

As for the period from 1 July 2020 until 30 June 2021:

- the Guarantors were involved in 7,824 claims of third parties, of which 199 were under consideration of their insurer. Claims were paid out to third parties for a total amount of EUR 1,967,061.81;
- the Guarantors closed fifteen cases which were pending in legal proceedings, of which 9 were under consideration of their insurer. Claims were paid out to third parties for a total amount of EUR 281,731 in relation to these closed legal proceedings;
- 7,315 debit notes were outstanding for a total amount of EUR 7,840,593.61 and EUR 6,324,098.56 was collected by third parties relating to property damages.

## **7 Significant changes in the financial position and prospects of the Issuer and the Guarantors**

### **7.1 Significant changes in the financial position and prospects of the Issuer**

#### *Trend information*

There has been no significant change in the financial position of the Issuer since 30 June 2021 and no material adverse change in the Issuer's prospects since 31 December 2020.

#### *Investments*

As at the date of this Base Prospectus, the annual investment budgets for the period 2021-2024 are as follows (all figures in the table below are expressed in EUR million and represent net investments, i.e., the investments after deduction of the financial contribution by the end users)<sup>88</sup>:

<b>Activity</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Electricity distribution	603	644	654	646
Gas distribution	251	245	215	271
Public lighting	53	52	49	49
Sewerage	71	74	78	81

<sup>88</sup> Please note that the annual investment budgets will be revised in December 2021.

CATV / FTTH	37	33	31	31
Others <sup>89</sup>	26	30	25	19
<b>TOTAL</b>	<b>1040</b>	<b>1079</b>	<b>1052</b>	<b>1097</b>

## 7.2 Significant changes in the financial position and prospects of the Guarantors

### *Trend information*

There has been no significant change in the financial position of the Guarantors since 30 June 2021 and no material adverse change in the Guarantors' prospects since 30 December 2020. However, reference is made to the ongoing negative impact of the tariff methodology for the distribution of gas and electricity, as established by the VREG for the tariff period 2021-2024. For more information, please refer to (i) section 4.1.4 – 'The DSOs' regulatory tariffs in historical perspective' – '(c) The tariff period 2021-2024' in Part VII – 'Description of the Issuer and the Guarantors' and (ii) the risk factor entitled "The tariff methodology for the period 2021-2024 and future regulations or changes to gas, electricity and/or sewerage tariffication, for example if these are not in line with the European internal energy market (if applicable), may have an adverse effect on the Issuer's and the Guarantors' assigned ratings, ability to obtain funding and, hence, on their operational performance."

### *Investments*

As at the date of this Base Prospectus, the Guarantors have not made any firm commitments on other future investments in electricity and gas in addition to those in their short- and long-term investment plans to be approved by the VREG.

## 8 Statutory Auditors charged with the statutory audit

The Issuer's statutory auditor is EY (EY Bedrijfsrevisoren BV), represented by Mr Marnix Van Dooren, Pauline Van Pottelsberghelaan 12, 9051 Ghent (Belgium).

The statutory auditors of the Guarantors are also EY (EY Bedrijfsrevisoren BV), represented by Mr Marnix Van Dooren, Pauline Van Pottelsberghelaan 12, 9051 Ghent (Belgium). For Sibelgas, EY is the auditor since 1 January 2020. Before that date, Sibelgas' auditor was KPMG Bedrijfsrevisoren BV, represented by Mr Frederic Poesen, Luchthaven Brussel Nationaal 1/K, 1930 Zaventem (Belgium).

EY (EY Bedrijfsrevisoren BV), represented by Mr Marnix Van Dooren, Pauline Van Pottelsberghelaan 12, 9051 Ghent (Belgium), furthermore performs the audit procedures on the financial statements of the Fluvius Economic Group.

The statutory auditor for Fluvius OV is:

**EY Bedrijfsrevisoren BV**, represented by Mr Marnix Van Dooren  
Pauline Van Pottelsberghelaan 12, 9051 Ghent (Belgium)

The statutory auditor for De Stroomlijn, consolidated subsidiary of Fluvius System Operator, is:

**Figurad Bedrijfsrevisoren BV**, represented by Mr Stefaan Beirens  
J.B. de Ghellincklaan 21, 9051 Sint-Denijs-Westrem (Ghent, Belgium)

<sup>89</sup> The other investments include investments in buildings, vehicles, etc.



The statutory auditor for Atrias, consolidated subsidiary of Fluvius System Operator, is:

**Alain SERCKX SRL**, represented by Mr Alain Serckx  
Rue Ernest Salu 91, 1020 Laken - Brussels (Belgium)

The statutory auditor for Synductis, consolidated subsidiary of Fluvius System Operator, is:

**Figurad Bedrijfsrevisoren BV**, represented by Mr Stefaan Beirens  
J.B. de Ghellincklaan 21, 9051 Sint-Denijs-Westrem (Ghent, Belgium)

The statutory auditor for Interkabel, entity within the Fluvius Economic Group, is:

**EY Bedrijfsrevisoren BV**, represented by Mr Marnix Van Dooren  
Pauline Van Pottelsberghelaan 12, 9051 Ghent (Belgium)

Each of the statutory auditors of the Issuer, the Guarantors and the Issuer's consolidated subsidiaries is a member of the Belgian "Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises".

## 9 Trends in the markets in which the Issuer and the Guarantors are active

### 9.1 Trends identified in the Flemish Government Agreement 2019-2024, the Flemish Energy & Climate Plan and the "Core Activities Debate"

#### *Flemish Government Agreement 2019-2024*

The current Flemish Government, which took office early October 2019 for a five-year period, has outlined a number of objectives on energy policy in its coalition government agreement (the "**Flemish Government Agreement**")<sup>90</sup>. The items impacting the Issuer and the Guarantors are briefly set out below.

As from 2021 onwards, large-scale allotment projects and large apartment buildings are only connected to the gas distribution grid for collective heating through CHP or in a combination with a renewable system as the main source of heating. Additionally, a fuel-based heating system cannot be replaced if a gas distribution grid is available in the street. Based on profitability calculations by Fluvius, the tariff methodology was amended to reflect the fact that Fluvius no longer needs to contribute to the cost for an extension or reinforcement of the low-pressure gas grid to connect new residential buildings, and limited to 19 metres from the existing gas grid for non-residential connections.

For digital metering, the aim is to obtain a maximum roll-out in the period 2019-2024. The energy distributors are called upon to urgently build and implement a highly performant, cost-efficient and future-proof software platform for the exchange of data delivered by the digital meters installed on the grid, named Atrias. The Atrias software platform was live as from 1 November 2021 and is being gradually phased in for its users. During an agreed transition period from 1 November 2021 until 13 December 2021, in which meter-reading data and changes in relational data are not fully available, Atrias's shareholders, including the Issuer, do not entirely rule out temporary market disturbances in the smooth and reliable functioning of the central market system. Consequently, a financial impact in the case of reliability issues cannot be ruled out. As at the date of this Base Prospectus, a formal notice of default by the VREG, based on the Technical Regulation Distribution, is still valid. A possible penalty for non-conforming to the start date of 1 November 2021 has been set by VREG at EUR 10,000 per day of infringement for each of the Guarantors separately, but capped to the lower of EUR 5 million or 3 per cent. of total revenues realised on the energy market during the previous financial year. As at the date of

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<sup>90</sup> The full text can be consulted at <https://www.vlaanderen.be/publicaties/regeerakkoord-van-de-vlaamse-regering-2019-2024>.

this Base Prospectus, the VREG still needs to evaluate whether and to what extent the Guarantors are deemed compliant with the functionalities imposed by the regulator. A final evaluation still needs to take place. The parties involved in Atrias, including the Issuer, will intensely communicate and negotiate with the VREG (and the energy regulators of the Brussels and Walloon Regions) on the evolutions at Atrias. For more information on Atrias, please refer to section 1.5 – ‘The Issuer’s Subsidiaries’. Data management, as carried out by the DSOs, will be evaluated by the VREG in 2024.

The DSOs and the Issuer as their operating company should implement an analytical accounting system in which their regulated and non-regulated (energy) activities are being separated. This should enhance transparency and financial stability, and avoid possible cross-subsidies between activities<sup>91</sup>. The Flemish Government also announced an inquiry into the activities currently carried out by the DSOs and the Issuer. Their core activity should be an efficiently operated distribution grid which is able to tackle future challenges in an affordable way. Further simplifications in the landscape of the Flemish electricity and gas DSOs are also put forward.

In public lighting, all infrastructure is switched to LED-technology by 2030. Public lighting maintenance costs will be eliminated from the distribution grid fees. Dimming, turning off and the smart management of public lighting are mentioned as means to reduce light pollution.

DSOs will not be allowed to own, develop, manage or operate infrastructure for energy storage.

A reform of the current certificate mechanism for green power and CHP was announced. Support mechanisms for sustainable biomass and biogas when injected into the gas distribution networks or when used for industrial or collective heat generation will be elaborated.

As regards regulation, the Flemish Government will strive towards one single regulatory body for grid-related infrastructure (electricity, gas, heat, cable, water, sewerage, etc.) and media.

The development of district heating will be incentivised by evaluating, amongst other things, the relevant regulatory framework. The Flemish Region will support local authorities in drawing up a heat plan. The most cost-efficient model for building and managing district heating grids on the public domain will be investigated.

For the sewerage activity, the Flemish Government plans to adapt the tariff structures for drinking water and wastewater. The current financing mechanisms for the municipalities and Aquafin<sup>92</sup> will be amended as well with the aim to evolve into a more result-driven, flexible and programme-based approach (simplified procedures, more responsibility in the division of activities between the Flemish environmental agency VMM<sup>93</sup> and the sewerage operators). Closer coordination between sewerage operators and other stakeholders in sewerage investments (other utilities, public domain) will be promoted. Sewerage asset management should be coordinated between Aquafin and the sewerage operators. An analytical accounting system should be implemented.

In its climate policy, the Flemish Government formulated its ambition to substantially increase energy efficiency by enhancing the share of renewable and low-carbon energy sources in the total energy mix.

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<sup>91</sup> For the avoidance of doubt, no specific deadline has been set by the legislator for the implementation of the analytical accounting system. Furthermore, as the analytical accounting system will be separately maintained, it is not expected to impact the comparability of the consolidated financial statements of the Issuer against its financial statements in relation to the preceding years.

<sup>92</sup> Aquafin is in Flanders the responsible entity for supra-municipal wastewater collection, transport and treatment.

<sup>93</sup> The VMM has responsibilities in three domains: air, water and the environment. It helps in avoiding, reducing and eliminating detrimental effects in water systems and the atmosphere. It reports on the overall condition of the environment in Flanders and it tries to realise these objectives through the integral water policy.

Greenhouse gas emissions in Flanders should be reduced with 80% by 2050 with the ambition to reach complete climate-neutrality.

The surplus costs on the end consumers' energy bill should not increase due to this Flemish policy. Extra focus will be on the battle against energy poverty. The digital meter should enable the timely detection of budget derailments.

By decision of the Flemish Government, as from 1 January 2022 the DSOs' public service obligation of operating the municipal public lighting infrastructure will be scrapped. Consequently, the relevant costs will no longer have to be borne by these DSOs (and thus be integrated into the electricity grid fee), but by the municipal authorities themselves.

#### *Flemish Climate & Energy Plan 2021-2030*

On 9 December 2019, the Flemish Government approved the Flemish Energy and Climate Plan. This plan is part of the Belgian Climate and Energy Plan 2021-2030, which was submitted to the European Commission on 31 December 2019.

The Flemish Energy and Climate Plan expressly mentions the Issuer in relation to its role as data provider and its involvement in digitalising the energy system, in upgrading and reinforcing the distribution grids as an answer to the growing volumes of intermittent energy and electrification. A maximum roll-out of digital metering is proposed for 2024 and the replacement of the classic budget meter by digital ones by 2021.

Other major topics relevant to the Issuer and the Guarantors are:

- boosting energy efficiency in the industrial, residential and transport sector;
- accelerating the process of renewable energy; and
- the digital management of energy services and technology.

Finally, the Flemish Energy and Climate Plan also mentions that the Issuer (as well as gas transport company Fluxys) should reduce methane emissions in gas transport and distribution.

#### *Core activities debate*

Apart from the 2019-2024 Flemish Government Agreement discussed above, the Flemish authorities (i.e., the Flemish government and the Flemish parliament) have engaged in the so-called "Core Activities Debate" (in Dutch "*kerntakendebat*"). The aim of this is to define what activities and which scope of activities the Issuer and the Guarantors can (and cannot) engage in in the future. The debate should define what tasks are entrusted to regulated entities such as the Issuer and the Guarantors, what should be performed by the authorities and what is left to the commercial market. This should - in the view of those politically responsible - ultimately lead to a situation in which the Guarantors and the Issuer can concentrate themselves to a maximum degree on their core activity: managing an efficient distribution grid which is able to tackle tomorrow's challenges. As such, the debate looks into the Issuer's and the Guarantors' current activities (energy distribution, public lighting, district heating, sewerage, CATV infrastructure, data management, fibre-to-the-home, etc.), but also into other activities, such as water distribution, telecom, etc.

In line with the broad outcome of the said "Core Activities Debate" referred to above, as well as the implementation of rules resulting from the Clean Energy Package referred to below, the Issuer decided to divest a number of non-core activities, including, for example, energy services and the operation of storage and data centres. The divestment programme will be carried out in close consultation with the

Guarantors' shareholders and is conditional on the new operator guaranteeing the continuation of the service at (at least) the same financial and service conditions. Other than the satisfaction of this precondition, no specific timeline applies to the implementation of the divestment programme.

## **9.2 Trends in the energy sector**

The main challenge identified for energy distribution grid management in Flanders and elsewhere is the energy transition, i.e., the switch of the energy system into a decentralised and decarbonised (and often also digitalised) energy system. This general trend is supported by a wide array of initiatives taken at the European policy level. For the Flemish DSOs (the Guarantors) and their operating company (the Issuer) this means that their overall role evolves from being a grid operator into being a system operator.

Between 1996 and 2009, three consecutive legislative packages have been adopted at the European level, containing measures related to the liberalisation of the gas and power markets, including through the unbundling of transmission and distribution from other activities, open, non-discriminatory access to markets and networks, the transparency of the market and the market regulations, the protection of consumers, the improvement of interconnections and the safeguarding of a sufficient supply. In addition, the EU 2030 and 2050 climate-related targets have had and still have an important impact on the overall energy market and the investments in the sector in which the Issuer and the Guarantors are operating.

The Issuer has identified a number of general trends in the energy sector. These can be summarised as follows:

1. the energy landscape: synergies between utilities and the commitment of the end customer (e.g. intelligent metering, flexibility and demand-response);
2. the energy demand: changes in the energy mix with increasing electrification and a decrease in gas consumption, with the latter potentially offset by an increase in hydrogen and biogas consumption;
3. energy production: more decentralised electricity, energy communities, heat generation and “green gas” and hydrogen production;
4. managing demand and supply; centralised and decentralised supply and demand management – new players in an adapted market model;
5. grid management: micro grids and new technological advances in grid management.

The so-called “Clean Energy Package”, adopted in 2019, which has been implemented by a Flemish Decree of 2 April 2021 (as published on 28 May 2021 with entry into force on 7 June 2021), contains a wide range of measures to strengthen the internal energy market. For the Guarantors and their operating company (the Issuer), the most notable elements in this Clean Energy Package include the following:

- the proposed cooperation between DSOs at EU level through a new, to be established EU DSO entity, which will be tasked with, among other things, the planning of distribution networks, the integration of renewables, digitalisation and the cooperation with TSOs within the European Union;
- the Directive of the European Parliament and of the Council on common rules for the internal market for electricity requires EU Member States to ensure a competitive, consumer-oriented, flexible and non-discriminatory electricity market organisation;
- dynamic electricity price contracts will be allowed, thanks to the introduction of digital metering;

- the distribution grids will need to be able to cope with more active customers, since all final customers will be entitled to act as active customers, i.e., they will consume, store or self-generate electricity;
- DSOs will need to facilitate flexibility and storage, as well as the development of recharging infrastructure for electric vehicles.

On Wednesday 14 July 2021, the European Commission took a major step towards accomplishing its ambitious goal of making Europe the first climate neutral continent by 2050, as enshrined in the EU Climate Law, by adopting a package of proposals amending the EU's climate, energy, land use, transport and taxation policies with a view to reducing net greenhouse gas (GHG) emissions by at least 55% by 2030 (the "Fit for 55" package).<sup>94</sup> A second batch of Fit for 55 proposals is still expected by the end of 2021. The package includes, amongst other things, proposed revisions of the Energy Efficiency Directive (Directive (EU) 2018/2002), the Renewable Energy Directive (Directive (EU) 2018/2001), both part of the Clean Energy Package, and of the Energy Taxation Directive (Directive 2003/96/EC).

The Commission is proposing a combination of stricter regulation and emissions standards for the industry, carbon pricing and taxation, as well as rules to promote investment in low-carbon fuels, technologies and infrastructure. Although the package will affect most business sectors, the carbon-intensive energy, transport and buildings sectors will bear the greatest brunt. If the package becomes law, the DSOs and the Issuer will be impacted in terms of their tasks and obligations, in particular in relation to energy efficiency and the integration of renewables into the grid. Throughout 2022, the Commission's proposals will be considered and negotiated by the Council (i.e., the Member States) and the European Parliament during trilogue negotiations in a procedure known as comitology. While the proposals are interconnected, the timing and fate of each individual proposal will to a large extent be independent of the other proposals in the package.

#### *Decentralised Electricity Generation*

The Issuer has already for a number of years been faced with a steady increase in the number of installations for decentralised electricity generation (e.g. solar modules, CHP, wind turbines and others) that are or need to be connected to the distribution grid. This puts pressure on the traditional design of the electricity distribution grid. As more and more end users inject electricity into the distribution grid themselves – rather than only being off-takers of electricity – the distribution network design needs to reflect and cater for a bidirectional use of the distribution network. This trend has also impacted the volumes of electricity being transported over the DSOs' distribution grids. The Issuer has noted that the growth rate in the number of photovoltaic installations is volatile, due to a number of external factors such as the applicable subsidy mechanisms, public perception of solar panels as a sensible investment and the price development of solar installations compared to the price development of electricity for the Flemish end-consumers. Insufficient investments in electricity distribution grids might lead to insufficient capacity of these grids, associated with higher risks for fall-outs, grid disturbances and a poorer quality of electricity delivery.

Another important evolution is the development of offshore wind farms in the Belgian part of the North Sea (this relates to the new zone for offshore wind farms bordering the French exclusive economic zone). This entails considerable investments, especially at the level of the transmission grid operated by

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<sup>94</sup> All proposals and the Communication are available at [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/delivering-european-green-deal\\_en?utm\\_source=POLITICO.EU&utm\\_campaign=164fe11994-EMAIL\\_CAMPAIGN\\_2021\\_07\\_14\\_12\\_40&utm\\_medium=email&utm\\_term=0\\_10959edeb5-164fe11994-190626680](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en?utm_source=POLITICO.EU&utm_campaign=164fe11994-EMAIL_CAMPAIGN_2021_07_14_12_40&utm_medium=email&utm_term=0_10959edeb5-164fe11994-190626680).

electricity TSO Elia Transmission Belgium, but it also has a fall-out on the distribution grids operated by the Issuer.

The Issuer wants to be ready for these developments, both by planning and budgeting for the required grid modifications, as well as executing them. It has developed the following lines of action:

- Consultation of the competent authorities in order to analyse the use and impact of stimuli for the optimal geographic location of large decentralised generation facilities with a view to minimising electricity grid expansion costs;
- Pro-active investments in the electricity grid where it is possible to estimate the future levels of decentralised generation;
- A step-by-step evolution of the electricity distribution grid towards a smart grid, in which important investments in the mid-voltage networks will be required in the short term to enable control of the energy flow direction. In the medium term, the realisation of a smart grid will require investments to enable real-time data collection. Expansive metering will allow for a better management of energy flows, or a so-called “smart grid”. The planning, phasing and realisation thereof is the subject of a study that will lead to an investment decision.

The Issuer is currently assessing the investments needed in the medium to long term. Its long-term investment plans will be updated accordingly. Investments by electricity TSO Elia Transmission Belgium will have a direct impact on this assessment, since Elia’s investments can directly trigger additional investments in the distribution grid.

Logically, and as explained in section 4 – ‘Regulatory and contractual framework applicable to the Guarantors’, investments in the distribution grid will impact the distribution grid fee. In addition, the increased costs will be distributed over smaller distributed volumes of energy, since production of electricity is expected to happen in a much more decentralised way. The Issuer will closely monitor the impact of these evolutions on the overall distribution grid fee and will analyse and propose options to reduce sudden increases in the grid fees. To this end, the introduction of injection tariffs coupled to granting financial stimuli for projects that only need marginal investments for connection to the distribution grid, could be one way of incentivising efficient investments in decentralised electricity generation aiming at bringing distribution grid fees down.

#### *The future of gas*

The gas sector is currently characterised by rapid developments. The trend towards decarbonisation has an undeniable impact on the gas sector in general and gas distribution networks in particular.

Tomorrow’s gas networks should most probably be able to inject, transport and store renewable biogas, biomethane, green hydrogen, synthetic methane and possibly other forms of gas as well. An increased complementarity between gas and electricity systems (e.g. gas-to-power or power-to-gas applications) is high on the agenda. The Issuer points out that gases are an excellent means for energy storage for longer time scales (such as seasonal storage). As such, gas distribution can play a crucial role in the energy transition and the further development of renewable energy forms, of which many are by definition intermittent.

#### *Digital Metering, the Market Model and Data Management*

Metering and the management of metering data are crucial tasks in the efficient organisation of energy markets. A more pronounced competition in the energy markets and the drive towards more energy efficiency in the European Union put more demands on the distribution grids’ metering systems. As a

consequence of the increase in decentralised electricity production, the network configuration changes drastically (from a waterfall principle to bidirectional distribution networks), but there is also an impact on the management of metering data. The above evolutions have put the introduction of digital meters in the limelight, because the implementation of digital ('smart') meters allows retrieving – at any given point in time – sufficient data on the actual state of the distribution grid (e.g. location and volumes of infeed into and offtake from the grid), which allows managing the grid in the most efficient and sustainable way.

#### *Gas Network Adaptation*

An important evolution in the gas market is the compulsory switch from low to high calorific gas, following a decision by the Dutch gas supplier(s) and Dutch authorities to slow down and ultimately completely stop deliveries of low calorific gas to the Belgian market. Such a switch requires major investments to adapt part of the Flemish gas distribution networks.

The Dutch authorities have announced that the 12-month period from 1 October 2021 until and including 30 September 2022 will be the last regular year of gas production from the Groningen field<sup>95</sup>.

### **9.3 Trends in the other business segments**

#### *Sewerage*

The most prominent challenge for the Flemish sewerage sector is to achieve the European objectives for clean watercourses by 2027. This will require substantial additional infrastructure investments. The Flemish environmental agency VMM therefore defined technical-ecological and financial objectives for each municipality in 2019. The starting point for this VMM model is a cargo reduction of nitrogen and phosphorus based on the number of households in each municipality. Sewerage operators can prioritise projects and financial policy in their multi-annual programme based on the data in this VMM model. Furthermore, this information is also useful for preparing and establishing the river basin management plans 2022-2027.

The Flemish Government in its Flemish Government Agreement focuses on investing in a robust water system (both drinking water for consumption and wastewater). The general usage of rain water plans should become the norm. Making more use of rain water and re-using wastewater are two elements in this general plan.

Financing and operations in both the drinking water and wastewater sectors should, in the current Flemish Government's opinion, become more efficient and effective. For that purpose, the financing mechanisms for Aquafin and the municipalities are to be reformed following a result-driven, flexible and programme-oriented approach. The division of tasks between VMM, the sewerage operators and other stakeholders (e.g. other utilities) should be better aligned. The Flemish authorities will entrust Aquafin with the task of coordinating water infrastructure networks from an asset management perspective.

The water sector (both drinking water and wastewater) will be part of the core activities debate on utilities in the Flemish Region.

Mid-2020, the Flemish Government announced its so-called "Blue Deal" to tackle the increasing water scarcity and drought in Flanders. This plan contains 70 measures along 6 different tracks: (i) public authorities give the right example and take care of appropriate regulation, (ii) circular use of water

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<sup>95</sup> See: <https://www.rijksoverheid.nl/actueel/nieuws/2021/09/24/laatste-reguliere-gasjaar-winning-groningen-naar-39-miljard-kuub>.

becomes the standard, (iii) agriculture and nature become part of the solution, (iv) sensibilisation and promotion of private persons towards softening of the soil, (v) increasing the security of supply and (vi) investing in innovation to make the water system smarter, more robust and more sustainable. An amount of EUR 75 million has been dedicated to the first phase of the Blue Deal implementation. Further budgeting decisions on the Blue Deal programme are expected in the autumn of 2020. The Flemish Government has announced to allocate an additional amount of EUR 75 million to financing measures within the Blue Deal framework.

#### *CATV*

The development of fast and reliable data networks will be a key element in the communication grid sector in Flanders. In this respect, the Issuer is willing to play its role as an independent and experienced provider of reliable networks for data transmission, as evidenced by its long-standing role as CATV grid operator (partly on behalf of Telenet) and as the owner/manager of its own glass fibre network. The Issuer proposes partnerships with other parties that should become responsible for the commercial and content-related side of the operations. In this respect, the Issuer issued a press release on 28 October 2021 confirming that it had entered into a non-binding term sheet with Telenet which sets out the framework for the realisation of the “data network of the future” and the joint roll-out of FTTH technology. For further information, please refer to section 4.3 – ‘Regulatory and contractual framework for Flemish CATV intermunicipalities’.

#### **9.4 General trends**

For the period 2019-2024, which corresponds to the current legislative term of the Flemish Government, the Issuer has identified a number of policy items which are particularly relevant to the Flemish utility grids operated by itself on behalf of its shareholding Guarantors. All of these twelve topics touch upon the challenges posed by the energy transition to a greater or lesser extent.

1. The Flemish regulation should allow for flexibility, enabling local flexibility markets in line with the free-market principle. The Issuer could then assume the role of flex data manager and thus safeguard the technical flexibility for the DSOs.
2. The reinforcement of the active management of the distribution grids is only feasible if storage technology is put in place, which will align generation and consumption patterns.
3. In the Issuer’s view, electric vehicles will undeniably play a vital role in tomorrow’s energy landscape. Facilities for the fast-recharging of e-vehicles (battery technology and charging infrastructure) are a crucial element in the development of this market. However, it also requires the availability of larger capacities on local distribution grids.
4. A smart capacity-based tarification system for the use of the distribution grids. In the Issuer’s opinion such a system better reflects the actual cost drivers in energy distribution. Capacity tariffs will incentivise the end-consumers to adapt their consumption and reduce peak consumption. It is also a fair system for allocating distribution costs between different groups of consumers.
5. The Issuer is in favour of a legal and regulatory tarification mechanism that only reflects the costs directly related to the use of the distribution networks. Indirect costs (such as the costs incurred by the DSOs for public service obligations, taxes and others) should preferably be eliminated from the distribution grid fee.
6. The future role of natural gas is widely discussed. The Issuer considers natural gas as a transitional energy source in the medium to long term, awaiting the further technical developments in renewable alternatives. The decision by the Dutch authorities to phase out



deliveries of low-calorific gas (see also section 3.3 – ‘Organisation of the Belgian gas market’) triggers a specific problem for the Flemish gas DSOs. Appropriate and fair financing for the necessary grid adaptation should be implemented.

7. Public lighting in Flanders should be based on energy-efficient LED-technology. Such an evolution allows for more opportunities for the smart management of public lighting.
8. The Flemish Region should make maximum use of the available potential for district heating projects. A regulatory framework which clearly sets out the roles and responsibilities for all relevant stakeholders is an essential stepping stone towards that aim.
9. The Issuer is willing to support the development of an open digital data network in Flanders.
10. In sewerage, the Issuer feels that the financing mechanisms for sewerage grid investments (which will have to be quite substantial in the period up to 2027) should entail a partly ecological incentive for the rational use of water and the local storage and infiltration of rain water. Such an approach will alleviate the pressure on the sewerage grid system.
11. The Issuer positions itself as the natural partner and the expert/catalyst for local authorities in their ambitions and concrete actions on climate and energy efficiency. These activities, which take the form of a wide array of energy-related services, are fully in line with the Issuer’s core activities and can create clear and substantial benefits for the Flemish society.
12. Finally, an integrated vision on the multi-utility concept for grid-related utilities is absolutely vital. The starting point should be a customer-focused service delivery with a strong commitment of the local authorities (cities and municipalities).

The potential impact of the Covid-19 pandemic is uncertain, which makes it difficult to make any assessment about the potential impact on trends and the future of the business and activities of the Fluvius Economic Group. In this respect, please also refer to the risk factor entitled “*The fallout of the Covid-19 pandemic may adversely affect the Fluvius Economic Group’s business activities, revenues and/or outlook*” in Part II – ‘Risk factors’.

## **10 Membership of professional organisations**

The Issuer is a member of Synergrid vzw, the federation of electricity and gas grid operators in Belgium.

The Issuer is a member of the European Distribution System Operators for Smart Grids (EDSO for Smart Grids). The Issuer is also a member of the European Federation of Local Energy Companies (CEDEC).

## **PART VIII – USE OF PROCEEDS**

For each issue, the relevant Final Terms will specify whether the proceeds are used for general corporate purposes or for any other particular identified use.

The general corporate purposes include (i) the financing of the Guarantors' investment programmes (capex), as approved by the competent regulator, in order for the Guarantors to be able to fulfil their tasks attributed to them by law, decree or regulation (more specifically, proceeds will be used to finance that part of the funding needs that exceed the Fluvius Economic Group's auto-financing capabilities at any given point in time) and (ii) the refinancing of currently outstanding loans and other debt financings of the Issuer and the Guarantors.

If specified in the relevant Final Terms, the net proceeds from a specific issue of a Tranche of Notes may be applied exclusively to finance or refinance, in whole or in part, the Eligible Green Projects (as defined in Part IX – 'Green Financing Framework'). For further information, please see Part IX – 'Green Financing Framework'.

## PART IX – GREEN FINANCING FRAMEWORK

### 1 Introduction

The Issuer has developed its green financing framework (the “**Green Financing Framework**”) to align its financial policy with the overall strategy of the Issuer and, in particular, with its corporate social responsibility (CSR) strategy. In setting up this Green Financing Framework, the Issuer aims at highlighting its important contribution to sustainable solutions for the Flemish Region at large, and its energy sector in particular. The Issuer’s ultimate purpose is to safeguard reliable, efficient, sustainable and affordable utility services for the Flemish people and economy.

The Green Financing Framework is in line with:

- the Green Bond Principles, as issued by the International Capital Market Association (ICMA) (version June 2018<sup>96</sup>); and
- the Green Loan Principles from the Loan Market Association (LMA) (version May 2020).

In the Issuer’s view, financing instruments qualifying as green financing instruments issued under its Green Financing Framework are efficient tools in the transition towards a low carbon economy and a more decentralised energy system. Such instruments are expected to support the Issuer in implementing its sustainability strategy. While this section, which provides an overview of certain features of the Green Financing Framework as at the date of the Base Prospectus, specifically addresses Notes for which it is specified in the applicable Final Terms that the net proceeds will be allocated to Eligible Green Projects (as defined below) (the “**Green Notes**”), the Issuer may more generally from time to time enter into or issue, as applicable, other instruments as referred to in its Green Financing Framework. Such other instruments include, without limitation, any other green bonds, green notes, green private placement instruments and/or green (syndicated) loans entered into or issued, as applicable, under the Issuer’s Green Financing Framework, or any refinancing instruments in relation to any of the aforementioned instruments (together with the Green Notes, “**Green Financing Instruments**”). For each of the Green Financing Instruments, including Green Notes, (i) the use of proceeds, (ii) the evaluation and selection of projects, (iii) the management of proceeds, (iv) the reporting on allocation and impact and (v) the external review will be carried out according to the Green Financing Framework.

The Issuer intends to apply the net proceeds of the Green Financing Instruments (including Green Notes) issued from time to time under the Green Financing Framework to finance and/or refinance a portfolio of selected assets, projects and activities which especially contribute to one of the environmental objectives identified in its Green Financing Framework (such projects, “**Eligible Green Projects**”). In the context of any issue of Notes, the Issuer shall at its discretion determine whether the net proceeds of such Notes shall be applied towards the portfolio of Eligible Green Projects (and hence, whether such Notes shall constitute Green Notes).

### 2 Reporting

In relation to Green Notes, the Issuer will report annually on the allocation of its net proceeds during the lifetime of outstanding Green Financing Instruments. The allocation report will present details on:

- the year of investment;

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<sup>96</sup> Please note that, as at the date of the Base Prospectus, the Green Financing Framework has not been updated to align with the updated ICMA Green Bond Principles of June 2021.

- the aggregate amounts of investments and expenses allocated to Eligible Green Projects, along with examples and description of emblematic Eligible Green Projects;
- the balance of unallocated proceeds (if any) invested in cash, the cash pooling system within the Fluvius Economic Group and/or cash equivalents; and
- the proportion of new financing and refinancing.

The allocation report will be drawn up in accordance with the reporting principles set out in the ICMA Green Bond Principles (version June 2018) and will be reviewed by an independent third party. The report will be published on the Issuer's website: <https://over.fluvius.be/en/thema/investor-relations>. It is expected to take the form of an 'Allocation and Impact Report' which will be separate to the Issuer's annual financial statements.

### **3 External review**

The Issuer has procured a report prepared by a second party opinion provider (the "**SPO Report**"), who acts as third party reviewer of the Issuer's Green Financing Framework and its overall CSR and sustainability strategy and performance. This provider will certify alignment with the applicable green principles, such as the Green Bond Principles (GBP) developed by the International Capital Markets Association (ICMA) and the Green Loan Principles (GLP) developed by the Loan Market Association (LMA).

### **4 Availability**

The Green Financing Framework and the SPO Report will be available on the website of the Issuer (<https://over.fluvius.be/sites/fluvius/files/2020-11/green-financing-framework-fluvius.pdf>). The Green Financing Framework and SPO Report may be amended, supplemented or replaced from time to time. Potential investors should be aware that the SPO Report will not be incorporated into, and will not form part of, this Base Prospectus or the relevant Final Terms.

## PART X – TAXATION

*The tax legislation in force in the jurisdiction of a potential investor, in the country of the Issuer and the Guarantors (i.e., Belgium) and in any other relevant jurisdiction may have an impact on the income which may be received from the Notes. The statements herein regarding taxation are based on the laws in force in Belgium as of the date of this Base Prospectus and are subject to any changes in law, potentially with a retroactive effect. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes.*

*Investors should also note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Each prospective Noteholder or beneficial owner of Notes should consult its tax adviser as to the Belgian tax consequences of any investment in, or ownership and disposition of, the Notes or that of any other relevant jurisdiction.*

### BELGIUM

*The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Notes. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions. Prospective investors are urged to consult their own tax advisers concerning the detailed and overall tax consequences of subscribing for, acquiring, holding, redeeming and/or disposing of the Notes, including under the laws of their countries of citizenship, residence, ordinary residence or domicile.*

*The summary provided below is based on the information provided in this Base Prospectus and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Base Prospectus and with the exception of subsequent amendments with retroactive effect.*

#### General

For the purpose of the following general description, a Belgian resident is: (a) an individual subject to Belgian personal income tax (*personenbelasting/impôt des personnes physiques*) (i.e., an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident), (b) a legal entity subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*) (i.e., a company that has its principal establishment or effective place of management in Belgium), (c) an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions) or (d) a legal entity subject to Belgian legal entities tax (*rechtspersonenbelasting/impôt des personnes morales*) (i.e., an entity other than a legal entity subject to corporate income tax having its principal establishment or its effective place of management in Belgium). A Belgian non-resident is any person or entity that is not a Belgian resident.

#### Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30 per cent. Both Belgian domestic tax law and applicable tax treaties may provide for lower or zero rates subject to certain conditions and formalities.

In this regard and for the purpose of the following paragraphs, “**interest**” means (i) the periodic interest income, (ii) any amount paid by, or on behalf of, the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer) and (iii) if the Notes qualify as fixed income

securities pursuant to Article 2, § 1, 8° of the Belgian code on income tax of 1992 (*Wetboek van de inkomstenbelastingen 1992/Code des impôts sur les revenus 1992*, the “**BITC 1992**”), in case of a disposal of the Notes between two interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period. However, payments of interest and principal under the Notes by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the “**Eligible Investors**”, see hereinafter) in an exempt securities account (an “**X Account**”) that has been opened with a financial institution that is a direct or indirect participant (a “**Participant**”) in the NBB-SSS. Euroclear, Euroclear France, Clearstream, SIX SIS, Monte Titoli, Interbolsa and LuxCSD are directly or indirectly Participants for this purpose.

Holding the Notes through the NBB-SSS enables Eligible Investors to receive gross interest income on their Notes and to transfer Notes on a gross basis.

Participants to the NBB-SSS must enter the Notes which they hold on behalf of Eligible Investors in an X Account and those they hold for the account of non-Eligible Investors in a non-exempt securities account (an “**N Account**”). Payments of interest made through X Accounts are free of Belgian withholding tax; payments of interest made through N Accounts are subject to a Belgian withholding tax of 30 per cent., which the NBB deducts from the payment and pays over to the Belgian tax authorities.

Eligible Investors are those listed in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) which include, *inter alia*:

- (i) Belgian companies subject to Belgian corporate income tax as referred to in Article 2, §1, 5°, b) of the BITC 1992;
- (ii) institutions, associations or companies specified in Article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in (i) and (iii) subject to the application of Article 262, 1° and 5° of the BITC 1992;
- (iii) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in Article 105, 2° of the royal decree implementing the BITC 1992 (*koninklijk besluit tot uitvoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*), the “**RD/BITC 1992**”;
- (iv) non-resident investors whose holding of the Notes is not connected to a professional activity in Belgium, referred to in Article 105, 5° of the RD/BITC 1992;
- (v) Belgian qualifying investment funds, recognised in the framework of pension savings, provided for in Article 115 of the RD/BITC 1992;
- (vi) taxpayers provided for in Article 227, 2° of the BITC 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to Article 233 of the BITC 1992;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with Article 265 of the BITC 1992;
- (viii) collective investment funds (such as investment funds (*beleggingsfondsen/fonds de placement*)) governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium;

- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans; and
- (x) only for the income from debt securities issued by legal persons that are part of the sector of public authorities, in the sense of the European system of national and regional accounts (ESA), for the application of the European Community Rule N° 3605/93 of 22 November 1993 on the application of the Protocol on the procedure in case of excessive deficits attached to the Treaty of the European Communities, the legal entities that are part of the aforementioned sector of public authorities.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or Belgian non-profit making organisations, other than those mentioned under (ii) and (iii) above.

The above categories only summarise the detailed definitions contained in Article 4 of the Royal Decree of 26 May 1994, as amended, to which investors should refer for a precise description of the relevant eligibility rules.

Transfers of Notes between an X Account and an N Account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N Account (to an X Account or an N Account) gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer (from an X Account or an N Account) to an N Account gives rise to the refund by the NBB to the transferee non-Eligible Investor of an amount equal to withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Notes between two X Accounts do not give rise to any adjustment on account of withholding tax.

Upon opening of an X Account for the holding of Notes, the Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Belgian Minister of Finance and send it to the Participant to the NBB-SSS where this X Account is kept. There are no ongoing declaration requirements for Eligible Investors save that they need to inform the Participants of any changes to the information contained in the statement of their tax eligible status.

Participants are required to annually provide the NBB with listings of investors who have held an X Account during the preceding calendar year.

An X Account may be opened with a Participant by an intermediary (an “**Intermediary**”) in respect of Notes that the Intermediary holds for the account of its clients (the “**Beneficial Owners**”), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Belgian Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor and (ii) the Beneficial Owners holding their Notes through it are also Eligible Investors. The Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary.

These identification requirements do not apply to Notes held in central securities depositories as defined in Article 2, first paragraph, (1) of the Regulation (EU) N° 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (“**CSD**”), acting as Participants to the NBB-SSS (each, a “**NBB-CSD**”), provided that the relevant NBB-CSD only holds X Accounts and that they are able to identify the Noteholders for whom they hold Notes in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by

the relevant NBB-CSDs acting as Participants include the commitment that all their clients, holder of an account, are Eligible Investors. Please refer to Part V – ‘Settlement’, for further information on the current NBB-CSDs.

In accordance with the NBB-SSS, a Noteholder who is withdrawing Notes from an X Account will, following the payment of interest on those Notes, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Notes from the last preceding Interest Payment Date until the date of withdrawal of the Notes from the NBB-SSS.

## **Belgian income tax**

### **(a) Belgian resident individuals**

For Belgian resident individuals, i.e., natural persons who are subject to Belgian personal income tax (*personenbelasting/impôt des personnes physiques*) and who hold the Notes as a private investment, the interest payments will in principle be subject to a 30 per cent. Belgian withholding tax. Such withholding tax constitutes the final taxation, fully discharging them from their personal income tax liability with respect to these interest payments. This means that these Belgian resident individuals do not have to declare interest in respect of the Notes in their personal income tax return, provided that withholding tax has effectively been levied on the interest.

Nevertheless, Belgian resident individuals may elect to declare interest in respect of the Notes in their personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 30 per cent. (or at the relevant progressive personal income tax rate(s) taking into account the taxpayer’s other declared income, whichever is more beneficial). If the interest payment is declared, the Belgian withholding tax levied may be credited and may even be refundable.

Capital gains realised on the sale of the Notes are in principle tax exempt, except to the extent the tax authorities can prove that the capital gains are realised outside the scope of the normal management of one’s private estate or unless (and to the extent that) the capital gains qualify as interest (as described in section “*Belgian Withholding Tax*” above). Capital losses realised on the disposal of the Notes held as a non-professional investment are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

### **(b) Belgian resident companies**

Interest attributed or paid to corporations which are Belgian residents for tax purposes, i.e., which are subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*), as well as capital gains realised upon the disposal of Notes are taxable at the ordinary corporate income tax rate of in principle 25 per cent. (with a reduced rate of 20 per cent. applying to the first tranche of EUR 100,000 of taxable income of qualifying small companies as defined by article 1:24, §1 to §6 of the Belgian Companies and Associations Code), as of assessment year 2021 linked to a taxable period starting at the earliest on 1 January 2020.

Any Belgian withholding tax retained by or on behalf of the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable, all in accordance with the applicable legal provisions.

Capital losses realised upon the disposal of the Notes are in principle tax deductible.

Different tax rules apply to companies subject to a special tax regime, such as investment companies within the meaning of Article 185*bis* BITC 1992.



**(c) Belgian legal entities**

For Belgian legal entities subject to Belgian legal entities tax (*rechtspersonenbelasting/impôts des personnes morales*), the withholding tax on interest will constitute the final tax in respect of such income.

Belgian legal entities holding the Notes in an N Account will generally be subject to the Belgian withholding tax at a rate of 30 per cent. This tax constitutes the final levy for them and, in principle, fully discharges their income tax liability.

Belgian legal entities that qualify as Eligible Investors and that consequently have received gross interest income without deduction for or on account of Belgian withholding tax, due to the fact that they hold the Notes through an X Account with the NBB-SSS, are required (if such entities cannot invoke a final withholding tax exemption) to declare and pay the 30 per cent. withholding tax to the Belgian tax authorities themselves (which withholding tax then generally also constitutes the final taxation in the hands of the relevant investors).

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as described in “*Belgian Withholding Tax*” above). Capital losses are in principle not tax deductible.

**(d) Organisations for Financing Pensions**

Interest and capital gains derived by Organisations for Financing Pensions (*Organismen voor de Financiering van Pensioenen/Organismes de Financement de Pensions*) in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision (*wet van 27 oktober 2006 betreffende het toezicht op de instellingen voor bedrijfspensioenvoorzieningen/loi du 27 octobre 2006 relative au contrôle des institutions de retraite professionnelle*), are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

**(e) Belgian non-residents**

Non-residents who use the Notes to exercise a professional activity in Belgium through a Belgian permanent establishment, are in principle subject to practically the same tax rules as the Belgian resident companies (see above).

Noteholders who are not residents of Belgium for Belgian tax purposes, who are not holding the Notes through a permanent establishment in Belgium and who do not invest in the Notes in the course of their Belgian professional activity, will in principle not become liable for any Belgian tax on income or capital gains by reason only of the acquisition, ownership, redemption or disposal of the Notes, provided that they qualify as Eligible Investors and that they hold their Notes in an X Account.

**(f) Inheritance duties**

No Belgian inheritance duties will be levied in respect of the Notes if the deceased Noteholder was not a Belgian resident at the time of his or her death.

**Tax on securities accounts**

Pursuant to the Belgian Law of 17 February 2021 on the introduction of an annual tax on securities accounts, an annual tax is levied on securities accounts with an average value, over a period of twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year, higher than EUR 1,000,000.

The tax is equal to 0.15 per cent. of the average value of the securities accounts during a reference period. The reference period normally runs from 1 October to 30 September of the subsequent year. The first reference period runs from 26 February 2021 to 30 September 2021. The taxable base is determined based on four reference dates: 31 December, 31 March, 30 June and 30 September. The amount of the tax is limited to 10 per cent. of the difference between the taxable base and the threshold of EUR 1 million.

The tax targets securities accounts held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held with a financial intermediary which is established or located in Belgium or abroad. The tax also applies to securities accounts held by non-residents individuals, companies and legal entities with a financial intermediary established or located in Belgium. Belgian establishments from Belgian non-residents are however treated as Belgian residents for purposes of the annual tax on securities accounts so that both Belgian and foreign securities accounts fall within the scope of this tax.

Each securities account is assessed separately. When multiple holders hold a securities account, each holder is jointly and severally liable for the payment of the tax and each holder may fulfil the declaration requirements for all holders.

There are various exemptions, such as securities accounts held by specific types of regulated entities for their own account.

A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in article 198/1, §6, 12° of the Belgian Income Tax Code, (iii) a credit institution or a stockbroking firm as defined by Article 1, §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and investment companies and (iv) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The annual tax on securities accounts is in principle due by the financial intermediary established or located in Belgium. Otherwise, the annual tax on securities accounts needs to be declared and is due by the holder of the securities accounts itself, unless the holder provides evidence that the annual tax on securities accounts has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint an annual tax on securities accounts representative in Belgium. Such a representative is then liable towards the Belgian Treasury (*Thesaurie/Trésorerie*) for the annual tax on securities accounts due and for complying with certain reporting obligations in that respect. If the holder of the securities accounts itself is liable for reporting obligations (e.g. when a Belgian resident holds a securities account abroad with an average value higher than EUR 1,000,000), the deadline for filing the tax return for the annual tax on securities accounts corresponds with the deadline for filing the annual tax return for personal income tax purposes electronically, irrespective whether the Belgian resident is an individual or a legal entity. In the latter case, the annual tax on securities accounts must be paid by the taxpayer on 31 August of the year following the year on which the tax was calculated, at the latest.

Anti-abuse provisions, retroactively applying from 30 October 2020, are also introduced: a rebuttable general anti-abuse provision and two irrebuttable specific anti-abuse provisions. The latter cover (i) the splitting of a securities account into multiple securities accounts held at the same intermediary and (ii) the conversion of taxable financial instruments, held on a securities account, into registered financial instruments.

Several requests for annulment of the law introducing the tax on securities accounts have been filed with the Constitutional Court. If the Constitutional Court were to annul the tax on securities accounts without upholding its effects, all taxpayers will be authorised to claim restitution of the tax already paid.

Prospective investors are strongly advised to seek their own professional advice in relation to the tax on securities accounts.

### **Tax on stock exchange transactions**

No tax on stock exchange transactions (*taks op beursverrichtingen/taxe sur les opérations de bourse*) will be due on the issuance of the Notes (primary market transaction).

A tax on stock exchange transactions will in principle be levied on the acquisition and disposal and any other acquisition or transfer for consideration of Notes on the secondary market if (i) entered into or carried out in Belgium through a professional intermediary or (ii) deemed to be entered into or carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence (*gewone verblijfplaats/residence habituelle*) in Belgium, or legal entities for the account of their seat or establishment in Belgium (both referred to as a “**Belgian Investor**”).

The tax is due at a rate of 0.12 per cent on each acquisition and disposal separately (hence, the tax is due separately from each party to any such transaction, i.e., the seller (transferor) and the purchaser (transferee)), with a maximum amount of EUR 1,300 per transaction and per party, both collected by the professional intermediary.

However, if the intermediary is established outside of Belgium, the tax on the stock exchange transactions will in principle be due by the Belgian Investor (who will be responsible for the filing of a stock exchange tax return and for the timely payment of the amount of stock exchange tax due), unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions has already been paid by the professional intermediary established outside Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*borderel/bordereau*), at the latest on the business day after the day on which the relevant transaction was realised. The qualifying order statements must be numbered in series and duplicates must be retained by the financial intermediary. A duplicate can be replaced by a qualifying agent day-to-day listing, numbered in series. Alternatively, professional intermediaries established outside Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities (“**Stock Exchange Tax Representative**”). In such case, the Stock Exchange Tax Representative would then be jointly liable towards the Belgian Treasury to pay the tax on stock exchange transactions and to comply with the reporting obligations in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be required to pay the tax on stock exchange transactions.

However, no tax on stock exchange transactions will be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1, 2° of the code of miscellaneous duties and taxes (*wetboek diverse rechten en taksen/code des droits et taxes divers*).

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the “**FTT**”) for an enhanced cooperation in the area of financial transactions tax. The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. Since 2019, participating Member States are discussing a new FTT proposal. According to the latest draft of this new FTT proposal (submitted by the German government), the FTT would not apply to straight notes. The FTT proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

## THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the EU Commission published a proposal for a Council Directive (the “**Draft Directive**”) on a common FTT for an enhanced cooperation in the area of financial transactions tax. Pursuant to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain; the “**Participating Member States**”). However, Estonia has since stated that it will not participate.

The Draft Directive stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax).

The Draft Directive has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Draft Directive, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings, is issued in a Participating Member State.

In 2019, Finance Ministers of the Member States participating in the enhanced cooperation indicated that they were discussing a new FTT proposal based on the French model of the tax and the possible mutualisation of the tax as a contribution to the EU budget.

According to the latest draft of this new FTT proposal (submitted by the German government), the FTT would be levied at a rate of at least 0.2 per cent. of the consideration for the acquisition of ownership of shares (including ordinary and any preference shares) admitted to trading on a trading venue or a similar third country venue, or of other securities equivalent to such shares (“**Financial Instruments**”) or similar transactions (e.g. an acquisition of Financial Instruments by means of an exchange of Financial Instruments or by means of a physical settlement of a derivative). Only transactions with Financial Instruments that have been issued by a company, partnership or other entity whose registered office is established within one of the Participating Member States and with a market capitalisation of at least EUR 1 billion on 1 December of the year preceding the respective transaction would be covered. The FTT would be payable to the Participating Member State in whose territory the issuer of a Financial Instrument has established its registered office. According to the latest draft of the new FTT proposal, the FTT would not apply to straight notes. Like the Draft Directive, the latest draft of the new FTT proposal also stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax).

The FTT proposal remains subject to negotiation between the Participating Member States (Estonia excluded), and the scope of any such tax is uncertain. Additional EU Member States may decide to participate and/or other Participating Member States may decide to withdraw.

Prospective Noteholders should consult their own tax advisers in relation to the consequences of the FTT associated with the subscription, purchase, holding or disposal of the Notes.

## EXCHANGE OF INFORMATION – COMMON REPORTING STANDARD (CRS)

Following recent international developments, the exchange of information will be governed by the Common Reporting Standard (“**CRS**”).

On 6 July 2021, 111 jurisdictions signed the multilateral competent authority agreement (“**MCAA**”), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

49 jurisdictions, including Belgium, have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016 (“**early adopters**”). More than 50 jurisdictions have committed to exchange information as from 2018, two jurisdictions as from 2019 and seven jurisdictions as from 2020.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (“**DAC2**”), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented DAC2, respectively the CRS, pursuant to the law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes (the “**Law of 16 December 2015**”).

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of financial year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective of the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of financial year 2014 (first information exchange in 2016) towards the US and (iii) with respect to any other jurisdictions that have signed the MCAA, as of the respective date to be determined by Royal Decree. In a Royal Decree of 14 June 2017, as amended, it has been determined that the automatic exchange of information has to be provided as from (i) 2017 (for the 2016 financial year) for a first list of 18 jurisdictions, (ii) as from 2018 (for the 2017 financial year) for a second list of 44 jurisdictions, (iii) as from 2019 (for the 2018 financial year) for a third list of one jurisdiction and (iv) as from 2020 (for the 2019 financial year) a fourth list of six jurisdictions.

The Notes are subject to DAC2 and the Law of 16 December 2015. Under DAC2 and the Law of 16 December 2015, Belgian financial institutions holding the Notes for tax residents in another CRS contracting state shall report financial information regarding the Notes (e.g. in relation to income and gross proceeds) to the Belgian competent authority, which shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

Investors who are in any doubt as to their position should consult their professional advisers.

#### **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as “**FATCA**”, a “foreign financial institution” (as defined by FATCA) may be required to withhold on certain payments it makes (“**Foreign Passthru Payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of

jurisdictions (including Belgium) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining Foreign Passthru Payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “Foreign Passthru Payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Prospective investors should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## PART XI – SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and BNP Paribas (the “Dealers”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, the Dealers are set out in a Programme Agreement dated on or about 9 November 2021 (the “**Programme Agreement**”) and made between the Issuer, the Guarantors and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer, the Guarantors and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as “Non-Syndicated” and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer, the Guarantors and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as “Syndicated”, the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowed by the Issuer in respect of such subscription. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### SELLING RESTRICTIONS

#### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. Subject to certain exceptions, Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Each of the Dealers has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes within the United States or to U.S. persons. In addition, until 40 days after the commencement of any offering, an offer or sale of Notes from that offering within the United States by any dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

#### Prohibition of Sales to EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the “EEA”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as

completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”);  
or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

#### **Prohibition of Sales to UK Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom (the “**UK**”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or
- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA 2000**”) and any rules or regulations made under the FSMA 2000 to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

#### **Selling restrictions addressing additional UK Securities Laws**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year,
  - (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (b) it has not offered or sold and will not offer or sell any Notes other than to persons
    - (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (2) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA 2000 by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA 2000) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA 2000 does not apply to the Issuer or the Guarantors; and



- (iii) it has complied and will comply with all applicable provisions of the FSMA 2000 with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

### **Belgium**

The paragraph headed “Prohibition of Sales to EEA Retail Investors” above is applicable in respect of sales to investors in Belgium.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not advertised, offered, sold, delivered or otherwise made available and will not advertise, offer, sell, deliver or otherwise make available, directly or indirectly, Notes to any Consumers in Belgium, and has not distributed or caused to be distributed and will not distribute or cause to be distributed, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Consumer in Belgium. For these purposes, a “**Consumer**” has the meaning provided by the Belgian Code of Economic Law, as amended from time to time (*Wetboek van economisch recht/Code de droit économique*), being, as at the date of this Base Prospectus, any natural person resident or located in Belgium and acting for purposes which are outside his/her trade, business or profession.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **General**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantors and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## PART XII – FORM OF FINAL TERMS

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”) or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, the Issuer has not prepared a key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA 2000**”) and any rules or regulations made under the FSMA 2000 to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, the Issuer has not prepared a key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[**MIFID II PRODUCT GOVERNANCE / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Notes to such eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR PRODUCT GOVERNANCE / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (as amended, “**UK MiFIR**”) and (ii) all channels for distribution of the Notes to such eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment. However, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own

target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

**PROHIBITION OF SALES TO CONSUMERS IN BELGIUM** – The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, in Belgium to any Consumers. For these purposes, a “**Consumer**” has the meaning provided by the Belgian Code of Economic Law, as amended from time to time (*Wetboek van economisch recht/Code de droit économique*), being any natural person resident or located in Belgium and acting for purposes which are outside his/her trade, business or profession.

**Final Terms dated [●]**

**FLUVIUS SYSTEM OPERATOR CV**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

Guaranteed on a several but not joint basis by Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas

under the **EUR 5,000,000,000**

**Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Base Prospectus dated 9 November 2021 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all relevant information.

The Base Prospectus has been published on the Issuer’s website (<https://over.fluvius.be/en/thema/investor-relations/ratings-and-bonds/bonds>).

The expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

*(Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.)*

- |    |       |  |   |
|----|-------|--|---|
| 1. | (i)   | Issuer:  | Fluvius System Operator CV  |
|    | (ii)  | Guarantors:  | Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas (please see paragraph 14 below). |
| 2. | (i)   | Series Number:   | [●]   |
|    | (ii)  | Tranche Number:  | [●]   |
|    | (iii) | Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series (and be interchangeable for trading purposes) with the <i>[insert description of Tranche</i>   |

- of Notes] (ISIN: [●]) on [[●]/the Issue Date]] /  
[Not Applicable]
3. Specified Currency or Currencies: [●]
  4. Aggregate Nominal Amount: [●]
    - (i) Series: [●]
    - (ii) Tranche: [●]
  5. Issue Price: [●] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from [●]]
  6. (i) Specified Denomination: [●]
    - (ii) Calculation Amount: [●]
  7. (i) Issue Date: [●]
    - (ii) Interest Commencement Date: [●] / [Issue Date] / [Not Applicable]
  8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
  9. Interest Basis: [[●] per cent. Fixed Rate]  
[[●][EURIBOR] +/- [●] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph [15/16/17] below)
  10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100/[●]] per cent. of their nominal amount.
  11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or refer to paragraphs 15 and 16 below and identify there]/[Not Applicable]*
  12. Put/Call Options: [Call Option]  
[Put Option]  
[Make Whole Call Option]  
[Residual Maturity Call Option]  
[Substantial Repurchase Event]  
[See paragraph[s] [18/19/20/21/22] below]  
[Not Applicable]

13. Date of Board approval for issuance of Notes and Guarantees: [●]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
14. Pro rata share in the Guarantee for each Guarantor: Each of the Guarantors has agreed to guarantee the Notes on a several but not joint basis, pro rata to the share of contributions that each Guarantor has made in the Issuer as of the Issue Date, being:
- |                   |               |
|-------------------|---------------|
| Fluvius Antwerpen | [●] per cent. |
| Fluvius Limburg   | [●] per cent. |
| Fluvius West      | [●] per cent. |
| Gaselwest         | [●] per cent. |
| Imewo             | [●] per cent. |
| Intergem          | [●] per cent. |
| Iveka             | [●] per cent. |
| Iverlek           | [●] per cent. |
| PBE               | [●] per cent. |
| Riobra            | [●] per cent. |
| Sibelgas          | [●] per cent. |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable] / [Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●]% per annum payable on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] [and [●]] in each year [from and including [●]][until and excluding [●]]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount[(s)]: [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
- (v) Day Count Fraction: [Actual/Actual] [Actual/Actual-ISDA]  
 [Actual/365 (Fixed)] [Actual/360] [30/360]  
 [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA]

- (vi) Determination Date: /[Each Interest Payment Date]/[Not Applicable].
16. **Floating Rate Note Provisions** /[Applicable] / /[Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s): [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
- (ii) Specified Interest Payment Date(s):  in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
- (iii) First Interest Payment Date:
- (iv) Interest Period Date(s): /[Not Applicable] /  in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
- (v) Business Day Convention: /[Floating Rate Business Day Convention] / /[Following Business Day Convention] / /[Modified Following Business Day Convention] / /[Preceding Business Day Convention] / /[Not Applicable]
- (vi) Business Centre(s):
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: /[Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]):  shall be the Calculation Agent
- (ix) Screen Rate Determination: /[Applicable] / /[Not Applicable]
- Reference Rate:  / /[EURIBOR]
  - Interest Determination Date(s):
  - Relevant Screen Page:
- (x) ISDA Determination: /[Applicable] / /[Not Applicable]
- Floating Rate Option:
  - Designated Maturity:
  - Reset Date:

- ISDA Benchmarks Supplement: [●]
  - (xi) Linear Interpolation: [Applicable] / [Not Applicable] [- the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
  - (x) Margin: [[+/-][●]% per annum]
  - (xi) Minimum Rate of Interest: [[●]% per annum] / [Not Applicable]
  - (xii) Maximum Rate of Interest: [[●]% per annum] / [Not Applicable]
  - (xiii) Day Count Fraction: [Actual/Actual] [Actual/Actual-ISDA] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA]
17. **Zero Coupon Note Provisions** [Applicable] / [Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Amortisation Yield: [●]% per annum
  - (ii) Day Count Fraction: [Actual/Actual] [Actual/Actual-ISDA] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA]

**PROVISIONS RELATING TO REDEMPTION**

18. Call Option [Applicable] / [Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s): [●] per Calculation Amount
  - (iii) Minimum Redemption Amount: [●] [All of the Notes]
  - (iv) Maximum Redemption Amount: [●] [All of the Notes]
  - (v) Notice period: [●] days
19. Put Option [Applicable] / [Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s): [●] per Calculation Amount
  - (iii) Notice period: [●] days

20. Make Whole Call Option [Applicable] / [Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Reference Dealers: [●]
  - (ii) Reference Bond: [●]
  - (iii) Determination Date: [●]
  - (iv) Determination Time: [●]
  - (v) Margin: [●]
  - (vi) Day Count Fraction: [●]
  - (vii) Notice Period: [●] days
21. Residual Maturity Call Option [Applicable] / [Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Residual Maturity Call Period: [●]
  - (ii) Notice Period: [●] days
22. Substantial Repurchase Event
- (i) Applicable Percentage: [●]
  - (ii) Notice Period: [●] days
23. Final Redemption Amount: [●] per Calculation Amount
24. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [●] per Calculation Amount

**THIRD PARTY INFORMATION**

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]



**SIGNED** on behalf of **FLUVIUS SYSTEM OPERATOR CV, FLUVIUS ANTWERPEN, FLUVIUS LIMBURG, FLUVIUS WEST, GASELWEST, IMEWO, INTERGEM, IVEKA, IVERLEK, PBE, RIOBRA** and **SIBELGAS**

By:.....  
Duly authorised

**PART B – OTHER INFORMATION**

**1. LISTING AND ADMISSION TO TRADING**

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]

*(When documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

- (ii) Estimate of total expenses related to admission to trading: [●]

**2. RATINGS**

The Notes to be issued [are not/have been/are expected to be] specifically rated [by [●]]. [The following ratings reflect ratings assigned to Notes of this type under the Programme generally [●].]

[Name of rating agency(ies): [●]

[●] [is/are] established in the EU and registered under Regulation (EC) No 1060/2009.]

[A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.]

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

*(Need to include a description of any interest, including a conflict of interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)*

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantors and any of their affiliates in the ordinary course of business.] [So far as the Issuer is aware, the following persons have an interest material to the issue: [●].] *(Amend as appropriate if there are other interests)*

*(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)*

**4. Fixed Rate Notes only – YIELD**

[Not Applicable]

*(If not applicable, delete the remaining subparagraph of this paragraph)*

Indication of yield:

The yield in respect of this issue of Fixed Rate Notes is [●].

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. **OPERATIONAL INFORMATION**

- ISIN: [●]
- Common Code: [●]
- Delivery: Delivery [against/free of] payment
- Names and addresses of additional Agent(s): [●]
- Relevant Benchmark[s]: [[*specify benchmark*] is provided by [*administrator legal name*][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011.]/[As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended, apply such that [*name of administrator*] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation]/ [Not Applicable]
- Intended to be held in a manner which would allow Eurosystem eligibility: [Yes, provided that Eurosystem eligibility criteria have been met.] [No.]

6. **DISTRIBUTION**

- (i) Method of distribution: [Syndicated] / [Non-syndicated]
- (ii) If syndicated, [Not Applicable] [●]
- (A) Names and addresses of Managers: [Not Applicable] [●]
- (B) Date of [Subscription] Agreement: [Not Applicable] [●]
- (C) Stabilising Manager(s) (if any): [Not Applicable] [●]
- (ii) If non-syndicated, name and address of Dealer: [Not Applicable] [●]
- (iii) US Selling Restrictions: Regulation S compliance Category 1. TEFRA is not applicable to the Notes.
- (iv) Additional Selling Restrictions: [Not Applicable] [●]

7. **REASONS FOR THE OFFER AND ESTIMATED NET AMOUNT OF PROCEEDS**

Reasons for the offer:

[General corporate purposes as set out in Part VIII – ‘Use of Proceeds’ of the Base Prospectus/*Give details*]

*(If reasons differ from what is disclosed in the Base Prospectus regarding the proceeds being used for general corporate purposes (including for green notes), give details here.)*

Estimated net amount of proceeds:

[●]

## **PART XIII – GENERAL INFORMATION**

### **Corporate authorisations**

The Issuer has obtained all necessary consents, approvals and authorisations in Belgium in connection with the establishment and update of the Programme. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 26 August 2020. The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 13 October 2021.

The Guarantors have obtained all necessary consents, approvals and authorisations in Belgium in connection with the Guarantees. The Guarantees were authorised by a resolution of the Board of Directors of Fluvius Antwerpen passed on 16 September 2020 (as confirmed on 27 October 2021), by a resolution of the Board of Directors of Fluvius Limburg passed on 8 September 2020 (as confirmed on 20 October 2021), by a resolution of the Board of Directors of Fluvius West passed on 7 September 2020 (as confirmed on 25 October 2021), by a resolution of the Board of Directors of Gaselwest passed on 9 September 2020 (as confirmed on 18 October 2021), by a resolution of the Board of Directors of Imewo passed on 11 September 2020 (as confirmed on 22 October 2021), by a resolution of the Board of Directors of Intergem passed on 10 September 2020 (as confirmed on 28 October 2021), by a resolution of the Board of Directors of Iveka passed on 11 September 2020 (as confirmed on 19 October 2021), by a resolution of the Board of Directors of Iverlek passed on 7 September 2020 (as confirmed on 25 October 2021), by a resolution of the Board of Directors of PBE passed on 3 September 2020 (as confirmed on 18 October 2021), by a resolution of the Board of Directors of Riobra passed on 14 September 2020 (as confirmed on 21 October 2021) and by a resolution of the Board of Directors of Sibelgas passed on 21 September 2020 (as confirmed on 26 October 2021).

### **Approval by the FSMA**

This Base Prospectus has been approved on 9 November 2021 by the FSMA, in its capacity as competent authority under the Prospectus Regulation, as a base prospectus for the purposes of Article 8 of the Prospectus Regulation in respect of the issue by the Issuer of Notes. The approval by the FSMA should not be considered as an endorsement of the Issuer or the Guarantors nor of the quality of the Notes that are the subject of this Base Prospectus.

### **Listing of Notes on Euronext Brussels and admission to trading of Notes on the regulated market of Euronext Brussels**

Application has been made to Euronext Brussels for Notes issued under the Programme during the period of twelve months from the date of approval of this Base Prospectus to be listed on Euronext Brussels and to be admitted to trading on the regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of MiFID II. However, unlisted Notes or Notes listed on another market may be issued under the Programme.

### **Settlement of the Notes**

The Notes have been accepted for settlement through the facilities of the NBB-SSS. The Notes can be held by their holders through direct Participants and through other financial intermediaries which in turn hold the Notes through any Participant, including, as at the date of this Base Prospectus, through Euroclear, Euroclear France, Clearstream, SIX SIS, Monte Titoli, Interbolsa and LuxCSD.

The International Securities Identification Number (ISIN), the Common Code and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

As at the date of this Base Prospectus, the address of the NBB-SSS is Boulevard de Berlaimont 14, 1000 Brussels, Belgium. The address of any other relevant clearing system will be specified in the relevant Final Terms.

### **Significant changes or material adverse changes**

Other than as set out in section 7 – ‘Significant changes in the financial position and prospects of the Issuer and the Guarantors’ of Part VII – ‘Description of the Issuer and the Guarantors’, there has been no significant change in the financial position or the financial performance of the Fluvius Economic Group since 30 June 2021 and there has been no material adverse change in the prospects of the Issuer or the Guarantors since 31 December 2020.

### **Litigation**

Other than as set out in section 6 – ‘Legal and arbitration proceedings’ in Part VII – ‘Description of the Issuer and the Guarantors’, neither the Issuer nor the Guarantors have been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or the Guarantors are aware) which may have or have had in the twelve months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer or the Guarantors.

### **Representation of Noteholders**

No entity or organisation has been appointed to act as representative of the Noteholders. The provisions on meetings of Noteholders are set out in Condition 10(a) (*Meetings of Noteholders*) and Schedule 1 (*Provisions on meetings of Noteholders*) to the Conditions.

### **Third party information**

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

### **Documents available**

For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available on the website of the Issuer (<https://over.fluvius.be/en/thema/investor-relations>):

- (i) the articles of association (*statuten/statuts*) of the Issuer and the Guarantors (in Dutch);
- (ii) this Base Prospectus; and
- (iii) the documents incorporated by reference herein.

The Agency Agreement, the Clearing Services Agreement and the Guarantees will, for so long as Notes may be issued pursuant to this Base Prospectus, be available during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at the registered office of the Agent.

### **Transactions of the Co-Arrangers, the Dealers and their respective affiliates with the Issuer, the Guarantors and their respective affiliates**

The Co-Arrangers, the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantors and their respective affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Co-Arrangers, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and

financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors or their respective affiliates. The Co-Arrangers, the Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**ANNEX – BALANCE SHEET AND INCOME STATEMENT OF EACH GUARANTOR**

This Annex includes the balance sheet (after appropriation) and income statement of each Guarantor as of and for the financial years ended 31 December 2019 and 31 December 2020. These have been prepared in accordance with Belgian generally accepted accounting principles and have been extracted from the relevant Guarantor’s financial statements which were filed with the NBB (and were translated from Dutch to English). In the event of any conflict or inconsistency between the terms of the English translations of these financial statements and the original versions prepared in Dutch, the Dutch versions shall prevail.

Investors should note that, in light of applicable provisions of the Belgian Companies and Associations Code, (i) the line items “Capital”, “Issued capital”, “Uncalled capital”, “Share premium account” and “Legal reserve” are only included in the balance sheet of each Guarantor as of and for the financial year ended 31 December 2019 and (ii) the line items “Contribution excluding capital”, “Contribution available”, “Contribution unavailable” and “Reserves not available” are only included in the balance sheet of each Guarantor as of and for the financial year ended 31 December 2020.

**1 Fluvius Antwerpen****1.1 Balance sheet**

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	-	-
<b>FIXED ASSETS</b>	1,554,776,951	1,399,810,356
<b>Intangible fixed assets</b>	18,835,140	14,720,851
<b>Tangible fixed assets</b>	1,479,735,546	1,337,547,772
Land and buildings	40,452,179	39,895,567
Plant, machinery and equipment	1,299,398,412	1,178,025,586
Furniture and vehicles	6,764,194	6,927,216
Leasing and similar rights	387,342	583,604
Other tangible fixed assets	36,848	41,253
Assets under construction and advance payments	132,696,571	112,074,546
<b>Financial fixed assets</b>	56,206,265	47,541,733
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Enterprises linked by participating interests	6,565,668	6,597,246
Participating interests	6,565,668	6,597,246
Amounts receivable	-	-
Other financial fixed assets	49,640,597	40,944,487
Shares	49,495,057	40,796,257
Amounts receivable and cash guarantees	145,540	148,230



Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
<b>CURRENT ASSETS</b>	231,264,833	250,014,423
<b>Amounts receivable after more than one year</b>	73,949,278	83,878,717
Trade debtors	362,810	386,563
Other amounts receivable	73,586,468	83,492,154
<b>Stocks and contracts in progress</b>	9,801,122	11,766,746
Stocks	-	-
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	-	-
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	9,801,122	11,766,746
<b>Amounts receivable within one year</b>	103,475,006	79,286,791
Trade debtors	77,720,673	51,725,790
Other amounts receivable	25,754,333 <sup>2</sup>	27,561,001
<b>Current investments</b>	-	11,433,012
Own shares	-	-
Other investments	-	11,433,012
<b>Cash at bank and in hand</b>	44,516	45,987
<b>Deferred charges and accrued income</b>	43,994,911	63,603,170
<b>TOTAL ASSETS</b>	1,786,041,784	1,649,824,779

	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	773,490,579	730,751,302
<b>Capital</b>	-	389,613,305
Issued capital	-	389,613,305
Uncalled capital	-	-
<b>Share premium account</b>	-	1,397,511
<b>Contribution excluding capital</b>	411,333,731	-
Contribution available	411,333,731	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	138,128,039	131,069,072
<b>Reserves</b>	191,551,433	179,154,332
Legal reserve	-	17,290,090

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Reserves not available	43,896,721	40,168,104
In respect of own shares held	-	-
Other	43,896,721	40,168,104
Untaxed reserves	674,122	626,026
Available reserves	146,980,590	121,070,112
<b>Accumulated profits (losses)</b>	<b>22,934,320</b>	<b>20,839,424</b>
<b>Investment grants</b>	<b>9,543,056</b>	<b>8,677,658</b>
<b>Advances to shareholders on the distribution of net assets</b>	<b>-</b>	<b>-</b>
<b>PROVISIONS AND DEFERRED TAXES</b>	<b>13,392,031</b>	<b>13,824,149</b>
<b>Provisions for liabilities and charges</b>	<b>9,986,305</b>	<b>10,721,983</b>
Pensions and similar obligations	2,882,024	2,882,023
Taxation	-	-
Major repairs and maintenance	-	-
Environmental obligations	500,731	387,285
Other liabilities and charges	6,603,550	7,452,675
<b>Deferred taxes</b>	<b>3,405,726</b>	<b>3,102,166</b>
<b>AMOUNTS PAYABLE</b>	<b>999,159,174</b>	<b>905,249,328</b>
<b>Amounts payable after more than one year</b>	<b>676,897,134</b>	<b>644,098,950</b>
Financial debts	676,897,134	644,098,950
Subordinated loans	-	-
Unsubordinated debentures	-	-
Leasing and other similar obligations	449,475	645,035
Credit institutions	612,612,754	631,400,409
Other loans	63,834,905	12,053,506
Trade debts	-	-
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	<b>260,711,214</b>	<b>184,935,260</b>
Current portion of amounts payable after more than one year falling due within one year	74,998,416	59,108,916
Financial debts	-	23,811,774
Credit institutions	-	-
Other loans	-	23,811,774
Trade debts	60,580,841	49,481,361

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Suppliers	60,580,841	49,481,361
Bills of exchange payable	-	-
Advances received on contracts in progress	18,419,913	20,446,814
Taxes, remuneration and social security	3,914,025	2,447,811
Taxes	3,914,025	2,447,811
Remuneration and social security	-	-
Other amounts payable	102,798,019	29,638,584
<b>Accruals and deferred income</b>	<b>61,550,826</b>	<b>76,215,118</b>
<b>TOTAL LIABILITIES</b>	<b>1,786,041,784</b>	<b>1,649,824,779</b>

**1.2 Income statement**

	31.12.2020	31.12.2019
<b>Operating income</b>	<b>450,480,724</b>	<b>344,007,288</b>
Turnover	433,159,861	327,773,312
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	-2,170,143	-3,080,985
Own work capitalised	-	-
Other operating income	19,378,652	19,314,961
Non-recurring operating income	112,354	-
<b>Operating charges</b>	<b>385,853,768</b>	<b>294,709,810</b>
Raw materials, consumables	181,201,263	136,916,984
Purchases	181,201,263	134,490,341
Stocks: decrease (increase) (+)/(-)	-	2,426,643
Services and other goods	127,272,741	93,410,842
Remuneration, social security costs and pensions (+)/(-)	-	6,580,637
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	61,966,414	44,093,333
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	436,136	578,011
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	-939,919	93,505
Other operating charges	13,777,139	10,750,722
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	2,139,994	2,285,776

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
<b>Operating profit (loss) (+)/(-)</b>	64,626,956	49,297,478
<b>Financial income</b>	15,816,752	13,890,310
Recurring financial income	15,790,905	13,875,361
Income from financial fixed assets	9,976,589	9,698,522
Income from current assets	115,410	178,412
Other financial income	5,698,906	3,998,427
Non-recurring financial income	25,847	14,949
<b>Financial charges</b>	22,639,915	16,925,355
Recurring financial charges	22,639,915	16,925,355
Debt charges	22,637,048	16,861,684
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	2,867	63,671
Non-recurring financial charges	-	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	57,803,793	46,262,433
<b>Transfer from deferred taxes</b>	18,313	16,693
<b>Transfer to deferred taxes</b>	-	-
<b>Income taxes (+)/(-)</b>	13,650,674	12,441,780
Taxes	13,700,512	12,612,719
Adjustment of income taxes and write-back of tax provisions	49,838	170,939
<b>Profit (loss) of the period (+)/(-)</b>	44,171,432	33,837,346
<b>Transfer from untaxed reserves</b>	-	-
<b>Transfer to untaxed reserves</b>	-	-
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	44,171,432	33,837,346

## 2 Fluvius Limburg

### 2.1 Balance sheet

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	-	-
<b>FIXED ASSETS</b>	2,156,330,093	2,119,230,345
Intangible fixed assets	12,290,761	7,192,162
Tangible fixed assets	2,065,128,987	2,025,502,883

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Land and buildings	24,764,772	24,525,090
Plant, machinery and equipment	1,841,975,739	1,767,644,506
Furniture and vehicles	3,755,591	2,991,380
Leasing and similar rights	3,671,716	4,681,978
Other tangible fixed assets	8,584	-
Assets under construction and advance payments	190,952,584	225,659,930
<b>Financial fixed assets</b>	<b>78,910,345</b>	<b>86,535,301</b>
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Enterprises linked by participating interests	14,931,979	37,959,834
Participating interests	14,931,979	37,959,834
Amounts receivable	-	-
Other financial fixed assets	63,978,366	48,575,466
Shares	63,973,920	48,569,520
Amounts receivable and cash guarantees	4,446	5,946
<b>CURRENT ASSETS</b>	<b>308,515,180</b>	<b>289,163,639</b>
<b>Amounts receivable after more than one year</b>	<b>130,902,569</b>	<b>130,281,355</b>
Trade debtors	5,677,807	5,973,873
Other amounts receivable	125,224,761	124,307,482
<b>Stocks and contracts in progress</b>	<b>15,280,977</b>	<b>711,981</b>
Stocks	-	-
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	-	-
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	15,280,977	711,981
<b>Amounts receivable within one year</b>	<b>116,524,758</b>	<b>65,087,590</b>
Trade debtors	73,699,075	24,645,368
Other amounts receivable	42,825,683	40,442,222
<b>Current investments</b>	<b>-</b>	<b>-</b>
Own shares	-	-
Other investments	-	-
<b>Cash at bank and in hand</b>	<b>285,012</b>	<b>98,685</b>

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
<b>Deferred charges and accrued income</b>	45,521,865	92,984,028
<b>TOTAL ASSETS</b>	2,464,845,273	2,408,393,984
	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	1,641,118,863	1,656,559,856
<b>Capital</b>	-	610,590,782
Issued capital	-	610,618,200
Uncalled capital	-	27,418
<b>Share premium account</b>	-	110,107,067
<b>Contribution excluding capital</b>	698,381,885	-
Contribution available	698,381,885	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	310,355,625	319,524,458
<b>Reserves</b>	460,518,495	458,421,869
Legal reserve	-	26,810,698
Reserves not available	252,045,066	244,314,464
In respect of own shares held	-	-
Other	252,045,066	244,314,464
Untaxed reserves	-	-
Available reserves	208,473,429	187,296,706
<b>Accumulated profits (losses)</b>	7,404,550	-
<b>Investment grants</b>	164,458,308	157,915,680
<b>Advances to shareholders on the distribution of net assets</b>	-	-
<b>PROVISIONS AND DEFERRED TAXES</b>	20,355,610	20,688,314
<b>Provisions for liabilities and charges</b>	11,368,662	14,917,662
Pensions and similar obligations	-	-
Taxation	-	-
Major repairs and maintenance	-	-
Environmental obligations	-	-
Other liabilities and charges	11,368,662	14,917,662
<b>Deferred taxes</b>	8,986,949	5,770,653
<b>AMOUNTS PAYABLE</b>	803,370,800	731,145,815
<b>Amounts payable after more than one year</b>	465,986,499	338,267,700
Financial debts	465,986,499	338,267,700

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Subordinated loans	-	-
Unsubordinated debentures	-	-
Leasing and other similar obligations	3,684,682	4,350,996
Credit institutions	462,301,818	84,916,703
Other loans	-	249,000,000
Trade debts	-	-
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	<b>258,197,441</b>	<b>273,216,055</b>
Current portion of amounts payable after more than one year falling due within one year	22,853,284	26,235,532
Financial debts	-	-
Credit institutions	-	-
Other loans	-	-
Trade debts	67,554,056	24,532,291
Suppliers	67,554,056	24,532,291
Bills of exchange payable	-	-
Advances received on contracts in progress	20,668,407	4,794,057
Taxes, remuneration and social security	51,318	-
Taxes	51,318	-
Remuneration and social security	-	-
Other amounts payable	147,070,377	217,654,176
<b>Accruals and deferred income</b>	<b>79,186,860</b>	<b>119,662,060</b>
<b>TOTAL LIABILITIES</b>	<b>2,464,845,273</b>	<b>2,408,393,984</b>

## 2.2 Income statement

	31.12.2020	31.12.2019
<b>Operating income</b>	<b>438,451,569</b>	<b>433,513,384</b>
Turnover	406,938,359	402,903,915
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	1,762,840	-630,181
Own work capitalised	-	-
Other operating income	29,750,370	31,197,158
Non-recurring operating income	-	42,492

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
<b>Operating charges</b>	382,474,496	367,223,013
Raw materials, consumables	167,157,028	154,883,077
Purchases	167,157,028	154,883,077
Stocks: decrease (increase) (+)/(-)	-	-
Services and other goods	116,298,782	123,300,138
Remuneration, social security costs and pensions (+)/(-)	-	-
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	70,563,127	66,914,703
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	6,024,894	-
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	-3,549,000	421,000
Other operating charges	10,879,666	6,604,094
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	15,100,000	15,100,000
<b>Operating profit (loss) (+)/(-)</b>	55,977,073	66,290,371
<b>Financial income</b>	19,134,145	18,556,456
Recurring financial income	19,057,481	18,556,456
Income from financial fixed assets	5,228,658	4,721,515
Income from current assets	233,846	542,048
Other financial income	13,594,977	13,292,893
Non-recurring financial income	76,664	-
<b>Financial charges</b>	12,784,005	17,799,869
Recurring financial charges	10,756,109	14,993,040
Debt charges	10,752,754	14,990,001
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	3,355	3,039
Non-recurring financial charges	2,027,895	2,806,829
<b>Profit (loss) for the period before taxes (+)/(-)</b>	62,327,213	67,046,958
<b>Transfer from deferred taxes</b>	173,619	122,144
<b>Transfer to deferred taxes</b>	-	-
<b>Income taxes (+)/(-)</b>	16,572,053	20,679,480
Taxes	16,631,918	20,811,508



	31.12.2020	31.12.2019
Adjustment of income taxes and write-back of tax provisions	59,865	132,028
<b>Profit (loss) of the period (+)/(-)</b>	<b>45,928,779</b>	<b>46,489,622</b>
<b>Transfer from untaxed reserves</b>	<b>-</b>	<b>-</b>
<b>Transfer to untaxed reserves</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	<b>45,928,779</b>	<b>46,489,622</b>

### 3 Fluvius West

#### 3.1 Balance sheet

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	<b>-</b>	<b>-</b>
<b>FIXED ASSETS</b>	<b>696,289,598</b>	<b>654,023,744</b>
<b>Intangible fixed assets</b>	<b>4,613,367</b>	<b>3,168,541</b>
<b>Tangible fixed assets</b>	<b>668,040,302</b>	<b>631,859,603</b>
Land and buildings	34,577,529	34,968,819
Plant, machinery and equipment	518,216,387	511,844,302
Furniture and vehicles	613,936	1,044,256
Leasing and similar rights	518,334	779,157
Other tangible fixed assets	-	-
Assets under construction and advance payments	114,114,116	83,223,070
<b>Financial fixed assets</b>	<b>23,635,929</b>	<b>18,995,600</b>
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Enterprises linked by participating interests	4,015,745	4,015,741
Participating interests	4,015,745	4,015,741
Amounts receivable	-	-
Other financial fixed assets	19,620,184	14,979,859
Shares	19,619,684	14,979,059
Amounts receivable and cash guarantees	500	800
<b>CURRENT ASSETS</b>	<b>144,244,073</b>	<b>139,742,139</b>
<b>Amounts receivable after more than one year</b>	<b>81,474,022</b>	<b>81,114,586</b>
Trade debtors	-	-
Other amounts receivable	81,474,022	81,114,586
<b>Stocks and contracts in progress</b>	<b>13,544,260</b>	<b>3,748,806</b>
Stocks	-	-
Raw materials and consumables	-	-



Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Taxation	-	-
Major repairs and maintenance	-	-
Environmental obligations	-	-
Other liabilities and charges	5,499,000	6,579,000
<b>Deferred taxes</b>	15,018,244	12,364,727
<b>AMOUNTS PAYABLE</b>	254,161,785	227,613,194
<b>Amounts payable after more than one year</b>	159,452,011	126,735,218
Financial debts	159,452,011	126,735,218
Subordinated loans	-	-
Unsubordinated debentures	-	-
Leasing and other similar obligations	623,012	934,670
Credit institutions	158,828,999	32,800,548
Other loans	-	93,000,000
Trade debts	-	-
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	73,407,663	64,213,867
Current portion of amounts payable after more than one year falling due within one year	6,919,682	6,896,693
Financial debts	-	-
Credit institutions	-	-
Other loans	-	-
Trade debts	20,802,799	8,667,542
Suppliers	20,802,799	8,667,542
Bills of exchange payable	-	-
Advances received on contracts in progress	8,219,392	2,071,436
Taxes, remuneration and social security	43,609	-
Taxes	43,609	-
Remuneration and social security	-	-
Other amounts payable	37,422,181	46,578,196
<b>Accruals and deferred income</b>	21,302,110	36,664,110
<b>TOTAL LIABILITIES</b>	840,533,671	793,765,884

### 3.2 Income statement

	31.12.2020	31.12.2019
<b>Operating income</b>	138,121,741	133,887,817
Turnover	123,012,290	120,457,474

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	4,430,173	438,063
Own work capitalised	-	-
Other operating income	10,679,277	12,992,280
Non-recurring operating income	-	-
<b>Operating charges</b>	<b>119,043,918</b>	<b>115,959,393</b>
Raw materials, consumables	47,523,860	44,113,860
Purchases	47,523,860	44,113,860
Stocks: decrease (increase) (+)/(-)	-	-
Services and other goods	42,532,448	34,255,056
Remuneration, social security costs and pensions (+)/(-)	-	9,460,117
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	22,174,195	20,783,979
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	1,766,084	-
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	-1,080,000	367,000
Other operating charges	3,752,331	3,549,689
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	2,375,000	3,429,691
<b>Operating profit (loss) (+)/(-)</b>	<b>19,077,823</b>	<b>17,928,425</b>
<b>Financial income</b>	<b>9,053,926</b>	<b>9,122,368</b>
Recurring financial income	9,023,722	9,104,212
Income from financial fixed assets	1,964,575	1,831,536
Income from current assets	11,487	210,795
Other financial income	7,047,660	7,061,880
Non-recurring financial income	30,203	18,156
<b>Financial charges</b>	<b>4,336,210</b>	<b>5,059,570</b>
Recurring financial charges	4,336,210	5,059,570
Debt charges	4,335,662	5,057,791
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	548	1,779
Non-recurring financial charges	-	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	<b>23,795,538</b>	<b>21,991,223</b>
<b>Transfer from deferred taxes</b>	<b>209,905</b>	<b>218,588</b>
<b>Transfer to deferred taxes</b>	<b>-</b>	<b>-</b>
<b>Income taxes (+)/(-)</b>	<b>6,525,562</b>	<b>6,290,621</b>

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Taxes	6,525,562	6,474,653
Adjustment of income taxes and write-back of tax provisions	-	184,032
<b>Profit (loss) of the period (+)/(-)</b>	<b>17,479,882</b>	<b>15,919,189</b>
<b>Transfer from untaxed reserves</b>	<b>11,234</b>	<b>8,020</b>
<b>Transfer to untaxed reserves</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	<b>17,491,115</b>	<b>15,927,209</b>

#### 4 Gaselwest

##### 4.1 Balance sheet

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	-	-
<b>FIXED ASSETS</b>	<b>1,802,162,662</b>	<b>1,771,827,239</b>
<b>Intangible fixed assets</b>	<b>16,297,658</b>	<b>14,556,355</b>
<b>Tangible fixed assets</b>	<b>1,708,500,736</b>	<b>1,693,700,901</b>
Land and buildings	51,213,359	51,491,767
Plant, machinery and equipment	1,588,576,019	1,586,711,001
Furniture and vehicles	8,722,826	8,264,389
Leasing and other rights	-	-
Other tangible fixed assets	71,807	85,714
Tangible assets under construction and advance payments made	59,916,725	47,148,030
<b>Financial fixed assets</b>	<b>77,364,268</b>	<b>63,569,983</b>
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Other enterprises linked by participating interests	153,236	152,951
Participating interests	153,236	152,951
Amounts receivable	-	-
Other financial fixed assets	77,211,032	63,417,032
Shares	77,211,032	63,417,032
Amounts receivable and cash guarantees	-	-
<b>CURRENT ASSETS</b>	<b>160,409,503</b>	<b>210,550,799</b>
<b>Amounts receivable after more than one year</b>	<b>68,482</b>	<b>96,649</b>
Trade debtors	-	-

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Other amounts receivable	68,482	96,649
<b>Stocks and contracts in progress</b>	4,237,689	10,738,158
Stocks	-	-
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	-	-
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	4,237,689	10,738,158
<b>Amounts receivable within one year</b>	108,587,431	77,832,685
Trade debtors	58,315,408	63,218,414
Other amounts receivable	50,272,023	14,614,271
<b>Current investments</b>	-	-
Own shares	-	-
Other investments	-	-
<b>Cash at bank and in hand</b>	877	81,827,787
<b>Deferred charges and accrued income</b>	47,515,024	40,055,520
<b>TOTAL ASSETS</b>	1,962,572,165	1,982,378,038

	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	770,054,836	757,458,308
<b>Capital</b>	-	358,498,559
Issued capital	-	358,498,559
Uncalled capital <sup>97</sup>	-	-
<b>Share premium account</b>	-	-
<b>Contribution excluding capital</b>	359.929.584	-
Contribution available	359.929.584	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	170,073,574	174,808,224
<b>Reserves</b>	206,288,049	202,620,399
Legal reserve	-	595,951
Reserves not available	29,708,287	24,973,637

<sup>97</sup> Amount to be deducted from the issued capital.

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
In respect of own shares held	-	-
Other	29,708,287	24,973,637
Untaxed reserves	730,009	730,009
Available reserves	175,849,753	176,320,802
<b>Accumulated profits (losses) (+)/(-)</b>	<b>32,718,682</b>	<b>20,882,286</b>
<b>Investment grants</b>	<b>1,044,947</b>	<b>648,840</b>
<b>Advances to shareholders on the distribution of net assets<sup>98</sup></b>	<b>-</b>	<b>-</b>
<b>PROVISIONS AND DEFERRED TAXES</b>	<b>6,323,566</b>	<b>6,265,977</b>
<b>Provisions for liabilities and charges</b>	<b>5,735,740</b>	<b>5,810,187</b>
Pensions and similar obligations	-	-
Taxation	-	-
Major repairs and maintenance	-	-
Environmental liabilities	5,164,678	5,180,954
Other risks and costs	571,063	629,233
<b>Deferred taxes</b>	<b>587,826</b>	<b>455,790</b>
<b>AMOUNTS PAYABLE</b>	<b>1,186,193,763</b>	<b>1,218,653,753</b>
<b>Amounts payable after more than one year</b>	<b>941,701,272</b>	<b>1,019,612,195</b>
Financial debts	941,701,272	1,019,612,195
Subordinated loans	-	-
Unsubordinated debentures	-	-
Leasing and other similar obligations	-	-
Credit institutions	941,701,272	1,019,612,195
Other loans	-	-
Trade debts	-	-
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	<b>224,895,147</b>	<b>170,168,163</b>
Current portion of amounts payable after more than one year falling due within one year	148,038,336	70,132,037
Financial debts	-	-
Credit institutions	-	-
Other loans	-	-

<sup>98</sup> Amount to be deducted from the other components of equity.

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Trade debts	51,641,437	66,249,962
Suppliers	51,641,437	66,249,962
Bills of exchange payable	-	-
Advances received on contracts in progress	8,539,332	12,675,626
Taxes, remuneration and social security	8,158,283	3,340,605
Taxes	8,158,283	3,340,605
Remuneration and social security	-	-
Other amounts payable	8,517,759	17,769,933
<b>Accrued charges and deferred income</b>	19,597,344	28,873,395
<b>TOTAL LIABILITIES</b>	1,962,572,165	1,982,378,038

**4.2 Income statement**

	31.12.2020	31.12.2019
<b>Operating income and charges</b>	495,695,645	514,494,691
Turnover	489,977,621	497,117,780
Increase (decrease) in stocks of finished goods, work and contracts in progress (+)/(-)	-6,500,469	-867,987
Own construction capitalised	-	-
Other operating income	12,218,492	18,244,898
Non-recurring operating income	-	-
<b>Operating charges</b>	398,365,134	416,105,074
Raw materials, consumables	229,147,298	216,941,782
Purchases	229,147,298	216,941,782
Decrease (increase) in stocks (+)/(-)	-	-
Services and other goods	86,750,435	123,280,138
Remuneration, social security costs and pensions (+)/(-)	-	-
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	71,526,935	65,080,846
Increase, Decrease in amounts written off stocks contracts in progress and trade debtors:		
Appropriations	1,696,578	2,470,163
(write-backs) (+)/(-)		
Provisions for risks and charges: Appropriations (uses and write-backs) (+)/(-)	-74,446	-81,760
Other operating charges	9,318,334	8,413,905



Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	-	-
<b>Operating profit (loss) (+)/(-)</b>	97,330,511	98,389,617
<b>Financial income</b>	11,234,419	10,852,216
Recurring financial income	11,043,053	10,852,216
Income from financial fixed assets	11,043,053	10,542,454
Income from current assets	174,529	290,324
Other financial income	16,837	19,438
Non-recurring financial income	-	-
<b>Financial charges</b>	32,179,964	33,469,349
Recurring financial charges	32,179,964	33,469,349
Debt charges	32,178,743	33,467,927
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	1,222	1,422
Non-recurring financial charges	-	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	76,384,966	75,772,484
<b>Transfer from postponed taxes</b>	5,612	6,653
<b>Transfer to postponed taxes</b>	-	-
<b>Income taxes (+)/(-)</b>	18,934,809	22,363,187
Taxes	18,934,809	22,366,200
Adjustment of income taxes and write-back of tax provisions	-	3,013
<b>Profit (loss) of the period (+)/(-)</b>	57,455,769	53,415,950
<b>Transfer from untaxed reserves</b>	-	-
<b>Transfer to untaxed reserves</b>	-	-
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	57,455,769	53,415,950

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5.1 Balance sheet

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	-	-
<b>FIXED ASSETS</b>	2,011,595,962	1,950,325,176

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
<b>Intangible fixed assets</b>	20,046,448	17,858,385
<b>Tangible fixed assets</b>	1,914,856,761	1,870,116,182
Land and buildings	32,773,732	32,665,341
Plant, machinery and equipment	1,752,861,206	1,717,383,203
Furniture and vehicles	10,581,218	9,105,412
Leasing and similar rights	-	-
Other tangible fixed assets	82,438	95,098
Tangible assets under construction and advance payments made	118,558,168	110,867,128
<b>Financial fixed assets</b>	76,692,753	62,350,609
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Other enterprises linked by participating interests	201,417	202,723
Participating interests	201,417	202,723
Amounts receivable	-	-
Other financial fixed assets	76,491,336	62,147,886
Shares	76,491,336	62,147,886
Amounts receivable and cash guarantees	-	-
<b>CURRENT ASSETS</b>	156,287,836	164,846,387
<b>Amounts receivable after more than one year</b>	15,673,818	17,295,929
Trade debtors	-	-
Other amounts receivable	15,673,818	17,295,929
<b>Stocks and contracts in progress</b>	13,366,102	12,778,491
Stocks	-	-
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	-	-
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	13,366,102	12,778,491
<b>Amounts receivable within one year</b>	81,033,473	76,085,852
Trade debtors	60,739,133	62,494,616
Other amounts receivable	20,294,339	13,591,236
<b>Current investments</b>	-	-

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Own shares	-	-
Other investments	-	-
<b>Cash at bank and in hand</b>	897	575
<b>Deferred charges and accrued income</b>	46,213,546	58,685,540
<b>TOTAL ASSETS</b>	2,167,883,798	2,115,171,563

	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	704,477,320	691,725,970
<b>Capital</b>	-	324,460,515
Issued capital	-	324,460,515
Uncalled capital <sup>99</sup>	-	-
<b>Share premium account</b>	-	-
<b>Contribution excluding capital</b>	332,542,290	-
Contribution available	332,542,290	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	168,125,512	172,809,645
<b>Reserves</b>	173,330,047	170,465,914
Legal reserve	-	26,860
Reserves not available	28,113,928	23,429,795
In respect of own shares held	-	-
Other	28,113,928	23,429,795
Untaxed reserves	843,436	843,436
Available reserves	144,372,683	146,165,823
<b>Accumulated profits (losses)</b>	30,479,471	23,989,896
<b>Investment grants</b>	-	-
<b>Advances to shareholders on the distribution of net assets<sup>100</sup></b>	-	-
<b>PROVISIONS AND DEFERRED TAXES</b>	3,487,887	3,562,646
<b>Provisions for liabilities and charges</b>	3,206,741	3,281,501
Pensions and similar obligations	-	-
Taxation	-	-
Major repairs and maintenance	-	-

<sup>99</sup> Amount to be deducted from the issued capital.

<sup>100</sup> Amount to be deducted from the other components of equity.

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Environmental obligations	2,266,244	2,266,243
Other liabilities and charges	940,498	1,015,258
<b>Deferred taxes</b>	281,145	281,145
<b>AMOUNTS PAYABLE</b>	1,459,918,591	1,419,882,947
<b>Amounts payable after more than one year</b>	997,468,223	1,088,275,055
Financial debts	997,468,223	1,088,275,055
Subordinated loans	-	-
Unsubordinated debentures	-	-
Leasing and other similar obligations	-	-
Credit institutions	997,468,223	1,088,275,055
Other loans	-	-
Trade debts	-	-
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	428,907,427	268,096,280
Current portion of amounts payable after more than one year falling due within one year	179,701,568	83,333,834
Financial debts	-	78,985,176
Credit institutions	-	-
Other loans	-	78,985,176
Trade debts	58,382,202	63,587,288
Suppliers	58,382,202	63,587,288
Bills of exchange payable	-	-
Advances received on contracts in progress	18,523,918	17,127,860
Taxes, remuneration and social security	8,204,413	3,184,311
Taxes	8,204,413	3,184,311
Remuneration and social security	-	-
Other amounts payable	164,095,326	21,877,811
<b>Accruals and deferred income</b>	33,542,941	63,511,612
<b>TOTAL LIABILITIES</b>	2,167,883,798	2,115,171,563

## 5.2 Income statement

	31.12.2020	31.12.2019
<b>Operating income</b>	523,160,393	527,487,137
Turnover	509,334,189	510,373,994
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	587,611	-361,909
Own work capitalised	-	-
Other operating income	13,328,594	17,475,052
Non-recurring operating income	-	-
<b>Operating charges</b>	431,731,328	433,738,120
Raw materials, consumables	213,758,061	213,582,533
Purchases	213,758,061	213,582,533
Stocks: decrease (increase) (+)/(-)	-	-
Services and other goods	123,786,385	134,008,890
Remuneration, social security costs and pensions (+)/(-)	-	-
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	78,586,284	72,031,190
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	594,028	1,547,434
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	-74,760	-87,675
Other operating charges	15,081,330	12,655,748
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	-	-
<b>Operating profit (loss) (+)/(-)</b>	91,429,065	93,749,017
<b>Financial income</b>	11,199,032	10,728,197
Recurring financial income	11,199,032	10,728,197
Income from financial fixed assets	11,181,028	10,660,485
Income from current assets	18,004	66,563
Other financial income	0	1,149
Non-recurring financial income	-	-
<b>Financial charges</b>	34,881,057	36,201,197
Recurring financial charges	34,881,057	36,201,197
Debt charges	34,879,573	36,198,522

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	1,484	2,675
Non-recurring financial charges	-	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	<b>67,747,040</b>	<b>68,276,017</b>
<b>Transfer from deferred taxes</b>	<b>-</b>	<b>-</b>
<b>Transfer to deferred taxes</b>	<b>-</b>	<b>-</b>
<b>Income taxes (+)/(-)</b>	<b>16,137,877</b>	<b>19,405,871</b>
Taxes	16,137,877	19,408,977
Adjustment of income taxes and write-back of tax provisions	-	3,106
<b>Profit (loss) of the period (+)/(-)</b>	<b>51,609,163</b>	<b>48,870,146</b>
<b>Transfer from untaxed reserves</b>	<b>-</b>	<b>-</b>
<b>Transfer to untaxed reserves</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	<b>51,609,163</b>	<b>48,870,146</b>

## 6 Intergem

### 6.1 Balance sheet

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	<b>-</b>	<b>-</b>
<b>FIXED ASSETS</b>	<b>914,887,152</b>	<b>890,140,107</b>
<b>Intangible fixed assets</b>	<b>10,097,341</b>	<b>8,956,349</b>
<b>Tangible fixed assets</b>	<b>867,588,370</b>	<b>851,066,807</b>
Land and buildings	23,150,533	23,508,697
Plant, machinery and equipment	790,775,211	772,135,274
Furniture and vehicles	5,304,674	5,287,127
Leasing and similar rights	-	-
Other tangible fixed assets	17,449	17,117
Tangible assets under construction and advance payments made	48,340,503	50,118,592
<b>Financial fixed assets</b>	<b>37,201,441</b>	<b>30,116,951</b>
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Enterprises linked by participating interests	101,490	101,275
Participating interests	101,490	101,275
Amounts receivable	-	-
Other financial fixed assets	37,099,951	30,015,676
Shares	37,099,951	30,015,676
Amounts receivable and cash guarantees	-	-
<b>CURRENT ASSETS</b>	<b>108,299,668</b>	<b>112,003,110</b>
<b>Amounts receivable after more than one year</b>	<b>12,448,009</b>	<b>13,482,190</b>
Trade debtors	9,669	19,337
Other amounts receivable	12,438,340	13,462,853
<b>Stocks and contracts in progress</b>	<b>4,901,478</b>	<b>6,664,278</b>
Stocks	-	-
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	-	-
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	4,901,478	6,664,278
<b>Amounts receivable within one year</b>	<b>42,912,407</b>	<b>41,123,037</b>
Trade debtors	27,409,686	32,088,377
Other amounts receivable	15,502,722	9,034,660
<b>Current investments</b>	<b>14,670,143</b>	<b>14,670,143</b>
Own shares	-	-
Other investments	14,670,143	14,670,143
<b>Cash at bank and in hand</b>	<b>564</b>	<b>626</b>
<b>Deferred charges and accrued income</b>	<b>33,367,067</b>	<b>36,062,836</b>
<b>TOTAL ASSETS</b>	<b>1,023,186,820</b>	<b>1,002,143,217</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>356,269,830</b>	<b>346,845,197</b>
<b>Capital</b>	<b>-</b>	<b>115,396,966</b>
Issued capital	-	115,396,966

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Uncalled capital <sup>101</sup>	-	-
<b>Share premium account</b>	-	9,389,081
<b>Contribution excluding capital</b>	130,194,946	-
Contribution available	130,194,946	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	90,754,352	93,280,446
<b>Reserves</b>	116,869,747	114,363,652
Legal reserve	-	36,730
Reserves not available	15,168,169	12,642,075
In respect of own shares held	-	-
Other	15,168,169	12,642,075
Untaxed reserves	383,175	383,175
Available reserves	101,338,403	101,301,672
<b>Accumulated profits (losses)</b>	18,430,785	14,415,052
<b>Investment grants</b>	-	-
<b>Advances to shareholders on the distribution of net assets<sup>102</sup></b>	-	-
<b>PROVISIONS AND DEFERRED TAXES</b>	2,373,327	2,443,000
<b>Provisions for liabilities and charges</b>	2,245,602	2,315,275
Pensions and similar obligations	-	-
Taxation	-	-
Major repairs and maintenance	-	-
Environmental liabilities	1,832,145	1,848,794
Other risks and costs	413,456	466,481
<b>Deferred taxes</b>	127,725	127,725
<b>AMOUNTS PAYABLE</b>	664,543,663	652,855,020
<b>Amounts payable after more than one year</b>	442,736,701	473,974,463
Financial debts	442,736,701	473,974,463
Subordinated loans	-	-
Unsubordinated debentures	-	-
Leasing and other similar obligations	-	-
Credit institutions	442,736,701	473,974,463
Other loans	-	-
Trade debts	-	-

<sup>101</sup> Amount to be deducted from the issued capital.

<sup>102</sup> Amount to be deducted from the other components of equity.



Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	<b>203,094,849</b>	<b>133,260,393</b>
Current portion of amounts payable after more than one year falling due within one year	72,298,045	39,838,519
Financial debts	-	41,253,975
Credit institutions	-	-
Other loans	-	41,253,975
Trade debts	32,166,261	33,850,932
Suppliers	32,166,261	33,850,932
Bills of exchange payable	-	-
Advances received on contracts in progress	8,435,238	11,399,510
Taxes, remuneration and social security	2,347,133	1,219,634
Taxes	2,347,133	1,219,634
Remuneration and social security	-	-
Other amounts payable	87,848,172	5,697,823
<b>Accruals and deferred income</b>	<b>18,712,113</b>	<b>45,620,164</b>
<b>TOTAL LIABILITIES</b>	<b>1,023,186,820</b>	<b>1,002,143,217</b>

## 6.2 Income statement

	31.12.2020	31.12.2019
<b>Operating income</b>	<b>250,549,844</b>	<b>255,656,227</b>
Turnover	245,149,853	247,073,379
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	-1,762,800	-275,350
Own construction capitalised	-	-
Other operating income	7,162,791	8,858,198
Non-recurring operating income	-	-
<b>Operating charges</b>	<b>207,220,876</b>	<b>213,421,480</b>
Raw materials, consumables	107,662,362	106,857,969
Purchases	107,662,362	106,857,969
Stocks: decrease (increase) (+)/(-)	-	-
Services and other goods	57,271,863	66,725,601

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Remuneration, social security costs and pensions (+)/(-)	-	-
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	36,922,849	33,957,098
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	197,250	761,739
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	-69,674	-75,519
Other operating charges	5,236,226	5,194,592
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	-	-
<b>Operating profit (loss) (+)/(-)</b>	<b>43,328,968</b>	<b>42,234,747</b>
<b>Financial income</b>	<b>5,905,798</b>	<b>6,048,657</b>
Recurring financial income	5,905,798	6,048,657
Income from financial fixed assets	5,121,108	4,864,013
Income from current assets	784,690	1,183,896
Other financial income	1	748
Non-recurring financial income	-	-
<b>Financial charges</b>	<b>15,102,207</b>	<b>15,698,367</b>
Recurring financial charges	15,102,207	15,698,367
Debt charges	15,100,893	15,695,547
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	1,314	2,820
Non-recurring financial charges	-	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	<b>34,132,560</b>	<b>32,585,037</b>
<b>Transfer from deferred taxes</b>	<b>-</b>	<b>-</b>
<b>Transfer to deferred taxes</b>	<b>-</b>	<b>-</b>
<b>Income taxes (+)/(-)</b>	<b>8,260,268</b>	<b>9,271,776</b>
Income taxes	8,260,268	9,273,950
Adjustment of income taxes and write-back of tax provisions	-	2,174
<b>Profit (loss) of the period (+)/(-)</b>	<b>25,872,292</b>	<b>23,313,261</b>
<b>Transfer from untaxed reserves</b>	<b>-</b>	<b>-</b>
<b>Transfer to untaxed reserves</b>	<b>-</b>	<b>-</b>

	31.12.2020	31.12.2019
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	25,872,292	23,313,261
<b>7 Iveka</b>		
<b>7.1 Balance sheet</b>		
	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	-	-
<b>FIXED ASSETS</b>	702,114,187	807,469,469
<b>Intangible fixed assets</b>	7,706,900	7,822,345
<b>Tangible fixed assets</b>	693,844,136	799,229,845
Land and buildings	15,844,203	17,750,900
Plant, machinery and equipment	649,047,305	742,983,062
Furniture and vehicles	3,341,010	3,636,595
Leasing and similar rights	-	-
Other tangible fixed assets	16,644	19,898
Tangible assets under construction and advance payments	25,594,974	34,839,390
<b>Financial fixed assets</b>	563,151	417,279
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Other enterprises linked by participating interests	91,174	59,152
Participating interests	91,174	59,152
Amounts receivable	-	-
Other financial fixed assets	471,977	358,127
Shares	471,977	358,127
Amounts receivable and cash guarantees	-	-
<b>CURRENT ASSETS</b>	195,265,009	130,764,512
<b>Amounts receivable after more than one year</b>	63,834,905	12,053,506
Trade debtors	-	-
Other amounts receivable	63,834,905	12,053,506
<b>Stocks and contracts in progress</b>	2,739,828	2,700,230
Stocks	-	-
Raw materials and consumables	-	-
Work in progress	-	-

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Finished goods	-	-
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	2,739,828	2,700,230
<b>Amounts receivable within one year</b>	<b>92,130,716</b>	<b>65,187,043</b>
Trade debtors	47,141,922	52,689,219
Other amounts receivable	44,988,794	12,497,824
<b>Current investments</b>	<b>-</b>	<b>-</b>
Own shares	-	-
Other investments	-	-
<b>Cash at bank and in hand</b>	<b>80,376</b>	<b>18,288,457</b>
<b>Deferred charges and accrued income</b>	<b>36,470,184</b>	<b>32,535,276</b>
<b>TOTAL ASSETS</b>	<b>897,379,196</b>	<b>938,233,981</b>

	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>270,535,644</b>	<b>304,541,438</b>
<b>Capital</b>	<b>-</b>	<b>148,832,525</b>
Issued capital	-	148,832,525
Uncalled capital <sup>103</sup>	-	-
<b>Share premium account</b>	<b>-</b>	<b>-</b>
<b>Contribution excluding capital</b>	<b>132,539,311</b>	<b>-</b>
Contribution available	132,539,311	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	<b>57,514,518</b>	<b>70,730,025</b>
<b>Reserves</b>	<b>73,628,819</b>	<b>80,430,078</b>
Legal reserve	-	227,792
Reserves not available	16,009,083	13,581,160
In respect of own shares held	-	-
Other	16,009,083	13,581,160
Untaxed reserves	324,533	372,631
Available reserves	57,295,203	66,248,495
<b>Accumulated profits (losses)</b>	<b>6,852,996</b>	<b>4,548,810</b>

<sup>103</sup> Amount to be deducted from the issued capital.

	31.12.2020	31.12.2019
<b>Investment grants</b>	-	-
<b>Advances to shareholders on the distribution of net assets<sup>104</sup></b>	-	-
<b>PROVISIONS AND DEFERRED TAXES</b>	1,615,506	1,860,985
<b>Provisions for liabilities and charges</b>	1,507,328	1,737,713
Pensions and similar obligations	-	-
Taxation	-	-
Major repairs and maintenance	-	-
Environmental obligations	781,244	894,690
Other liabilities and charges	726,084	843,023
<b>Deferred taxes</b>	108,178	123,272
<b>AMOUNTS PAYABLE</b>	625,228,046	631,831,558
<b>Amounts payable after more than one year</b>	466,064,599	501,079,477
Financial debts	466,064,599	501,079,477
Subordinated loans	-	-
Unsubordinated debentures	-	-
Leasing and other similar obligations	-	-
Credit institutions	466,064,599	501,079,477
Other loans	-	-
Trade debts	-	-
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	151,326,826	111,632,794
Current portion of amounts payable after more than one year falling due within one year	73,281,747	39,106,141
Financial debts	-	-
Credit institutions	-	-
Other loans	-	-
Trade debts	65,951,778	56,416,793
Suppliers	65,951,778	56,416,793
Bills of exchange payable	-	-
Advances received on contracts in progress	5,449,806	5,762,469
Taxes, remuneration and social security	2,113,152	2,652,612

<sup>104</sup> Amount to be deducted from the other components of equity.

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Taxes	2,113,152	2,652,612
Remuneration and social security	-	-
Other amounts payable	4,530,343	7,694,779
<b>Accruals and deferred income</b>	7,836,621	19,119,287
<b>TOTAL LIABILITIES</b>	897,379,196	938,233,981

**7.2 Income statement**

	31.12.2020	31.12.2019
<b>Operating income</b>	227,072,082	282,630,656
Turnover	220,802,063	276,387,256
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	244,117	-2,874,131
Own work capitalised	-	-
Other operating income	6,025,902	9,101,034
Non-recurring operating income	-	16,497
<b>Operating charges</b>	189,561,008	232,600,389
Raw materials, consumables	109,740,774	128,891,569
Purchases	109,740,774	128,891,569
Stocks: decrease (increase) (+)/(-)	-	-
Services and other goods	43,351,133	62,130,179
Remuneration, social security costs and pensions (+)/(-)	-	-
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	30,770,661	35,578,694
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	792,786	928,393
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	-26,145	-34,860
Other operating charges	4,887,179	5,067,616
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	44,620	38,798
<b>Operating profit (loss) (+)/(-)</b>	37,511,074	50,030,267
<b>Financial income</b>	2,302,942	373,416
Recurring financial income	2,302,942	373,416
Income from financial fixed assets	31,014	26,883

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Income from current assets	2,271,928	335,602
Other financial income	-	10,931
Non-recurring financial income	-	-
<b>Financial charges</b>	15,817,445	18,254,768
Recurring financial charges	15,817,445	18,254,768
Debt charges	15,816,384	18,253,269
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	1,061	1,499
Non-recurring financial charges	-	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	23,996,571	32,148,915
<b>Transfer from deferred taxes</b>	-	-
<b>Transfer to deferred taxes</b>	-	-
<b>Income taxes (+)/(-)</b>	6,751,271	10,557,989
Income taxes	6,751,271	10,693,667
Adjustment of income taxes and write-back of tax provisions	-	135,678
<b>Profit (loss) of the period (+)/(-)</b>	17,245,300	21,590,926
<b>Transfer from untaxed reserves</b>	-	-
<b>Transfer to untaxed reserves</b>	-	-
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	17,245,300	21,590,926

## 8 Iverlek

### 8.1 Balance sheet

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	-	-
<b>FIXED ASSETS</b>	1,766,028,931	1,710,713,256
<b>Intangible fixed assets</b>	17,922,825	15,903,716
<b>Tangible fixed assets</b>	1,681,772,320	1,640,465,773
Land and buildings	39,615,880	40,014,628
Plant, machinery and equipment	1,532,458,758	1,501,146,181
Furniture and vehicles	9,282,456	8,991,136
Leasing and similar rights	-	-

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Other tangible fixed assets	38,698	38,907
Assets under construction and advance payments	100,376,529	90,274,921
<b>Financial fixed assets</b>	<b>66,333,786</b>	<b>54,343,767</b>
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Other enterprises linked by participating interests	190,928	190,634
Participating interests	190,928	190,634
Amounts receivable	-	-
Other financial fixed assets	66,142,858	54,153,133
Shares	66,142,858	54,153,133
Amounts receivable and cash guarantees	-	-
<b>CURRENT ASSETS</b>	<b>158,390,587</b>	<b>174,904,991</b>
<b>Amounts receivable after more than one year</b>	<b>34,245,928</b>	<b>38,669,444</b>
Trade debtors	-	-
Other amounts receivable	34,245,928	38,669,444
<b>Stocks and contracts in progress</b>	<b>6,308,952</b>	<b>8,456,933</b>
Stocks	-	-
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	-	-
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	6,308,952	8,456,933
<b>Amounts receivable within one year</b>	<b>72,194,488</b>	<b>74,438,838</b>
Trade debtors	54,775,857	60,608,784
Other amounts receivable	17,418,631	13,830,054
<b>Current investments</b>	<b>-</b>	<b>-</b>
Own shares	-	-
Other investments	-	-
<b>Cash at bank and in hand</b>	<b>5,162</b>	<b>675</b>
<b>Deferred charges and accrued income</b>	<b>45,636,056</b>	<b>53,339,101</b>
<b>TOTAL ASSETS</b>	<b>1,924,419,518</b>	<b>1,885,618,247</b>



	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	656,238,306	651,211,406
<b>Capital</b>	-	276,863,471
Issued capital	-	276,863,471
Uncalled capital <sup>105</sup>	-	-
<b>Share premium account</b>	-	-
<b>Contribution excluding capital</b>	279,980,521	-
Contribution available	279,980,521	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	142,907,186	146,881,519
<b>Reserves</b>	207,040,336	211,391,003
Legal reserve	-	48,973
Reserves not available	23,872,435	19,898,103
In respect of own shares held	-	-
Other	23,872,435	19,898,103
Untaxed reserves	1,016,416	1,016,415
Available reserves	182,151,485	190,427,512
<b>Accumulated profits (losses)</b>	26,310,263	16,075,413
<b>Investment grants</b>	-	-
<b>Advances to shareholders on the distribution of net assets<sup>106</sup></b>	-	-
<b>PROVISIONS AND DEFERRED TAXES</b>	1,646,019	1,706,122
<b>Provisions for liabilities and charges</b>	1,307,214	1,367,317
Pensions and similar obligations	-	-
Taxation	-	-
Major repairs and maintenance	-	-
Environmental liabilities	-	3,508
Other risks and charges	1,307,214	1,363,809
<b>Deferred taxes</b>	338,805	338,805
<b>AMOUNTS PAYABLE</b>	1,266,535,193	1,232,700,719
<b>Amounts payable after more than one year</b>	902,406,452	967,227,968
Financial debts	902,406,452	967,227,968
Subordinated loans	-	-
Unsubordinated debentures	-	-

<sup>105</sup> Amount to be deducted from the issued capital.

<sup>106</sup> Amount to be deducted from the other components of equity.

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Leasing and other similar obligations	-	-
Credit institutions	902,406,452	967,227,968
Other loans	-	-
Trade debts	-	-
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	<b>327,974,057</b>	<b>215,639,614</b>
Current portion of amounts payable after more than one year falling due within one year	144,170,933	69,275,659
Financial debts	-	63,085,870
Credit institutions	-	-
Other loans	-	63,085,870
Trade debts	52,636,474	56,065,313
Suppliers	52,636,474	56,065,313
Bills of exchange payable	-	-
Advances received on contracts in progress	12,224,045	11,406,476
Taxes, remuneration and social security	6,551,781	2,315,824
Taxes	6,551,781	2,315,824
Remuneration and social security	-	-
Other amounts payable	112,390,824	13,490,472
<b>Accruals and deferred income</b>	<b>36,154,685</b>	<b>49,833,137</b>
<b>TOTAL LIABILITIES</b>	<b>1,924,419,518</b>	<b>1,885,618,247</b>

## 8.2 Income statement

	31.12.2020	31.12.2019
<b>Operating income</b>	<b>461,266,599</b>	<b>473,105,643</b>
Turnover	450,071,264	456,768,023
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	-2,147,981	-1,292,614
Own work capitalised	-	-
Other operating income	13,343,315	17,501,757
Non-recurring operating income	-	128,477
<b>Operating charges</b>	<b>382,034,936</b>	<b>390,302,158</b>
Raw materials, consumables	200,172,729	200,120,403

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Purchases	200,172,729	200,120,403
Stocks: decrease (increase) (+)/(-)	-	-
Services and other goods	99,837,092	112,645,324
Remuneration, social security costs and pensions (+)/(-)	-	-
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	70,336,413	64,243,063
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	435,951	1,785,592
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	-60,103	-71,348
Other operating charges	11,213,285	11,579,124
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	99,569	-
<b>Operating profit (loss) (+)/(-)</b>	<b>79,231,663</b>	<b>82,803,485</b>
<b>Financial income</b>	<b>10,540,086</b>	<b>10,169,790</b>
Recurring financial income	10,540,086	10,169,790
Income from financial fixed assets	10,290,135	9,855,012
Income from current assets	249,950	313,771
Other financial income	1	1,007
Non-recurring financial income	-	-
<b>Financial charges</b>	<b>30,307,082</b>	<b>31,370,108</b>
Recurring financial charges	30,307,082	31,370,108
Debt charges	30,301,926	31,368,261
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	5,156	1,847
Non-recurring financial charges	-	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	<b>59,464,667</b>	<b>61,603,167</b>
<b>Transfer from deferred taxes</b>	<b>-</b>	<b>-</b>
<b>Transfer to deferred taxes</b>	<b>-</b>	<b>-</b>
<b>Income taxes (+)/(-)</b>	<b>14,092,845</b>	<b>17,432,195</b>
Taxes	14,092,845	17,435,735
Adjustment of income taxes and write-back of tax provisions	-	3,540

	31.12.2020	31.12.2019
<b>Profit (loss) of the period (+)/(-)</b>	45,371,821	44,170,972
<b>Transfer from untaxed reserves</b>	-	-
<b>Transfer to untaxed reserves</b>	-	-
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	45,371,821	44,170,972

## 9 PBE

### 9.1 Balance sheet

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	-	-
<b>FIXED ASSETS</b>	233,700,096	222,218,025
<b>Intangible fixed assets</b>	1,592,765	803,138
<b>Tangible fixed assets</b>	206,097,618	198,564,069
Land and buildings	9,237,290	9,224,853
Plant, machinery and equipment	172,613,159	165,435,179
Furniture and vehicles	352,575	744,802
Leasing and similar rights	27,047	48,932
Other tangible fixed assets	-	-
Assets under construction and advance payments	23,867,547	23,110,303
<b>Financial fixed assets</b>	26,009,713	22,850,818
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Enterprises linked by participating interests	12,655,036	12,655,026
Participating interests	12,655,036	12,655,026
Amounts receivable	-	-
Other financial fixed assets	13,354,677	10,195,792
Shares	13,354,552	10,195,667
Amounts receivable and cash guarantees	125	125
<b>CURRENT ASSETS</b>	59,229,141	55,647,015
<b>Amounts receivable after more than one year</b>	28,949,638	29,963,139
Trade debtors	375,820	400,895
Other amounts receivable	28,573,818	29,562,245
<b>Stocks and contracts in progress</b>	2,222,700	118,729
Stocks	-	-

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	-	-
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	2,222,700	118,729
<b>Amounts receivable within one year</b>	<b>19,000,407</b>	<b>11,042,452</b>
Trade debtors	12,213,269	3,603,680
Other amounts receivable	6,787,138	7,438,772
<b>Current investments</b>	<b>-</b>	<b>-</b>
Own shares	-	-
Other investments	-	-
<b>Cash at bank and in hand</b>	<b>700,787</b>	<b>192,919</b>
<b>Deferred charges and accrued income</b>	<b>8,275,609</b>	<b>14,329,776</b>
<b>TOTAL ASSETS</b>	<b>292,929,236</b>	<b>277,865,040</b>

	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>172,982,926</b>	<b>170,527,861</b>
<b>Capital</b>	<b>-</b>	<b>7,976</b>
Issued capital	-	31,905
Uncalled capital	-	23,929
<b>Share premium account</b>	<b>-</b>	<b>-</b>
<b>Contribution excluding capital</b>	<b>7,976</b>	<b>-</b>
Contribution available	7,976	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	<b>36,549,848</b>	<b>37,579,178</b>
<b>Reserves</b>	<b>135,238,248</b>	<b>132,940,707</b>
Legal reserve	-	11,264
Reserves not available	70,045,616	69,016,286
In respect of own shares held	-	-
Other	70,045,616	69,016,286
Untaxed reserves	207,254	211,313
Available reserves	64,985,378	63,701,844
<b>Accumulated profits (losses)</b>	<b>1,186,854</b>	<b>-</b>

	31.12.2020	31.12.2019
<b>Investment grants</b>	-	-
<b>Advances to shareholders on the distribution of net assets</b>	-	-
<b>PROVISIONS AND DEFERRED TAXES</b>	1,786,085	2,490,782
<b>Provisions for liabilities and charges</b>	1,717,000	2,420,000
Pensions and similar obligations	-	-
Taxation	-	-
Major repairs and maintenance	-	-
Environmental obligations	-	-
Other liabilities and charges	1,717,000	2,420,000
<b>Deferred taxes</b>	69,085	70,782
<b>AMOUNTS PAYABLE</b>	118,160,226	104,846,397
<b>Amounts payable after more than one year</b>	75,582,669	62,220,749
Financial debts	75,582,669	62,220,749
Subordinated loans	-	-
Unsubordinated debentures	-	-
Leasing and other similar obligations	33,510	54,082
Credit institutions	75,549,159	10,166,667
Other loans	-	52,000,000
Trade debts	-	-
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	36,019,976	37,406,885
Current portion of amounts payable after more than one year falling due within one year	1,770,571	1,774,533
Financial debts	-	-
Credit institutions	-	-
Other loans	-	-
Trade debts	10,396,023	4,295,127
Suppliers	10,396,023	4,295,127
Bills of exchange payable	-	-
Advances received on contracts in progress	2,813,932	757,997
Taxes, remuneration and social security	782,722	-
Taxes	782,722	-
Remuneration and social security	-	-

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Other amounts payable	20,256,728	30,579,227
<b>Accruals and deferred income</b>	6,557,581	5,218,764
<b>TOTAL LIABILITIES</b>	292,929,236	277,865,040

**9.2 Income statement**

	31.12.2020	31.12.2019
<b>Operating income</b>	62,851,385	61,906,503
Turnover	59,451,523	59,235,521
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	484,505	-943,620
Own work capitalised	-	-
Other operating income	2,915,357	3,614,602
Non-recurring operating income	-	-
<b>Operating charges</b>	53,558,967	55,191,172
Raw materials, consumables	26,722,531	24,554,304
Purchases	26,722,531	24,554,304
Stocks: decrease (increase) (+)/(-)	-	-
Services and other goods	16,653,920	16,540,885
Remuneration, social security costs and pensions (+)/(-)	-	4,301,118
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	7,399,559	7,387,898
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	959,693	-
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	-703,000	115,000
Other operating charges	787,856	751,708
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	1,738,407	1,540,259
<b>Operating profit (loss) (+)/(-)</b>	9,292,418	6,715,332
<b>Financial income</b>	4,016,900	4,222,779
Recurring financial income	4,004,690	4,215,869
Income from financial fixed assets	1,669,721	1,831,131
Income from current assets	16,954	9,891
Other financial income	2,318,016	2,374,846

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Non-recurring financial income	12,210	6,910
<b>Financial charges</b>	2,095,604	2,590,400
Recurring financial charges	2,088,337	2,590,400
Debt charges	2,083,825	2,585,851
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	4,512	4,549
Non-recurring financial charges	7,268	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	11,213,714	8,347,710
<b>Transfer from deferred taxes</b>	1,439	1,445
<b>Transfer to deferred taxes</b>	-	-
<b>Income taxes (+)/(-)</b>	2,698,344	2,351,624
Taxes	2,698,344	2,571,190
Adjustment of income taxes and write-back of tax provisions	-	219,566
<b>Profit (loss) of the period (+)/(-)</b>	8,516,809	5,997,531
<b>Transfer from untaxed reserves</b>	4,318	4,313
<b>Transfer to untaxed reserves</b>	-	-
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	8,521,126	6,001,843

## 10 Riobra

### 10.1 Balance sheet

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	-	-
<b>FIXED ASSETS</b>	218,471,880	212,800,901
<b>Intangible fixed assets</b>	1,153,445	722,808
<b>Tangible fixed assets</b>	217,283,143	212,042,766
Land and buildings	611,451	486,450
Plant, machinery and equipment	181,770,657	180,285,735
Furniture and vehicles	28,552	29,853
Leasing and similar rights	33,086	46,671
Other tangible fixed assets	-	-
Assets under construction and advance payments	34,839,397	31,194,057



Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
<b>Financial fixed assets</b>	35,292	35,327
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Enterprises linked by participating interests	35,292	35,327
Participating interests	35,292	35,327
Amounts receivable	-	-
Other financial fixed assets	-	-
Shares	-	-
Amounts receivable and cash guarantees	-	-
<b>CURRENT ASSETS</b>	47,021,541	22,614,217
<b>Amounts receivable after more than one year</b>	-	-
Trade debtors	-	-
Other amounts receivable	-	-
<b>Stocks and contracts in progress</b>	-	-
Stocks	-	-
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	-	-
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	-	-
<b>Amounts receivable within one year</b>	45,057,086	22,608,136
Trade debtors	2,330,908	177,717
Other amounts receivable	42,726,178	22,430,418
<b>Current investments</b>	-	-
Own shares	-	-
Other investments	-	-
<b>Cash at bank and in hand</b>	1,952,533	4,323
<b>Deferred charges and accrued income</b>	11,921	1,759
<b>TOTAL ASSETS</b>	265,493,421	235,415,118
	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	213,360,741	207,235,666

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
<b>Capital</b>	-	150,684,156
Issued capital	-	150,684,156
Uncalled capital	-	-
<b>Share premium account</b>	-	1,634,634
<b>Contribution excluding capital</b>	151,699,039	-
Contribution available	151,699,039	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	-	-
<b>Reserves</b>	13,841,171	10,635,241
Legal reserve	-	1,148,073
Reserves not available	-	-
In respect of own shares held	-	-
Other	-	-
Untaxed reserves	-	-
Available reserves	13,841,171	9,487,168
<b>Accumulated profits (losses)</b>	-	-
<b>Investment grants</b>	47,820,531	44,281,636
<b>Advances to shareholders on the distribution of net assets</b>	-	-
<b>PROVISIONS AND DEFERRED TAXES</b>	254,000	234,000
<b>Provisions for liabilities and charges</b>	254,000	234,000
Pensions and similar obligations	-	-
Taxation	-	-
Major repairs and maintenance	-	-
Environmental obligations	-	-
Other liabilities and charges	254,000	234,000
<b>Deferred taxes</b>	-	-
<b>AMOUNTS PAYABLE</b>	51,878,680	27,945,452
<b>Amounts payable after more than one year</b>	37,831,071	18,284,460
Financial debts	37,831,071	18,284,460
Subordinated loans	-	-
Unsubordinated debentures	388	-
Leasing and other similar obligations	25,212	34,460
Credit institutions	37,805,471	8,250,000
Other loans	-	10,000,000
Trade debts	-	-

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	<b>13,597,265</b>	<b>9,639,797</b>
Current portion of amounts payable after more than one year falling due within one year	759,249	758,721
Financial debts	-	-
Credit institutions	-	-
Other loans	-	-
Trade debts	2,201,594	93,717
Suppliers	2,201,594	93,717
Bills of exchange payable	-	-
Advances received on contracts in progress	12,130	1,892
Taxes, remuneration and social security	209,083	14,550
Taxes	209,083	14,550
Remuneration and social security	-	-
Other amounts payable	10,415,209	8,770,917
<b>Accruals and deferred income</b>	<b>450,344</b>	<b>21,195</b>
<b>TOTAL LIABILITIES</b>	<b>265,493,421</b>	<b>235,415,118</b>

**10.2 Income statement**

	31.12.2020	31.12.2019
<b>Operating income</b>	<b>17,374,383</b>	<b>16,401,288</b>
Turnover	17,374,192	16,345,525
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	-	-
Own work capitalised	-	-
Other operating income	190	55,762
Non-recurring operating income	-	-
<b>Operating charges</b>	<b>14,403,410</b>	<b>15,012,567</b>
Raw materials, consumables	-	-
Purchases	-	-
Stocks: decrease (increase) (+)/(-)	-	-
Services and other goods	4,157,801	4,676,680

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Remuneration, social security costs and pensions (+)/(-)	-	691,703
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	6,640,276	6,397,376
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	-	-
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	20,000	234,000
Other operating charges	3,585,333	3,012,809
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	-	-
<b>Operating profit (loss) (+)/(-)</b>	<b>2,970,973</b>	<b>1,388,721</b>
<b>Financial income</b>	<b>939,374</b>	<b>905,764</b>
Recurring financial income	939,374	905,764
Income from financial fixed assets	-	-
Income from current assets	60,875	86,490
Other financial income	878,499	819,274
Non-recurring financial income	-	-
<b>Financial charges</b>	<b>710,874</b>	<b>733,082</b>
Recurring financial charges	710,874	733,082
Debt charges	710,348	732,515
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	526	567
Non-recurring financial charges	-	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	<b>3,199,472</b>	<b>1,561,403</b>
<b>Transfer from deferred taxes</b>	<b>-</b>	<b>-</b>
<b>Transfer to deferred taxes</b>	<b>-</b>	<b>-</b>
<b>Income taxes (+)/(-)</b>	<b>-6,457</b>	<b>6,613</b>
Taxes	1479	6,613
Adjustment of income taxes and write-back of tax provisions	7,936	-
<b>Profit (loss) of the period (+)/(-)</b>	<b>3,205,930</b>	<b>1,554,790</b>
<b>Transfer from untaxed reserves</b>	<b>-</b>	<b>-</b>
<b>Transfer to untaxed reserves</b>	<b>-</b>	<b>-</b>

	31.12.2020	31.12.2019
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	3,205,930	1,554,790

## 11 Sibelgas

### 11.1 Balance sheet

	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Formation expenses</b>	-	-
<b>FIXED ASSETS</b>	201,819,901	196,947,883.64
<b>Intangible fixed assets</b>	2,240,947	1,995,757.22
<b>Tangible fixed assets</b>	199,551,965	194,925,188.28
Land and buildings	1,809,015	1,878,990.67
Plant, machinery and equipment	182,578,161	181,416,081.96
Furniture and vehicles	701,058	669,460.05
Leasing and similar rights	-	-
Other tangible fixed assets	240,642	7,355.70
Assets under construction and advance payments	14,223,090	10,953,319.90
<b>Financial fixed assets</b>	26,989	26,938.14
Affiliated enterprises	-	-
Participating interests	-	-
Amounts receivable	-	-
Enterprises linked by participating interests	26,989	26,938.14
Participating interests	26,989	26,938.14
Amounts receivable	-	-
Other financial fixed assets	-	-
Shares	-	-
Amounts receivable and cash guarantees	-	-
<b>CURRENT ASSETS</b>	38,437,542	28,595,550.84
<b>Amounts receivable after more than one year</b>	-	52,893.67
Trade debtors	-	52,893.67
Other amounts receivable	-	-
<b>Stocks and contracts in progress</b>	1,597,375	759,345.57
Stocks	-	-
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods	-	-

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Goods purchased for resale	-	-
Immovable property intended for sale	-	-
Advance payments	-	-
Contracts in progress	1,597,375	759,345.57
<b>Amounts receivable within one year</b>	21,639,168	8,369,994.25
Trade debtors	7,705,004	7,958,022.60
Other amounts receivable	13,934,165	411,971.65
<b>Current investments</b>	-	-
Own shares	-	-
Other investments	-	-
<b>Cash at bank and in hand</b>	302	979.16
<b>Deferred charges and accrued income</b>	15,200,697	19,412,338.19
<b>TOTAL ASSETS</b>	240,257,443	225,543,434.48

	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	75,969,216	73,995,373.47
<b>Capital</b>	-	70,923,545.67
Issued capital	-	70,923,545.67
Uncalled capital <sup>107</sup>	-	-
<b>Share premium account</b>	-	-
<b>Contribution excluding capital</b>	70,923,546	-
Contribution available	70,923,546	-
Contribution unavailable	-	-
<b>Revaluation surpluses</b>	-	-
<b>Reserves</b>	1,878,239	1,893,060.52
Legal reserve	-	24,789.35
Reserves not available	-	-
In respect of own shares held	-	-
Other	-	-
Untaxed reserves	-	-
Available reserves	1,878,239	1,868,271.17
<b>Accumulated profits (losses)</b>	3,167,431	1,178,767.28
<b>Investment grants</b>	-	-

<sup>107</sup> Amount to be deducted from the issued capital.

	31.12.2020	31.12.2019
<b>Advances to shareholders on the distribution of net assets<sup>108</sup></b>	-	-
<b>PROVISIONS AND DEFERRED TAXES</b>	43,931	53,170.70
<b>Provisions for liabilities and charges</b>	43,931	53,170.70
Pensions and similar obligations	-	-
Taxation	-	-
Major repairs and maintenance	-	-
Environmental obligations	-	-
Other liabilities and charges	43,931	53,170.70
<b>Deferred taxes</b>	-	-
<b>AMOUNTS PAYABLE</b>	164,244,297	151,494,890.31
<b>Amounts payable after more than one year</b>	107,971,680	112,594,294.67
Financial debts	107,971,680	112,594,294.67
Subordinated loans	-	-
Unsubordinated debentures	-	-
Leasing and other similar obligations	-	-
Credit institutions	107,971,680	112,594,294.67
Other loans	-	-
Trade debts	-	-
Suppliers	-	-
Bills of exchange payable	-	-
Advances received on contracts in progress	-	-
Other amounts payable	-	-
<b>Amounts payable within one year</b>	49,796,516	28,224,161.46
Current portion of amounts payable after more than one year falling due within one year	14,861,920	8,917,622.02
Financial debts	25,000,000	8,045,676.29
Credit institutions	25,000,000	-
Other loans	-	8,045,676.29
Trade debts	6,236,816	6,730,323.88
Suppliers	6,236,816	6,730,323.88
Bills of exchange payable	-	-
Advances received on contracts in progress	1,901,748	1,822,228.55
Taxes, remuneration and social security	1,026,113	144,292.60
Taxes	1,026,113	144,292.60

<sup>108</sup> Amount to be deducted from the other components of equity.

Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Remuneration and social security	-	-
Other amounts payable	769,918	2,564,018.12
<b>Accruals and deferred income</b>	6,476,102	10,676,434.18
<b>TOTAL LIABILITIES</b>	240,257,443	225,543,434.48

## 11.2 Income statement

	31.12.2020	31.12.2019
<b>Operating income</b>	62,653,135	61,965,519.97
Turnover	56,349,521	58,020,420.62
Stocks of finished goods and work and contracts in progress: increase (decrease) (+)/(-)	838,030	55,830.93
Own work capitalised	-	-
Other operating income	5,465,585	3,889,268.42
Non-recurring operating income	-	-
<b>Operating charges</b>	49,767,255	50,992,770.45
Raw materials, consumables	25,282,740	25,545,103.88
Purchases	25,282,740	25,545,103.88
Stocks: decrease (increase) (+)/(-)	-	-
Services and other goods	15,095,260	15,356,183.67
Remuneration, social security costs and pensions (+)/(-)	-	-
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	8,488,517	8,103,781.98
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)	-53,430	186,357.03
Provisions for liabilities and charges: Appropriations (uses and write-backs) (+)/(-)	-9,240	-9,450.00
Other operating charges	1,963,409	1,810,793.89
Operating charges carried to assets as restructuring costs (-)	-	-
Non-recurring operating charges	-	-
<b>Operating profit (loss) (+)/(-)</b>	12,885,880	10,972,749.52
<b>Financial income</b>	17,559	14,448.89
Recurring financial income	17,559	14,448.89
Income from financial fixed assets	-	-
Income from current assets	17,558	14,309.16



Annex – Balance sheet and income statement of each Guarantor

	31.12.2020	31.12.2019
Other financial income	1	139.73
Non-recurring financial income	-	-
<b>Financial charges</b>	3,531,277	3,667,449.28
Recurring financial charges	3,531,277	3,667,449.28
Debt charges	3,529,901	3,666,135.23
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) (+)/(-)	-	-
Other financial charges	1,376	1,314.05
Non-recurring financial charges	-	-
<b>Profit (loss) for the period before taxes (+)/(-)</b>	9,372,162	7,319,749.13
<b>Transfer from deferred taxes</b>	-	-
<b>Transfer to deferred taxes</b>	-	-
<b>Income taxes (+)/(-)</b>	2,665,605	2,535,537.20
Taxes	2,665,605	2,536,437.91
Adjustment of income taxes and write-back of tax provisions	-	900.71
<b>Profit (loss) of the period (+)/(-)</b>	6,706,558	4,784,211.93
<b>Transfer from untaxed reserves</b>	-	-
<b>Transfer to untaxed reserves</b>	-	-
<b>Profit (loss) of the period available for appropriation (+)/(-)</b>	6,706,558	4,784,211.93

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