

PRELIMINARY INFORMATION MEMORANDUM



Confidential
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in the United States of America

AQUAFIN NV

(incorporated with limited liability under the laws of Belgium)

EUR [_____] [●] per cent. Green Bonds due [●]

Issue price: [●]%

The EUR [_____] [●] per cent. Green Bonds due [_____] (the **Bonds**) will be issued by Aquafin NV, a company incorporated with limited liability under the laws of Belgium, with its registered office at Dijkstraat 8, 2630 Aartselaar and enterprise number 0440.691.388, *RPR* Antwerp, section Antwerp (the **Issuer**). Interest on the Bonds is payable annually in arrears on [_____] in each year commencing on [_____] 2021. The Bonds mature on [_____] at their principal amount together with unpaid accrued interest. The denomination of each Bond shall be EUR 100,000.

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Application has been made to Euronext Brussels SA/NV for the Bonds to be listed and admitted to trading on Euronext Growth Brussels. There can be no assurance that the Bonds will be listed on Euronext Growth Brussels or that such listing will be maintained. Euronext Growth Brussels is not a regulated market for purposes of MiFID II (as defined below). Euronext Growth is a market operated by Euronext Brussels SA/NV. Companies on Euronext Growth Brussels are not subject to the same rules as companies on a regulated market (a main market). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on Euronext Growth Brussels may therefore be higher than investing in a company on a regulated market.

Bonds will be issued in dematerialised form in accordance with articles 7:35 *et seq* of the Belgian Companies and Associations Code (*Wetboek van vennootschappen en verenigingen / Code des sociétés et des associations*). The Bonds will be represented by a book-entry in the records of the clearing system operated by the National Bank of Belgium (the **NBB**) or any successor thereto (the **Securities Settlement System**). Access to the Securities Settlement System is available through its participants, including Euroclear Bank SA/NV and Clearstream Banking Frankfurt.

The Bonds 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 and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act (**Regulation S**) except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable U.S. state securities laws.

This Information Memorandum does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the **Prospectus Regulation**). The present Information Memorandum has been drawn up under the responsibility of the Issuer. It has been subject to an appropriate review of its completeness, consistency and comprehensibility by Euronext Brussels SA/NV. This Information Memorandum or any other offering material relating to the Bonds has not been and will not be approved by the Belgian Financial Services and Markets Authority (the **FSMA**) nor by any other authority.

The Bonds will not be rated. The Issuer has been assigned a credit rating of Aa2 by Moody's Investor Services Limited. A credit 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.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*".

MANAGER

ABN AMRO Bank N.V.

The date of this Information Memorandum is [_____] 2020.

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IMPORTANT NOTICES

The executive committee (*directiecomité / comité de direction*) of the Issuer [has declared] that, to the best of its knowledge, the information provided in this Information Memorandum is accurate and that, to the best of its knowledge, this Information Memorandum is not subject to any material omissions, and that all relevant information is included in this Information Memorandum. The Issuer is of the opinion that its working capital is sufficient for its present requirements.

This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Manager to subscribe or purchase, any of the Bonds. The distribution of this Information Memorandum and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. For a description of further restrictions on offers and sales of Bonds and distribution of this Information Memorandum, see "*Subscription and Sale*" below.

No person is authorised to give any information or to make any representation not contained in this Information Memorandum and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Manager. Neither the delivery of this Information Memorandum 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 since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds 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.

To the fullest extent permitted by law, the Manager and the Agent accept no responsibility whatsoever for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Manager or the Agent or on its behalf in connection with the Issuer or the issue and offering of the Bonds. The Manager and the Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Information Memorandum or any such statement.

When potential investors make a decision to invest in the Bonds, they should base this decision on their own research of the Issuer and the conditions of the Bonds, including, but not limited to, the associated benefits and risks, as well as the conditions of the offer itself. The investors must themselves assess, with their own advisors if necessary, whether the Bonds are suitable for them, considering their own income and financial situation. In case of any doubt about the risk involved in purchasing the Bonds, investors should abstain from investing in the Bonds. The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Information Memorandum may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Potential investors are urged to consult their own advisor, bookkeeper, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Bonds.

Each potential investor contemplating making an investment in the Bonds must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors that may be relevant to it in connection with such investment. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Information Memorandum or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal, premium (if any) or interest payments is different from the potential investor's currency;
- understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact the investment will have on the potential investor's overall investment portfolio.

Furthermore, each prospective investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds.

MiFID II Product Governance / Professional investors and ECPs only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Consumers in Belgium

The Covered Bonds are not intended to be offered, sold or otherwise made available to and may not be offered, sold or otherwise made available to any consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*) in Belgium.

Forward-looking statements

Some statements in this Information Memorandum may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in the Information Memorandum, the words "anticipates", "estimates",

"expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements.

The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of the Information Memorandum, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in the Information Memorandum, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

Any forward looking statements contained in the Information Memorandum speak only as at the date of the Information Memorandum. Without prejudice to any requirement under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of the Information Memorandum any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

Currencies

In this Information Memorandum, 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.

INFORMATION INCORPORATED BY REFERENCE

The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Information Memorandum **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Information Memorandum shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained herein modifies or supersedes such statement.

Such documents will be made available, free of charge, during usual business hours at the registered office of the Issuer and on the website of the Issuer (www.aquafin.be), unless such documents have been modified or superseded.

For ease of reference, the tables below set out the relevant page references for the annual reports of the Issuer for the financial year ending 31 December 2018 and 31 December 2019. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only.

- **Articles of Association dated 15 October 2013**

- **Annual Report (BE GAAP) for the financial year ending 31 December 2019**

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- **Annual Report (BE GAAP) for the financial year ending 31 December 2018**

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RISK FACTORS

Any investment in the Bonds is subject to a number of risks. Prior to investing in the Bonds, prospective investors should carefully consider risk factors associated with any investment in the Bonds, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Information Memorandum, its annexes and the documents incorporated by reference herein, including, in particular the risk factors described below.

Words and expressions defined in the "Terms and Conditions of the Bonds" below or elsewhere in this Information Memorandum have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Bonds and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Bonds may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Information Memorandum and their personal circumstances.

Risks relating to the Issuer

Information incorporated by reference

Reference is made to the risk factors included in the Annual Report of the Issuer for the year ended 31 December 2019, which is incorporated by reference into this Information Memorandum. Please see "*Information incorporated by reference*".

Immunity of execution

The Issuer is entrusted with certain public service duties pursuant to article 2.6.1.1.1.§2 of the Decree of 18 July 2003 concerning the integrated water policy, coordinated on 15 June 2018 (formerly article 32septies, § 2 of the law of 26 March 1971) and the Management Agreement (as defined below). Pursuant to Article 1412bis of the Belgian Judicial Code, assets owned by public law entities benefit from an immunity of execution as a result of which they cannot be seized. Under Belgian law, such entities have the duty to perform at all times their tasks of public service (concept of the continuity of the public service). 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. While the Issuer is not established as a public law legal entity, the fact that it is entrusted with certain public service duties and is subject to certain supervisory arrangements with the Flemish Region, may cause a court to conclude that such immunity of execution applies to the Issuer and consequently conclude that the assets destined for the performance or the continuity of the public service are protected under the immunity of execution.

Risks relating to the Management Agreement

The Issuer entered, on 11 January 1991, into a management agreement with the Flemish Region pursuant to which the Issuer was entrusted with the construction, installation and acquisition of the water treatment infrastructure in the Flemish Region (the **Management Agreement**). The Management Agreement was amended and supplemented from time to time. The agreement determines the duties of the Issuer and the fees payable by the Flemish Region to the Issuer. The Flemish Region and Aquafin are planning on consolidating the Management Agreement and its protocols. The Issuer expects that such consolidation will not entail any major changes in the financing structure of the Issuer and will not have a material adverse effect on the Issuer.

In case of termination, the Management Agreement will end 20 years after the end of the year in which the Agreement was terminated. In case of *force majeure* or when required in view of the general interest, the Flemish Region may proceed to an early termination of the Management Agreement with six months prior notice. The Management Agreement provides that certain termination indemnities are payable to the Issuer in case of such early termination, including any investment compensation not yet paid. The Flemish Region may also terminate the agreement with six months prior notice in case the Issuer materially and continuously defaults in the performance of its obligations under the Management Agreement as a consequence of which the objectives of the investment programme are endangered.

The Issuer is entitled to certain payments for the performance of its duties under the Management Agreement (such as preparing technical drawings for new installations, operations of installations, financing investments in installations, and the acquisition and improvement of existing installations), the principles of which are set out in the Management Agreement. Such amounts are payable by the water utilities, with the Flemish Region as co-debtor.

The amount of the payments is determined on the principles that reasonable costs are to be covered by such payments, and provide an acceptable minimum return, taking into account the risks, for the shareholders of the Issuer. Costs that are considered to be unreasonable, penalties, compensation for late delivery, liquidated damages and damages to third parties in torts are not taken into account in determining the amount payable by the water utilities, and remain borne by the Issuer. In addition, the Issuer bears the risks associated with the operations of its installations. In addition, the Issuer is responsible towards the Flemish Region for the contractors with whom it contracts, the conformity of technical drawings with the investment programme and the conformity of works carried out with the technical drawings, for errors in designs or plans, sub-standard performance and good operation of the installations. Finally, the Issuer will be liable to the Flemish Region under the decennial liability for construction works (although it is expected that, in case the Issuer would be liable to the Flemish Region under the decennial liability for construction works, it will have recourse against the contractors or consultants with whom the relevant works or services were contracted under the same decennial liability regime). The Flemish Region acts as co-debtor of any payment due by the water utilities to the Issuer in relation to the Management Agreement.

Risks relating to the Decree of 18 July 2003

Article 2.6.1.1.1.§2 of the Decree of 18 July 2003 concerning the integrated water policy coordinated on 15 June 2018 (formerly article 32 *septies*, § 2 of the law of 26 March 1971) entrusts the Issuer with the duties, as defined therein, relating to water treatment in the Flemish Region, and as further detailed in the Management Agreement. In addition, this article provides that at least 50% + 1 of the shares in the Issuer are required to be held directly or indirectly by the Flemish Region. The Decree of 18 July 2003 further appoints an economic and ecological supervisor in respect of the compliance by the Issuer with the Management Agreement. It cannot be excluded that this article 2.6.1.1.1. §2 of the Decree of 18 July 2003 is changed through a legislative act of the Flemish Parliament in the future. Such change may, among others, abolish the minimum required direct or indirect shareholding by the Flemish Region, impose additional burdens on the Issuer or expand or reduce the scope of its activities, whether or not accompanied by an adequate compensation. If the decree would be changed, this may have an adverse effect on the financial position of the Issuer, and certain of such changes may cause an Event of Default to occur.

The Issuer is exposed to credit rating revisions, including downgrade

As at the date of this Information Memorandum, the Issuer has been assigned a credit rating of Aa2 by Moody's Investor Services Limited. Such rating may be revised, including downgraded, suspended or withdrawn at any time. There can be no assurance that the Issuer will maintain the credit rating assigned to it as at the date of this Information Memorandum. A downgrade in the credit rating of the Issuer could have an adverse effect on the financial condition of the Issuer and affect its ability to fulfil its obligations under the Bonds.

Risks related to Covid-19

The outbreak of coronavirus (Covid-19) in the spring of 2020 and the subsequent government measures aimed at combatting its further spread will have an impact on the Issuer's activities in 2020 (e.g. closure of construction sites) and therefore potentially on the risks to which the company is exposed and its results. The Issuer is considered to be an essential company by the Belgian Federal Government. Consequently, all wastewater plants remain open during all government measures. However, many construction sites have been closed during the first weeks of the lockdown period. After consultation with the contractors, several of them were restarted fairly quickly. By mid-April, more than 75% of all sites were operational. This figure increased to 93% on the date of this Information Memorandum. It is not possible, on the date of this Information Memorandum, to determine or predict the impact that the current epidemic of Covid-19 and related measures has had and will continue to have on the Issuer's business, operations, financial condition and results.

Risks related to jurisdiction, tax assessment and regulatory matters

The policies and procedures of the Issuer are designed to comply with all applicable laws, accounting and reporting requirements, regulations and tax requirements, including those imposed by the EU, as well as applicable labour laws.

The complexity of the legal and regulatory environment in which the Issuer operates and the related cost of compliance are both increasing due to additional requirements. Furthermore, foreign and supranational laws occasionally conflict with domestic laws. Failure to comply with the various laws and regulations as well as changes in laws and regulations or the manner in which they are interpreted or applied, may result in damage to the Issuer's reputation, civil and criminal liability, fines and penalties, increased tax burden or cost of regulatory compliance and restatements of the Issuer's financial statements.

The Issuer is subject to significant regulation and supervision (see "*The Issuer – Regulation*" below for further details), which could require it to make additional expenditures, limit its flexibility or affect its financial results in general and otherwise adversely affect its business.

The outcome of pending disputes involving the Issuer with or before Belgian Government bodies could adversely affect the Issuer's operating revenue and net profit.

Tax laws of the investors' jurisdiction and of the Issuer's jurisdiction may have an impact on the value and liquidity of and return on the Bonds.

This Information Memorandum includes general summaries of the Belgian tax considerations relating to an investment in the Bonds. Such summaries may not apply to a particular Bondholder or to a particular issue and do not cover all possible tax considerations. In addition, the tax treatment may change before the maturity of Bonds. Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Bonds in its particular circumstances.

Risks relating to the Bonds

The Bonds may not be a suitable investment for all investors seeking exposure to green assets

It is the Issuer's intention to apply the proceeds from the Bonds specifically for assets that promote climate-friendly and other environmental purposes ("**Eligible Assets**"). Prospective investors should have regard to the information set out in the Aquafin Green Finance Framework regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in the Bonds together with any other investigation such investor deems necessary.

In particular, no assurance is given by the Issuer or the Manager that the use of such proceeds for any Eligible Assets will satisfy, whether in whole or in part, 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 bylaws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any assets or uses, the subject of or related to, any Eligible Assets. The Manager is not responsible for the ongoing monitoring of the use of proceeds in respect of the Bonds.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” asset or as to what precise attributes are required for a particular asset to be defined as “green” nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any assets or uses the subject of, or related to, any Eligible Assets will meet any or all investor expectations regarding such “green” performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any assets or uses the subject of, or related to, any Eligible Assets.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of the Bonds and in particular with any Eligible Assets to fulfil any environmental or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Information Memorandum. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any Bonds. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Bonds. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that the Bonds are listed or admitted to trading on any dedicated “green”, “environmental” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, 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 by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any assets or uses, the subject of or related to, any Eligible Assets. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of the Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Bonds.

While it is the intention of the Issuer to apply the proceeds of the Bonds for Eligible Assets in, or substantially in, the manner described in the Aquafin Green Finance Framework, there can be no assurance that the relevant asset(s) or use(s) the subject of, or related to, any Eligible Assets will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Assets. Nor can there be any assurance that such Eligible Assets will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Bonds.

Any such event or failure to apply the proceeds of the Bonds for any Eligible Assets as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or the Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Pursuant to the recommendation of the International Capital Markets Association (**ICMA**) Green Bond Principles 2018 that issuers use external assurance to confirm their alignment with the key features of ICMA's Green Bond Principles, at the Issuer's request, on 27 March 2020 Sustainalytics has issued a second-party opinion regarding the suitability of the Bonds as an investment in connection with certain environmental and sustainability criteria (the **Sustainalytics Opinion**).

The Sustainalytics Opinion is not incorporated into and does not form part of this Information Memorandum. Neither the Issuer nor the Manager make any representation as to the suitability of the Sustainalytics Opinion or the Bonds to fulfil such environmental and sustainability criteria. The Sustainalytics Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Bonds. The Sustainalytics Opinion is not a recommendation to buy, sell or hold securities and is only current as of the date that the Sustainalytics Opinion was initially issued.

The Issuer has agreed to certain reporting and use of proceeds obligations in connection with the Sustainalytics Opinion.

A withdrawal of the Sustainalytics Opinion may affect the value of the Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets. The Sustainalytics Opinion is available to investors on the Issuer's website (<https://www.aquafin.be/en/green-finance>).

There is no active trading market for the Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market.

An application has been submitted for admission of the Bonds to trading on Euronext Growth Brussels. If the Bonds are admitted to trading after their issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

Therefore, investors may not be able to sell their Bonds easily or at all, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Bonds. Furthermore, it cannot be guaranteed that the admission to listing and trading once approved will be maintained.

Moreover, although pursuant to Condition 5.2 (*Purchase*) the Issuer can purchase Bonds at any time, the Issuer is not obliged to do so. Purchases made by the Issuer could affect the liquidity of the secondary market of the Bonds and thus the price and the conditions under which investors can negotiate these Bonds on the secondary market.

The Issuer may incur additional indebtedness

In the future, the Issuer could decide to incur additional indebtedness or further increase its indebtedness. This could have an impact on its ability to meet its obligations under the Bonds or could

cause the value of the Bonds to decrease. In order to reduce this risk, the Issuer has agreed to various undertakings in the Terms and Conditions.

The Bonds do not have the benefit of the Allocation Agreement

Some of the Issuer's debt has been allocated or may in the future be allocated under the allocation agreement of 29 November 1994 between the Flemish Region, the Issuer, the European Investment Bank as long-term lender, and Belfius Bank SA/NV as agent of the long-term lenders, as amended from time to time (the **Allocation Agreement**). Pursuant to this Allocation Agreement, should the Issuer face financial difficulties (as described therein), the water utilities will no longer have to pay the Issuer for the treatment of the drinking water supplied by them, but Belfius Bank. As the agent for the long-term lenders under the Allocation Agreement, Belfius Bank will then pass on these sums to the long-term lenders on the (interim) maturity dates of the financing agreement that fall under the Allocation Agreement. In case of a bankruptcy, judicial reorganisation, liquidation or similar procedure in respect of the Issuer, the Flemish Region will take over the outstanding long term credits of the Issuer that are allocated under the Allocation Agreement up to the amount owed but not yet paid by the water utilities or the Flemish Region acting as co-debtor to the Issuer (or the Agent) pursuant to the Management Agreement.

Fixed Rate Interest

The Bonds will bear a fixed rate of interest on their outstanding amount. Investors are exposed to the risk that the price of the Bonds may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of the Bonds is fixed during the life of the Bonds, the market yield typically changes on a daily basis. As the market yield changes, the price of the Bonds changes in the opposite direction. If the market yield increases, the price of the Bonds typically falls. If the market yield falls, the price of the Bond typically increases.

Investors should be aware that movements of the market yield can adversely affect the price of the Bonds and can lead to losses for the investors. Investors should also be aware that the market yield has two components, namely the risk free rate and the credit spread. The credit spread is reflective of the yield that investors require in addition to the yield on a risk free investment of equal tenor as a compensation for the risks inherent in the Bonds. The credit spread changes over time and can decrease as well as increase for a large number of different reasons. The market yield of the Bonds can change due to changes of the credit spread, the risk free rate, or both.

In addition, investors are exposed to reinvestment risk with respect to proceeds from coupon payments. If the market yield declines, and if investors want to invest such payments in comparable transactions, investors will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields.

The transfer of the Bonds, any payments made in respect of the Bonds and all communications with the Issuer will occur through the X/N System

A Bondholder must rely on the procedures of the X/N System to receive payments under the Bonds and communications from the Issuer in connection with the Bonds. The Issuer and the Agent will have no responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

The Agent is not required to segregate amounts received by it in respect of Bonds cleared through the Securities Settlement System

The Agency Agreement provides that the Agent will, simultaneously with the receipt by it of the relevant amounts from the Issuer, pay to the Bondholders, through the Securities Settlement System,

any amounts due in respect of the Bonds. The Conditions provide that the payment obligations of the Issuer will be discharged by payment to the Agent in respect of each amount so paid. However, the Agent is not required to segregate any such amounts received by it in respect of the Bonds. In the event that the Agent were subject to insolvency proceedings at any time when it held any such amounts, Bondholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from the Agent in accordance with applicable insolvency laws. In such case, it may occur that there are insufficient assets remaining which can be distributed to and used to pay the Bondholders.

The Domiciliary Agent does not assume any fiduciary duties or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect their interests

ABN AMRO Bank N.V., Belgian Branch will act as the Issuer's Agent. In its capacity as Agent, it will act in accordance with the Conditions of the Bonds in good faith and endeavour at all times to make its determinations in a commercially reasonable manner. However, Bondholders should be aware that the Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further the interests of the Bondholders.

The Agent may rely on any information that is reasonably believed by it to be genuine and to have been originated by the proper parties. The Agent shall not be liable for the consequences to any person (including Bondholders) of any errors or omissions in (i) the calculation by the Agent of any amount due in respect of the Bonds or (ii) any determination made by the Agent in relation to the Bonds or interests, in each case in the absence of bad faith or wilful default. Without prejudice to the generality of the foregoing, the Agent shall not be liable for the consequences to any person (including Bondholders) of any such errors or omissions arising as a result of (i) any information provided to the Agent proving to have been incorrect or incomplete or (ii) any relevant information not being provided to the Agent on a timely basis.

The Bondholders may be bound by amendments to (the Conditions of) the Bonds to which they did not consent, which may result in less favorable terms of the Bonds for all or certain Bondholders

The Bonds are subject to certain provisions allowing for the calling of meetings of Bondholders to consider matters affecting their interests. See Condition 12.2 (*Meetings of Bondholders*). These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Bondholders may have diverging interests and amendments considered beneficial by the majority of Bondholders could be considered detrimental by a minority of Bondholders, who would still be bound by the decision of the relevant majority.

Belgian insolvency laws

The Issuer is subject to applicable insolvency laws. In the event of an insolvency of the Issuer, the application of these insolvency laws may substantially affect the Bondholders' claims to obtain repayment in full of the Bonds, e.g. through a suspension of payments, enforcement measures or an order providing for partial repayment of the Bonds only. During an insolvency procedure, the Bondholders will stop receiving interest and principal payments. Court decisions may impact the repayment of the Bond if at all.

Change of law

The Terms and Conditions of the Bonds are based on Belgian law in effect as at the date of the Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice after the date of the Information Memorandum.

Risks relating to the market generally

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds, and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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 (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Risk of inflation

The inflation risk is the risk of future value of money. The actual yield of an investment in the Bonds is reduced by inflation. The higher the rate of inflation, the lower the actual yield of a Bond will be. If the rate of inflation is equal to or higher than the nominal output of the Bonds, then the actual output is equal to zero, or the actual yield will even be negative.

Risks relating to taxation

Prospective investors are urged to consult their own tax advisers concerning the detailed and overall tax consequences of acquiring, redeeming and or disposing of the Bonds.

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in the Information Memorandum but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the section "*Taxation*" of this Information Memorandum.

No tax gross-up protection

Potential investors should be aware that the Conditions do not require the Issuer to gross up the net payments received by a Bondholder in relation to the Bonds with the amounts withheld or deducted for Belgian tax purposes. In case the Belgian tax rules would be amended such that Bondholders holding their Bonds in an exempt securities account ("X-Account") in the Securities Settlement System are no longer exempt from Belgian withholding tax, such Bondholders will bear the risk that Belgian

withholding tax will be applied to and withheld from the payments to be received in relation to the Bonds. The Bondholders (and no other person) will be liable for, and be obliged to pay, any tax, duty, charge, withholding or other payment whatsoever as may arise as a result of, or in connection with, the ownership, transfer or payment in respect of the Bonds.

Risks relating to potential conflicts of interest

Potential investors should be aware that the Issuer is involved in a general business relation or/and in specific transactions with the Manager (including certain hedging transactions) and that it might have conflicts of interests which could have an adverse effect to the interests of the Bondholders.

The terms and conditions of these transactions may differ or differ from the terms and conditions of the proposed Bonds and certain of the terms and conditions of such transactions could be or are stricter or more extensive than the terms and conditions of the proposed Bonds. The terms and conditions of these transactions may contain or contain financial covenants different from or not included in the Terms and Conditions.

In addition, as part of these transactions, the Manager may have or has the benefit of security interests granted by the Issuer, whereas the Bondholders will not have the benefit from similar security interests. This results in the Bondholders being subordinated to the Manager under such transactions.

The Bondholders should be aware of the fact that the Manager, when acting as counterparty to the Issuer (or when they act in any other capacity whatsoever), has no fiduciary duties or other duties of any nature whatsoever vis-à-vis the Bondholders and that it is under no obligation to take into account the interests of the Bondholders. The Manager, if and when lender of the Issuer, may have interests that are different from and/or adverse to the interests of the Bondholders during the term of the Bonds.

The Manager and its affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Manager and its 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 or its affiliates. The Manager and its 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.

These diverging interests may manifest themselves amongst other things in case of an event of default for any of the transactions between the Manager and the Issuer before the maturity of the Bonds or in case of a mandatory early repayment and may have a negative impact on the repayment capacity of the Issuer. It is not excluded that these transactions will end before the maturity of the Bonds. The Manager does not have any obligation to take into account the interests of the Bondholders when exercising its rights as counterparty of the Issuer.

TERMS AND CONDITIONS OF THE BONDS

These are the Terms and Conditions that govern the EUR [_____] [●] per cent. Green Bonds due [_____] (the **Bonds**) of Aquafin NV, a Belgian company having its registered office at Dijkstraat 8, 2630 Aartselaar and enterprise number 0440.691.388, RPR Antwerp, section Antwerp (the **Issuer**).

1. FORM, TITLE, TRANSFER AND DENOMINATION

1.1. Form

- (a) The Bonds are in dematerialised form in accordance with articles 7:35 *et seq.* of the Belgian Companies and Associations Code (*Wetboek van vennootschappen en verenigingen / Codes sociétés et des associations*) and cannot be physically delivered.
- (b) The Bonds will be exclusively represented by book entry in the records of the clearing system operated by the National Bank of Belgium (the **NBB**) or any successor thereto (the **Securities Settlement System**). The Bonds are subject to the applicable Belgian clearing 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 and the rules of the NBB Clearing System and its annexes, as issued or modified by the NBB from time to time (the **Securities Settlement System Regulations**).
- (c) If at any time the Bonds 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.

1.2. Title

- (a) Title to the Bonds will pass by account transfer in the Securities Settlement System or any of its (sub)-participants. The Bondholders will not be entitled to exchange the Bonds into bearer form.
- (b) Any reference in these Conditions to a **Bondholder** or a **holder** of Bonds is a reference to the person shown in the records of the Securities Settlement System (or the records of a participant or sub-participant of the Securities Settlement System) as the holder of a particular nominal amount of Bonds, as determined in accordance with the Securities Settlement System Regulations and the Belgian Companies and Associations Code.

1.3. Denomination

The Bonds are in principal amounts of EUR 100,000 each (the **Specified Denomination**).

2. STATUS

The Bonds constitute direct, unconditional and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3 (*Negative Pledge*), at all times rank at least equally with all its respective other present and future unsecured and unsubordinated obligations.

3. NEGATIVE PLEDGE

The Issuer undertakes that, as long as any Bond (or any obligation of the Issuer in relation thereto) is outstanding, the Issuer shall not create or permit to subsist any Security Interest (as defined below) on the whole or part of the assets other than:

- (a) any Security Interest on moveable assets which are at the date of their acquisition exclusively used as Security Interest (i) for the payment of the acquisition price, or (ii) of any non-renewable credit with duration of maximum one year, which has been obtained to finance the acquisition price;
- (b) any Security Interest created for the purpose of providing credit support in relation to any non-speculative interest rate or non-speculative cross-currency derivative transaction entered into by the Issuer provided that the value of such Security Interest created in aggregate does not exceed 20,000,000 EUR (twenty million euros) over the life of the Bonds; or
- (c) any pledges over receivables on municipalities granted to commercial banks in the framework of the performance of certain water services by the Issuer for such municipalities provided that the aggregate value thereof over the life of the Bonds is not exceeding five percent (5%) of the Total Assets of the Issuer, whereby Total Assets means "*Totaal der Activa (Rubriek 20/58)*" as defined under Belgian Generally Accepted Accounting Principles (BE GAAP).

For purposes of this Condition 3 (*Negative Pledge*), a **Security Interest** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction and any mandate with a view to the creation of any of the same.

4. INTEREST

- 4.1. The Bonds bear interest on their outstanding principal amount from and including [_____] 2020 at the rate of [___] per cent. per annum, payable annually in arrears on each [_____] in each year (each an **Interest Payment Date**). The first Interest Payment Date is [_____] 2021. Each Bond will cease to bear interest from the due date for redemption unless payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of the day on which all sums due in respect of such Bond up to that day are paid by the Issuer to the Agent for the benefit of the Bondholders.
- 4.2. Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) (the **Day-Count Fraction**).
- 4.3. In these Conditions, the period beginning on and including [●] 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 is called an **Interest Period**.
- 4.4. Interest in respect of any Bond shall be calculated per Specified Denomination. The amount of interest payable per Specified Denomination for any period shall be equal to the product of (i) the Interest Rate, (ii) the Specified Denomination and (iii) the Day-Count Fraction for the

relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5. REDEMPTION AND PURCHASE

5.1. Final redemption

Unless previously redeemed in full and cancelled, the Issuer shall redeem the Bonds at their outstanding principal amount on [_____] (the **Final Maturity Date**). The Bonds may not be redeemed at the option of the Issuer.

5.2. Purchase

The Issuer may at any time purchase Bonds in the open market or otherwise and at any price.

5.3. Cancellation

- (a) Bonds which are redeemed shall be cancelled and may not be reissued or resold.
- (b) Bonds which are repurchased by the Issuer may be held, resold or cancelled, at the option of the Issuer.

6. PAYMENTS

6.1. Method of payment

Without prejudice to the provisions of the Belgian Companies and Associations Code, all payments of principal or interest in respect of the Bonds shall be made through the Agent and the Securities Settlement System in accordance with the Securities Settlement System Regulations. The payment obligations of the Issuer under the Bonds will be discharged by payment to the Agent in respect of each amount so paid. Each payment in respect of the Bonds pursuant to this Condition 6.1 will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET2 System.

6.2. Payments subject to laws

All payments in respect of the Bonds are subject in all cases to any applicable tax or other laws and regulations in the place of payment, without prejudice to Condition 7 (*Taxation*).

6.3. Payments on Business Days

If any date for payment in respect of the Bonds 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 or anticipated payment. For the purpose of calculating the interest amount payable under the Bonds, the Interest Payment Date shall not be adjusted.

In these Conditions, **Business Day** means a day (other than a Saturday or Sunday) on which (i) the Securities Settlement System is operating, (ii) banks and foreign exchange markets are open for general business in Belgium, and (iii) the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system (**TARGET2**) is operating for the settlement of payments in euro.

6.4. No charges

The Agent shall not make or impose on a Bondholder any charges or commissions in relation to any payment in respect of the Bonds, without prejudice to any such charges that may be

charged by the Agent in another capacity or any such fees or charges that may be charged by other financial intermediaries.

6.5. Fractions

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

7. TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds 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 the Kingdom of Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. The Issuer will not be required to pay any additional or further amounts in respect of such deduction or withholding.

8. REPRESENTATIONS AND WARRANTIES

The Issuer represents and warrants to each Bondholder in the terms of the representations and warranties set out in this Condition 8, and acknowledges that each Bondholder has relied upon each of this representations and warranties being true and correct on the issue date of the Bonds:

- (a) that the Issuer is incorporated as a limited company (*naamloze vennootschap / société anonyme*) under Belgian law;
- (b) that it has the required capacity to issue the Bonds and to perform all its obligations mentioned herein;
- (c) that the articles of association of the Issuer do not conflict with any applicable legislation and regulations;
- (d) that the Bonds are issued in accordance with its articles of association;
- (e) that the issue of the Bonds does not give rise to any obligation or charge which may adversely affect its general financial situation;
- (f) that the information about the financial and accounting position of the Issuer given to the Bondholders is true and fair;
- (g) that the most recent annual accounts published on the website of the Issuer are correct and complete and provide a true and fair representation of the financial situation of the Issuer as at the date they are stated in accordance with the generally accepted and applied accounting principles in Belgium;
- (h) that there is no fact, event or circumstance that is existing or foreseen by the Issuer that may adversely affect the performance by the Issuer of its obligations under these Bonds or that could cause an Event of Default to occur;
- (i) that no material change to the assets of the Issuer has occurred since the publication of the last financial statements of the Issuer that could adversely affect the performance by the Issuer of its obligations under these Bonds;
- (j) that there is no dispute or imminent dispute in which the Issuer is involved and that could prevent the performance of the Issuer of its obligations under the Bonds, or that would make the approval by the Issuer of the Bonds invalid, or that could compromise

the ability of the Issuer to meet its obligations under the Bonds, and, to the knowledge of the Issuer, no such dispute is threatened; and

- (k) that the Issuer was not involved in a dispute or legal claim that could have a noticeable adverse effect on his activities, financial condition or assets.

9. UNDERTAKINGS

The Issuer undertakes that, as long as any Bond (or any obligation of the Issuer in relation thereto) is outstanding, the Issuer shall:

- (a) provide to the Bondholders all information about the circumstances that could cause any change to the representations and warranties in Condition 8 (Representations and warranties), or that could be an Event of Default (or that could constitute an event of default under any other financing of the Issuer);
- (b) publish on its website its annual accounts within one month after the approval thereof by its general meeting of shareholders and provide at all times upon request by a Bondholder all information about the assets and liabilities of the Issuer that such Bondholder considers necessary in relation to the Bonds;
- (c) take all necessary steps to preserve and protect his legal capacity, licenses and permits and to obtain and renew all authorizations, approvals, permits, permissions or other formalities to enable the Issuer to meet all obligations under these Conditions;
- (d) ensure that, for each Relevant Period: (a) the Equity of the Issuer will not be less than 400,000,000 EUR and (b) the Interest Coverage will not be less than 2.25:1, where:
 - (i) **EBITDA** means, in respect of a Relevant Period, the aggregate operating result (70/64) of the Issuer for the Relevant Period excluding:
 - (A) depreciation and amortization (630);
 - (B) provisions for inventory and receivables (631/4); and
 - (C) provisions for risks and expenses (635/7),and, for the avoidance of doubt, profit or loss upon transfer or revaluation and profit or loss upon transfer of ownership are excluded from EBITDA.
 - (ii) **Equity** means the sum of all amounts included in the balance sheet of the Issuer under line items I. Capital, IV. Reserves, V. Accumulated profits/losses and VI. Remunerations Flemish Region.
 - (iii) **Interest Coverage** means, in respect of a Relevant Period, the ratio of EBITDA to Net Financial Costs; and
 - (iv) **Net Financial Cost** means the interest costs (Category V.A. 'Financial Charges – Debt Charges') after deduction of the financial profits (Category IV.B 'Financial Income – Income from Current Assets').
 - (v) **Relevant Period:** (a) each financial year of the Issuer; and (b) each six-month period beginning on the first day of the financial year of the Issuer and ending on the last day of the first six months of the financial year.
- (e) notify the Bondholders promptly of any amendment to article 2.6.1.1.1.§2 of the Decree of 18 July 2003 concerning the integrated water policy, coordinated on 15 June 2018

(formerly article 32septies, § 2 of the law of 26 March 1971) on the protection of surface waters against pollution but only if such amendment has as a consequence that:

- (i) the Borrower ceases to be entrusted with the duties referred to in article 2.6.1.1.1.§2 of the Decree of 18 July 2003 concerning the integrated water policy coordinated on 15 June 2018 (formerly article 32 *septies*, § 2 of the law of 26 March 1971); or,
- (ii) the Flemish Region is no longer required to hold directly or indirectly more than half of the share capital of the Borrower;

10. EVENTS OF DEFAULT

If any of the following events (the **Events of Default**) occurs and is continuing, the general meeting of Bondholders may declare that the Bonds are, and upon such declaration the Bonds shall immediately become, due and payable at 100 per cent. of their outstanding principal amount together (if applicable) with unpaid accrued interest:

- (a) *Non-payment*: any amount of principal, interest or other amounts due by the Issuer in respect of the Bonds are not paid within 15 days after the due date; or
- (b) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under these Conditions and such breach has not been remedied by the Issuer within 20 Business Days of the earlier of the Issuer becoming aware of such breach, or the Issuer having been notified thereof by any Bondholder; or
- (c) *Cross-default*: (i) the Issuer does not pay any other payment when due under any other contract or commitment of the Issuer that could prevent or render impossible the performance by the Issuer of its obligations under the Conditions, or that could have a material adverse effect on the ability of the Issuer to meet its obligations under these Conditions or (ii) any payment to a creditor of the Issuer that benefits from a legal privilege is not paid on the due date; or
- (d) *Insolvency, etc.*: (i) the Issuer is declared bankrupt, becomes insolvent or is unable to pay its debts as they fall due, (ii) an insolvency administrator (including a *curator/curateur* and a *gerechtsmandataris/mandataire de justice* under Book XX of the Belgian Economic Law Code (*Wetboek van economisch recht / Code de droit économique*)) is appointed (or application for any such appointment is made by the Issuer) in respect of the Issuer or the whole or any part of the undertaking, assets and revenues of the Issuer, (iii) the Issuer proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness; or
- (e) *Cessation or change of business*: the Issuer ceases or threatens to cease to carry on all or any substantial part of its business or sells all or any substantial part of its assets or a substantial change is made to the general nature of the business of the Issuer from that carried on the date of the issuance of the Bonds (in each case save as a consequence of the performance of or compliance with the Management Agreement); or
- (f) *Creditors' process*: any expropriation, attachment, sequestration, distress or execution or any analogous process affects all or any substantial part of the assets of the Issuer; or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer; or

- (h) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds; or
- (i) *Regulatory change*: Article 2.6.1.1.1.§2 of the Decree of 18 July 2003 concerning the integrated water policy coordinated on 15 June 2018 (formerly article 32 *septies*, § 2 of the law of 26 March 1971) on the protection of surface waters against pollution is amended, and such amendment has as a consequence that (i) the Issuer ceases to be entrusted with the duties referred to in article 2.6.1.1.1.§2 of such law in the Flemish Region or (ii) the Flemish Region is no longer required to hold directly or indirectly more than half of the share capital of the Issuer; or
- (j) *Misrepresentations*: any representation or statement made or deemed to be made by the Issuer in Condition 8 (*Representations and Warranties*)
- (k)) is or proves to have been incorrect or misleading when made or deemed to be made.

For purposes of these Conditions, **Management Agreement** means the agreement of 11 January 1991 between the Flemish Region and the Issuer where the Issuer, pursuant to article 2.6.1.1.1. §2 of the Decree of the 18th of July 2003 concerning the integrated water policy, coordinated on 15 June 2018 (formerly article 32 *septies*, § 2 of the law of 26 March 1971) was entrusted with a number of duties relating to water treatment, as reformulated on 10 November 1993 and amended by the addendum of 7 April 2000, the addenda of 31 May 2005, the addendum of 17 December 2007, the addendum of 24 December 2008, the addendum of 11 December 2009 and the addendum of 30 August 2010 and as the same may be further amended from time to time by the Issuer and the Flemish Region, without any consent by any Bondholder being required.

11. WAIVER

No failure on the part of any Bondholder to exercise, or delay on its part in exercising, any right shall operate as a waiver thereof, nor shall any single or partial exercise by such Bondholder of any right preclude any further or other exercise of such right or the exercise by such Bondholder of any other right.

12. MODIFICATION

12.1. Without consent

These Conditions may be modified by the Issuer without the consent of the Bondholders to correct a minor, manifest, formal or technical error, and provided that such modification does not affect the interests of the Bondholders.

12.2. Meetings of Bondholders

- (a) All meetings of Bondholders will be held in accordance with the provisions of the Annex to these Conditions (the **Meeting Provisions**). Any resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not and whether they vote in favour of such resolution or not. Any modification or waiver of the Bonds or the Conditions applicable to the Bonds shall always be subject to the consent of the Issuer.
- (b) A meeting of Bondholders may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Bondholders holding not less than one fifth of the aggregate outstanding principal amount of the Bonds.
- (c) Any modification or waiver of the Bonds or the Conditions proposed by the Issuer may be made if sanctioned by an Extraordinary Resolution. An **Extraordinary Resolution** means a

resolution passed at a meeting of Bondholders duly convened and held in accordance with these Conditions and the Meeting Provisions by a majority of at least 75 per cent. of the votes cast, provided, however, that any such proposal (i) to amend the dates of maturity or redemption of the Bonds or date for payment of interest or interest amounts, (ii) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the conditions applicable to the payment of interest, (iii) to assent to a reduction of the nominal amount of the Bonds or a modification of the conditions under which any redemption, substitution or variation may be made, (iv) to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment in circumstances not provided for in the Conditions, (v) to change the currency of payment of the Bonds, (vi) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (vii) to amend this proviso, may only be sanctioned by an Extraordinary Resolution at which one or more persons holding or representing not less than 75 per cent. or, at an adjourned meeting, 25 per cent. of the aggregate outstanding principal amount of the Bonds form a quorum.

- (d) The Meeting Provisions furthermore provide that, for so long as the Bonds are in dematerialised form and settled through the Securities Settlement System, 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 Bondholders through the relevant clearing systems as provided in the Meeting Provisions, to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) by or on behalf of the holders of not less than 75 per cent. in principal outstanding amount of the Bonds. To the extent such electronic consent is not being sought, the Meeting 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 Bonds of not less than 75 per cent. of the aggregate outstanding principal amount of the Bonds shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held, provided that the terms of the proposed resolution shall have been notified in advance to the Bondholders through the relevant clearing 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 Bondholders.

13. NOTICES

- 13.1. Notices to the Bondholders shall be valid if delivered by or on behalf of the Issuer to the Securities Settlement System for communication by it to the Securities Settlement System participants. Any such notice shall be deemed to have been given on the Business Day following its delivery to the Securities Settlement System.
- 13.2. Notices to the Issuer will be sent by registered mail at the following address:

Aquafin NV
Dijkstraat 8
2630 Aartselaar
Attention: Finance, Johan Maes

14. FURTHER ISSUES

Subject to Condition 3 (*Negative pledge*), the Issuer may from time to time without the consent of the Bondholders create and issue further tranches of bonds either having the same terms and conditions as the Bonds in all respects or in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding bonds of any tranche (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless

the context requires otherwise) any other bonds issued pursuant to this Condition 14 (*Further issues*) and forming a single series with the Bonds.

15. GOVERNING LAW AND JURISDICTION

- 15.1. The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by Belgian law.
- 15.2. Any dispute in connection with the Bonds and any non-contractual obligations arising out of or in connection with the Bonds shall be subject to the exclusive jurisdiction of the courts of Brussels.

ANNEX

(to the Conditions)

Provisions on meetings of Bondholders

1. INTERPRETATION

In this Annex (*Provisions on meetings of Bondholders*):

- (a) references to a “**meeting**” are to a meeting of holders of the Bonds and include, unless the context otherwise requires, any adjournment;
- (b) references to “**Bonds**” and “**Bondholders**” are only to the relevant Series of Bonds and in respect of which a meeting has been, or is to be, called and to the holders of that Series of Bonds, respectively;
- (c) “**agent**” means a holder of a Voting Certificate or a proxy for, or representative of, a Bondholder;
- (d) “**Block Voting Instruction**” means a document issued by a Recognised Accountholder or the NBB Clearing System in accordance with paragraph 6.2;
- (e) “**Electronic Consent**” has the meaning set out in paragraph 13.1;
- (f) “**Extraordinary Resolution**” means a resolution passed (a) at a meeting of Bondholders duly convened and held in accordance with this Annex (*Provisions on meetings of Bondholders*) by a majority of at least 75 per cent. of the votes cast, (b) by a Written Resolution or (c) by an Electronic Consent;
- (g) “**NBB Clearing System**” means the securities settlement system operated by the NBB or any successor thereto;
- (h) “**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;
- (i) “**Recognised Accountholder**” means an entity recognised as account holder in accordance with the Belgian Companies and Associations Code with whom a Bondholder holds Bonds on a securities account;
- (j) “**Voting Certificate**” means a certificate issued by a Recognised Accountholder or the NBB Clearing System in accordance with paragraph 6.1;
- (k) “**Written Resolution**” means a resolution in writing signed by the holders of not less than 75 per cent. In principal amount of the Bonds outstanding; and
- (l) references to persons representing a proportion of the Bonds are to Bondholders, proxies or representatives of such Bondholders holding or representing in the aggregate at least that proportion in nominal amount of the Bonds for the time being outstanding.

2. GENERAL

- 2.1. All meetings of Bondholders will be held in accordance with the provisions set out in this Annex.
- 2.2. Where any of the provisions of this Annex would be illegal, invalid or unenforceable, that will not affect the legality, validity and enforceability of the other provisions of this Annex.

3. EXTRAORDINARY RESOLUTION

A meeting shall, subject to the Conditions and (except in the case of sub-paragraph (e) below) 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:

- (a) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Issuer (other than in accordance with the Conditions or pursuant to applicable law);
- (b) to assent to any modification of this Schedule or the Bonds proposed by the Issuer or the Agent;
- (c) to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
- (d) to give any authority, direction or sanction required to be given by Extraordinary Resolution;
- (e) to appoint any persons (whether Bondholders or not) as a committee or committees to represent the Bondholders' interests and to confer on them any powers (or discretions which the Bondholders could themselves exercise by Extraordinary Resolution);
- (f) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Bonds or to approve the exchange or substitution of the Bonds into shares, bonds or other obligations or securities of the Issuer or any other person, in each case in circumstances not provided for in the Conditions or in applicable law; and
- (g) to accept any security interests established in favour of the Bondholders 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 9.2 shall apply to any Extraordinary Resolution (a "**special quorum resolution**") for the purpose of sub-paragraph (f) or for the purpose of making a modification to the Conditions, the Bonds or this Schedule 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 Bonds or date for payment of interest or interest amounts;
- (ii) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the conditions applicable to the payment of interest;
- (iii) to assent to a reduction of the nominal amount of the Bonds or a modification of the conditions under which any redemption, substitution or variation may be made;
- (iv) to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment in circumstances not provided for in the Conditions;
- (v) to change the currency of payment of the Bonds;
- (vi) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution; or
- (vii) to amend this proviso.

4. ORDINARY RESOLUTION

Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Bondholders shall have power by Ordinary Resolution:

- (a) to assent to any decision to take any conservatory measures in the general interest of the Bondholders;
- (b) to assent to the appointment of any representative to implement any Ordinary Resolution; or
- (c) to assent to any other decisions which do not require an Extraordinary Resolution to be passed.

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

5. CONVENING A MEETING

- 5.1. The Issuer may at any time convene a meeting. A meeting shall be convened by the Issuer upon the request in writing of Bondholders holding at least 20 per cent. in principal amount of the Bonds for the time being outstanding. Every meeting shall be held at a time and place approved by the Agent.
- 5.2. Convening notices for meetings of Bondholders shall be given to the Bondholders in accordance with Condition 11 (*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 Bondholders may appoint proxies or representatives, obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

6. ARRANGEMENTS FOR VOTING

- 6.1. A Voting Certificate shall:
 - (a) be issued by a Recognised Accountholder or the NBB Clearing System;
 - (b) state that on the date thereof (i) the Bonds (not being Bonds 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 Clearing System) held to its order or under its control and blocked by it and (ii) that no such Bonds 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 Clearing System who issued the same; and
 - (c) further state that until the release of the Bonds 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 Bonds represented by such certificate.

- 6.2. A Block Voting Instruction shall:
- (a) be issued by a Recognised Accountholder or the NBB Clearing System;
 - (b) certify that the Bonds (not being Bonds 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 Clearing System) held to its order or under its control and blocked by it and that no such Bonds 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 Clearing System to the Issuer, stating that certain of such Bonds cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;
 - (c) certify that each holder of such Bonds has instructed such Recognised Accountholder or the NBB Clearing System that the vote(s) attributable to the Bond(s) 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 48 hours prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;
 - (d) state the principal amount of the Bonds 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
 - (e) naming one or more persons (each hereinafter called a “proxy”) as being authorised and instructed to cast the votes attributable to the Bonds so listed in accordance with the instructions referred to in 8.4 above as set out in such document.
- 6.3. If a holder of Bonds wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Bonds for that purpose at least 48 hours 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 Bonds so blocked.
- 6.4. No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.
- 6.5. The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Bondholder.
- 6.6. Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Bonds held to the order or under the control and blocked by a Recognised Accountholder or the NBB Clearing System and which have been deposited at the registered office at the Issuer not less than 48 hours 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 Bonds 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 Bonds to which such Voting Certificate or Block Voting Instruction relates.

- 6.7. 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.
- 6.8. A corporation which holds a Bond may, by delivering at least 48 hours before the time fixed for a meeting to a bank or other depository 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 (a “**representative**”) in connection with that meeting.

7. CHAIRMAN

The chairman of a meeting shall be such person as the Issuer may nominate in writing, 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 Bondholders 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 Bondholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

8. ATTENDANCE

The following may attend and speak at a meeting of Bondholders:

- (a) Bondholders and their respective agents, financial and legal advisers;
- (b) the chairman and the secretary of the meeting; and
- (c) the Issuer and the Agent (through their respective representatives) and their respective financial and legal advisers.

No one else may attend or speak.

9. QUORUM AND ADJOURNMENT

- 9.1. 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 Bondholders, 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.
- 9.2. One or more Bondholders or agents present in person shall be a quorum:
 - (a) in the cases marked “**No minimum proportion**” in the table below, whatever the proportion of the Bonds which they represent;
 - (b) in any other case, only if they represent the proportion of the Bonds shown by the table below.

Purpose of meeting	Any meeting except for a meeting previously adjourned through want of a quorum	Meeting previously adjourned through want of a quorum
	Required proportion	Required proportion
To pass a special quorum resolution	75 per cent.	25 per cent.
To pass any Extraordinary Resolution	A clear majority	No minimum proportion
To pass an Ordinary Resolution	10 per cent.	No minimum proportion

- 9.3. 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 9.1.
- 9.4. At least ten 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.

10. VOTING

- 10.1. 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 Bonds.
- 10.2. 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.
- 10.3. 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.
- 10.4. A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
- 10.5. On a show of hands or a poll every person has one vote in respect of each nominal amount equal to the minimum Specified Denomination of the Bonds 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.
- 10.6. 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.

11. EFFECT AND PUBLICATION OF AN EXTRAORDINARY AND AN ORDINARY RESOLUTION

An Extraordinary Resolution and an Ordinary Resolution shall be binding on all the Bonds, 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 Ordinary Resolution or an Extraordinary Resolution to Bondholders within fourteen days but failure to do so shall not invalidate the resolution.

12. MINUTES

- 12.1. 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.
- 12.2. The minutes must be published on the website of the Issuer within fifteen days after they have been passed.

13. WRITTEN RESOLUTIONS AND ELECTRONIC CONSENT

- 13.1. For so long as the Bonds are in dematerialised form and settled through the NBB Clearing System, then in respect of any matters proposed by the Issuer:
 - (a) Where the terms of the resolution proposed by the Issuer have been notified to the Bondholders through the relevant clearing system(s) as provided in sub-paragraphs 13.1(a)(i) and/or 13.1(a)(ii), 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 clearing 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 Bonds outstanding (the “**Required Proportion**”) by close of business on the Relevant Date (“**Electronic Consent**”). Any resolution passed in such manner shall be binding on all Bondholders, even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.
 - (i) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least fifteen days’ notice (excluding the day on which the notice is given and the day on which affirmative consents will be counted) shall be given to the Bondholders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Bondholders 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 clearing system(s)) and the time and date (the “**Relevant 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 clearing system(s).
 - (ii) If, on the Relevant 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 Bondholders that the resolution will be proposed again on such

date and for such period as determined by the Issuer. Such notice must inform Bondholders that insufficient consents were received in relation to the original resolution and the information specified in subparagraph 30.1(a)(i) above. For the purpose of such further notice, references to “**Relevant 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 5.2 above, unless that meeting is or shall be cancelled or dissolved.

- (b) To the extent Electronic Consent is not being sought in accordance with paragraph 30.1(a), a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution or an Ordinary Resolution passed at a meeting of Bondholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Bondholders through the relevant clearing 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 Bondholders. 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 clearing system(s) with entitlements to the Bonds 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 Clearing System, Euroclear, Clearstream or any other relevant alternative clearing system (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Bondholders, 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 clearing 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 Bonds 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.

- 13.2. A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Bondholders whether or not they participated in such Written Resolution and/or Electronic Consent.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds will be used to finance or refinance Eligible Green Assets (as defined below) on the balance sheet relating to ‘Sustainable water and waste water management’ in accordance with the Green Finance Framework of the Issuer (as published on its website www.aquafin.be) (the **Aquafin Green Finance Framework**).

Aquafin has chosen to organise its green finance process (project selection, management of proceeds and reporting) on a balance sheet and company level instead of on a project-by-project level. All of the proceeds will be invested in the Flemish Region.

Assets eligible to be financed with the net proceeds from the issue of the Bonds (the **Eligible Green Assets**) may include:

1. Infrastructure for the transportation of waste water;
2. Infrastructure for the treatment of waste water;
3. Infrastructure for sewage sludge treatment;
4. Infrastructure to cleanly and efficiently power sustainable water and waste water management infrastructure (energy projects);
5. Assets related to climate change adaptation projects; and
6. Assets for resource recovery projects.

All major water treatment and sewer system projects carried out by Aquafin are assigned to it by the Flemish Government after going through a thorough selection process.

Aquafin intends to achieve a level of issuance where the amount of green finance instruments does not exceed the amount of its Eligible Green Assets on the balance sheet. As such, Aquafin will at all times maintain a positive green buffer, defined as the green assets minus the green liabilities.

Both the allocation and impact reporting will be presented on an aggregated portfolio basis and will be published on Aquafin’s website.

Sustainalytics, a provider of environmental, social and governance (**ESG**) research and analysis, evaluated Aquafin’s Bond transaction set forth in this Information Memorandum and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the Bonds within the meaning of the respective Bond Principles, which views are intended to inform investors in general, and are not meant for a specific investor.

THE ISSUER

Identification

The Issuer's legal and commercial name is Aquafin NV (“**Aquafin**”).

The Issuer was incorporated in Belgium as a limited liability company (*naamloze vennootschap / société anonyme*) for an indefinite period under the Belgian law on 25 April 1990. The registered office of the Issuer is at Dijkstraat 8, 2630 Aartselaar. The Issuer has enterprise number 0440.691.388 (RPR/RPM Antwerp).

The Issuer's legal entity identifier (LEI) is 549300BKDDQ56JWCBT72.

General description

The Issuer was established by the Flemish Region in 1990. The core business of Aquafin is the construction, financing and management of the wastewater treatment infrastructure of the Flemish Region. Aquafin's tasks are defined in article 2.6.1.1.1. §2 of the Decree of 18 July 2003 concerning the integrated water policy coordinated on 15 June 2018 (formerly article 32*septies* of the law of 26 March 1971 on the protection of surface waters against pollution).

Aquafin collects household wastewater from the municipal sewers in collector sewers and transports it to wastewater treatment plants, where it is treated in accordance with European and Flemish standards. Aquafin is responsible for the operation of 321 sewage treatment plants on 31 December 2019. Aquafin also manages 6,587 km of pipelines, for the transportation of wastewater to the treatment plants. Aquafin has 1,852 supra-municipal pumping stations and sedimentation basins.

Reference is made to the Annual Report for the financial year of the Issuer ending on 31 December 2019, incorporated by reference in this Information Memorandum.

Financial Year

The financial year of the Issuer starts on 1 January and ends on 31 December.

The general meeting of shareholders takes place each year on the third Tuesday of April at 11 a.m. CET. The next annual general meeting will take place on 20 April 2021.

Capital Structure, Shareholder and supervision

The shares of the Issuer are not listed. All shares are held by the *Vlaamse Milieuholding (Flemish Environmental Holding)* since July 2006. The share capital of the Issuer amounts to 248,400,024.00 EUR and is fully paid up.

In the 2019-2024 coalition agreement, the Flemish Government decided to dissolve the *Vlaamse Milieuholding*. In order to implement that decision, preparations were started for a merger by acquisition of *Vlaamse Milieuholding* by ParticipatieMaatschappij Vlaanderen (**PMV**). The merger will result in the final dissolution of the *Vlaamse Milieuholding* and PMV holding all of the shares in the Issuer. In order to ensure the continuation of the ongoing assignments of the *Vlaamse Milieuholding*, such as in relation to the Issuer, the Flemish Government has approved an addendum to the cooperation agreement between the Flemish Region and PMV on 3 April 2020.

The Flemish Government determines the Issuer's priorities and explicitly approves all its annual budgets and multi-year financial plans. The corporate governance of the Issuer is in line with the relevant requirements of Belgian law and the Belgian Corporate Governance Code of 12 March 2009. The corporate governance charter of the Issuer is available (in Dutch and English) on its website.

Board of Directors

The Board of Directors is composed of at least three members. Directors are appointed at the general meeting of the shareholders for a renewable term of up to six years.

The Board of Directors meets whenever the interests of the Issuer so require, following a convocation by the chairman or in his absence by any director, as well as within fourteen days following a request to that effect by two directors.

In general, the Board's decisions are made by a simple majority of the directors present or represented.

The members of the current Board of Directors of Aquafin NV are as follows:

<i>Name</i>	<i>Position</i>
Alain Bernard	Chairman
Marleen Evenepoel	Director
Koen Helsen	Director
Renaat De Sutter	Director
Katrien Desomer	Director
Jef Wittouck	Director
Jochen Bultinck	Director
Katrijn Faket	Director
Dirk Lybaert	Director
Nathalie Heremans	Director

Management

The current members of the Executive Committee are as follows:

<i>Name</i>	<i>Position</i>
Jan Goossens	Chief Executive Officer (<i>algemeen directeur</i>)
Danny Baeten	Chief Business Officer (<i>directeur Business</i>)
Sabine Schellens	Chief Human Resources and Organisation Development Officer (<i>directeur HR en Organisatieontwikkeling</i>)
Johan Maes	Chief Financial and Sales Officer (<i>directeur Finance en Aankoop</i>)
Dirk De Waele	Chief Project Management Officer (<i>directeur Projectmanagement</i>)
Hans Bruynooghe	Chief Operational Officer (<i>directeur Operaties</i>)
Bart Van Eygen	Chief Asset Management Officer (<i>directeur Asset Management</i>)

Management Agreement

AquaFin operates under strict contractual and regional supervision through the Management Agreement signed by AquaFin and the Flemish Region. The Management Agreement reaffirms the Issuer's tasks as set out in the law of Decree of 18 July 2003 concerning the integrated water policy coordinated on 15 June 2018 (formerly the law of 26 March 1971) and provides for an elaborated budgetary process and funding mechanism.

On 7 June 2013, the Flemish Government approved a new performance-based budgeting model for AquaFin, to increase the effectiveness of AquaFin's budgeting process.

AquaFin is also closely scrutinised by the "Flemish Environment Agency" (*de Vlaamse Milieumaatschappij*) (a government body) at every stage of its investment activities.

Financial framework

All of AquaFin's operating expenses including interest payments are charged to the regional water utilities through quarterly invoices. The water utilities are also charged at a percentage of capital expenditure (1/30th or 1/15th depending on the investment) which reflects the amortisation schedule and value of the underlying investments. The water utilities offset these costs through tariffs charged to end users at a rate agreed upon with the Flemish Region (representing around 70% of the costs) and subsidies received from the Flemish Government (the remaining 30%). These water utilities are public entities themselves with high levels of credit worthiness. The Flemish Region is also co-debtor: in case of financial difficulties of the water utilities the Flemish Region will pay the invoices.

Credit Rating

The Issuer has been assigned a credit rating of Aa2 by Moody's Investor Services Limited. Moody's Investor Services Limited is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the **CRA Regulation**). Moody's Investor Services Limited appears on the latest update of the list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu>.

Regulation

The Issuer is active on the Belgian wastewater management market that is regulated through laws adopted by on the Flemish, federal and EU level.

AquaFin was established in 1991 as the sole responsible to accelerate and execute the necessary investments at the supra-municipal level for the compliance of the Flemish government with the obligations of the Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment (the **UWWTD**).

Since September 2012, Flanders complies with the UWWTD, meaning that the urban waste water from all agglomerations with more than 2,000 PE is collected and sufficiently treated in a waste water treatment plant (**WWTP**) (197 agglomerations defined and reported in the frame of the UWWTD, two agglomerations of which are treated in Brussels capital region included). All further ongoing and new investments relate to optimisations and to additional connection of discharges from rural areas, both by AquaFin and municipalities. These are areas outside the agglomerations larger than 2,000 PE that were defined in the frame of UWWTD.

Since 2004, these standards were made more rigorous on the Flemish level as compared to the UWWTD standards. All WWTPs met the standards for the treated wastewater as laid down in the UWWTD. In 2019, 100% of the WWTPs met all Flemish standards.

Being the sole responsible for the supra-municipal waste water treatment in Flanders, the services of Aquafin have a direct impact on the physical-chemical quality of surface waters, a prerequisite for the ‘good ecological status’ of surface waters imposed by 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 (the **WFD**). The most recent measurements of the Flemish Environmental Agency (2017, reported in January 2019) on the pollution of surface water bodies confirm the trend of improving physical-chemical water quality and decreasing number of very heavily polluted streams in the period 2010-2017.

The Flemish Decree of 18 July 2003 on integrated water policy (*Decreet van 18 juli 2003 betreffende het integraal waterbeleid*) is the juridical implementation of the WFD and the Floods Directive (as defined below) into Flemish legislation. For the organisation and planning of integrated water management, the decree distinguishes three levels:

1. the River Basin District (Scheldt and Meuse) with the river basin management plans;
2. the Flemish region (river basins Scheldt, Meuse, IJzer, Polders of Bruges) with the Water Policy Note;
3. the sub-basins with the river catchment management plans, that are part of the river basin management plans.

The international coordination for the river basin districts of the Scheldt, resp. Meuse is assigned to the International Scheldt Commission (ISC) and the International Meuse Commission (IMC).

The minister responsible for integrated water policy is assisted by the Coordination Committee on Integrated Water Policy (**CIW**). This commission is responsible for the coordination of the integrated water policy on the level of the Flemish Region.

Flanders is divided in 11 sub-basins. In each sub-basin there is a common consultative and organizational structure, i.e. the basin management (political consultation between the Flemish Region, the provinces and the municipalities), the basin secretary (technical-official) and the basin council (social consultation with the stakeholders).

Next to the UWWTD and the WFD, the Issuer operates in a market that is regulated by a number of European Directives and their Belgian and Flemish implementing measures, such as Directive 2013/39/EU of the European Parliament and of the Council of 12 August 2013 as regards priority substances in the field of water policy (the **Priority Substances Directive**), Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks (the **Floods Directive**) and others.

Several permits are required for the activities of Aquafin. Whether an environmental permit is needed, depends on whether a company falls into category 1, 2 or 3 of the Flemish Environmental Permitting Regulations (*Vlaams Reglement betreffende de Milieuvergunning* or **VLAREM**). The categories 1, 2 and 3 refer to the level of nuisance your company can possibly cause to man and the environment.

TAXATION

The following is a general description of certain Belgian tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds. Prospective purchasers of Bonds should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Belgium of acquiring, holding and disposing of Bonds and receiving payments of interest, principal and/or other amounts under the Bonds. This summary is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date.

Investors should note that the appointment by an investor in Bonds, or any person through which an investor holds Bonds, of a custodian, collection agent or similar person in relation to such Bonds in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment

General

For the purpose of the below summary, a Belgian resident is (a) a legal entity subject to Belgian corporate income tax (*i.e.* a company that has its main establishment or its seat of effective management or control in Belgium and that is not excluded from corporate income tax), or (b) a legal entity subject to Belgian income tax on legal entities (*i.e.* an entity other than a legal entity subject to corporate income tax, having its main establishment or its seat of effective management or control in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

For Belgian income tax purposes, interest includes (i) periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer), (iii) if the Bonds qualify as "fixed income securities" (in the meaning of article 2, §1, 8° of the Belgian Income Tax Code 1992) in case of a sale of the Bonds between two interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period. "Fixed income securities" are defined as bonds, specific debt certificates issued by banks (*kasbon / bon de caisse*) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Bonds are in principle subject to the 30 per cent. Belgian withholding tax on the gross amount of the interest. Both Belgian domestic tax law and applicable tax treaties may provide for a lower or zero rate subject to certain conditions.

Under Belgian domestic law, payments of interest and principal under the Bonds by or on behalf of the Issuer may normally be made without deduction of withholding tax in respect of the Bonds if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "**Tax 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 Securities Settlement System operated by the NBB (the "**NBB-SSS**").

Holding the Bonds through the NBB-SSS enables Tax Eligible Investors to receive the interest income on their Bonds gross and to transfer the Bonds on a gross basis.

Participants to the NBB-SSS must enter the Bonds which they hold on behalf of Tax Eligible Investors in an X Account.

For certain forms of debt securities, the withholding tax exemption will only apply provided all debt securities of that form are held by Tax Eligible Investors in an X Account with the NBB-SSS or with a Participant. This would be relevant for, inter alia:

- Debt securities with a maturity of more than one year which are issued in successive tranches when the actuarial return of one tranche exceeds the actuarial return at the initial issue until maturity by more than 0.75 points;
- Debt securities which are early redeemable at the option of the investor if the actuarial return in case of exercise of this right exceeds the actuarial return from the issue until maturity by more than 0.75 points; and
- Debt securities with a maturity of more than five years when the actuarial return from the issue until maturity exceeds their nominal annual interest rate by more than 0.75 points, as well as debt securities with a maturity of more than five years with a capitalisation feature.

Tax Eligible Investors include, inter alia:

- (a) Belgian resident companies referred to in article 2, § 1, 5°, b) of the Belgian Income Tax Code of 1992 (*Wetboek van de inkomstenbelastingen 1992/Code des impôts sur les revenus 1992*) (“BITC”);
- (b) 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 (a) and (c) subject to the application of article 262, 1° and 5° of the BITC;
- (c) state regulated institutions (*parastatale instellingen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the Royal Decree implementing the Belgian Income Tax Code 1992 (*Koninklijk besluit tot uitvoering van het Wetboek van de inkomstenbelastingen 1992/Arrêté royal d’exécution du Code des impôts sur les revenus 1992*)(the “Royal Decree”);
- (d) non-resident savers provided for in article 105, 5° of the Royal Decree;
- (e) investment funds, recognised in the framework of pension savings, provided for in article 115 of the Royal Decree;
- (f) tax payers provided for in article 227, 2° of the BITC which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident corporate income tax pursuant to article 233 of the same Code;
- (g) the Belgian State in respect of investments which are exempt from withholding tax in accordance with article 265 of the BITC;
- (h) investment funds 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;
- (i) Belgian resident companies, not provided for under (a) above, when their activities exclusively or principally consist of the granting of credit facilities and loans; and
- (j) (only for debt securities issued by legal persons belonging to the public sector) legal entities which belong to the public sector in accordance with the European Regulation n°3605/93 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community.

Tax Eligible Investors do not include, inter alia, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (b) and (c) above.

The Bonds may only be held by Tax Eligible Investors that hold an X Account. Upon opening of an X Account for the holding of Bonds, the Tax Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the NBB-SSS as to the eligible status, save that the investor needs to inform the Participant of any change in the information contained in the statement of his eligible status. However, Participants are requested to make declarations to the NBB as to the eligible status of each investor for whom they held bonds in 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 Bonds that the Intermediary holds for the account of its clients (the “**Beneficial Owners**”), provided that each Beneficial Owner is a Tax Eligible Investor. In such case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the Intermediary is itself a Tax Eligible Investor and (ii) the Beneficial Owners holding their Bonds through it are also Tax Eligible Investors.

These identification requirements do not apply to Bonds held in Euroclear, Clearstream, Germany, SIX SIS, Monte Titoli and/or InterBolsa or any other central securities depository (as defined in article 2, para 1,1 of Regulation (EU) No 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 (“**CSD**”)) as Participants to the NBB-SSS (each a “**NBB-CSD**”), provided that the relevant NBB-CSD (i) only holds X Accounts and (ii) is able to identify the holders for whom it holds Bonds in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSD as Participants include the commitment that all their clients, holder of an account, are Tax Eligible Investors.

Belgian tax on income and capital gains

Belgian Resident Corporations

Interest attributed or paid to corporate Bondholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian corporate income tax (*vennootschapsbelasting / impôt des sociétés*), as well as capital gains realised upon the sale of the Bonds are taxable at the ordinary corporate income tax rate of, in principle, 25 per cent. as of assessment year 2021, which is linked to a taxable period starting at the earliest on 1 January 2020. As an exception, small and medium-sized companies are taxable at a reduced corporate income tax rate of 20 per cent. on the first EUR 100,000 of their taxable base, again as of assessment year 2021, subject to a number of conditions.

Any 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. Capital losses realised upon the sale of the Bonds are in principle tax deductible.

Other tax rules apply to investment companies within the meaning of article 185bis of the BITC.

Belgian Resident Legal Entities

Belgian resident legal entities which are subject to Belgian income tax on legal entities and qualify as Tax Eligible Investors and which have received interest free of Belgian withholding tax due to the fact that they hold the Bonds through an X Account with the NBB-SSS, will have to declare the interest and pay the applicable Belgian withholding tax to the Belgian Treasury themselves at the rate of 30%.

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Non-Residents of Belgium

A non-resident company having allocated the Bonds to the exercise of a professional activity in Belgium through a Belgian establishment is subject to in substance the same rules as a Belgian resident corporation (see above).

Tax on stock exchange and repurchase transactions

The sale of the Bonds on the secondary market executed in Belgium through a financial intermediary will trigger a tax on stock exchange transactions (*taks op de beursverrichtingen / taxe sur les opérations de bourse*) of 0.12 per cent. with a maximum of EUR 1,300 per party and per transaction. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

The acquisition of Bonds upon their issuance (primary market) is not subject to the tax on stock exchange transactions.

The scope of application of the tax on stock exchange transactions has been extended as of 1 January 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a “**Belgian Investor**”). In such case, the tax on stock exchange transactions is due by the ordering private individual or legal entity (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 that individual or entity can demonstrate that the tax on stock exchange transactions due has already been paid by the professional intermediary established outside Belgium. Alternatively, professional intermediaries established outside Belgium have the possibility to appoint a stock exchange tax responsible representative in Belgium, subject to certain conditions and formalities (a “**Stock Exchange Tax Representative**”). Such Stock Exchange Tax Representative will then be liable towards the Belgian Treasury for the tax on stock exchange transactions on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes – see below) and to comply with the reporting obligations in that respect. If such Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

A tax on repurchase transactions (*taks op de reportverrichtingen / taxe sur les reports*) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of EUR 1,300 per transaction and per party for debt instruments).

Neither the tax on stock exchange transactions nor the tax on repurchase 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 taxes and duties (*Wetboek diverse rechten en taksen / Code des droits et taxes divers*) for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

Exchange of Information

Common Reporting Standard

Following recent international developments, the exchange of information is governed by the Common Reporting Standard (“**CRS**”). On 24 December 2019, 108 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.

More than 50 jurisdictions, including Belgium, have committed to exchange information as from 2018.

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 between EU Member States as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented said DAC2, respectively the CRS, per 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 income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective 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 income year 2014 (first information exchange in 2016) towards the US and (iii), with respect to any other non-EU States that have signed the MCAA, as of the respective date as determined by the Royal Decree of 14 June 2017. The Royal Decree provides that (i) for a first list of 18 countries, the mandatory automatic exchange of information applies as of income year 2016 (first information exchange in 2016), (ii) for a second list of 44 countries, the mandatory automatic exchange of information applies as of income year 2017 (first information exchange in 2018), and (iii) for Nigeria, the automatic exchange of information applies as of income year 2018 (first information exchange in 2019).

The Bonds are subject to DAC2. Therefore, Belgian financial institutions holding Bonds for tax residents in another CRS contracting state shall report financial information regarding the Bonds (income, gross proceeds, etc.) to the Belgian competent authority, who 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.

FATCA (U.S. Foreign Account Tax Compliance Act)

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime with respect to certain payments to any non-U.S. financial institutions (a "foreign financial institution", or FFI (as defined by FATCA)) (i) in a jurisdiction that has not signed an intergovernmental agreement (IGA) or (ii) in a jurisdiction that has not reached agreements in substance and that did not become a Participating FFI by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") and is not otherwise exempt from or in deemed compliance with FATCA. The list of approved jurisdictions and jurisdictions that have reached agreements in substance can be consulted on the IRS' website: <http://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA-Archive.aspx>. The information contained on the website of the U.S. Internal Revenue Services (www.treasury.gov) does not form part of this Information Memorandum and has not been scrutinised or approved by the FSMA.

The new withholding regime was phased in beginning 1 July 2014 for payments from sources within the United States and will thus not apply to foreign passthru payments. In a later phase, it might be possible that withholding would apply to foreign passthru payments.

In execution of the FATCA legislation, an Intergovernmental Agreement (“**IGA**”) was signed on 23 April 2014 between Belgium and the United States and a Belgian law implementing the FATCA legislation was adopted by the Belgian legislator (*Wet tot regeling van de mededeling van inlichtingen betreffende financiële rekeningen, door de Belgische financiële instellingen en de FOD Financiën in het kader van automatische uitwisseling van inlichtingen op internationaal niveau en voor belastingdoeleinden/Loi réglant la communication des renseignements relatifs aux comptes financiers, par les institutions financières belges et le SPF Finances, dans le cadre d'un échange automatique de renseignements au niveau international et à des fins fiscales of 16 December 2015*). This law implies that Belgian financial institutions holding the Bonds for “U.S. accountholders” and for “Non-U.S. owned passive Non Financial Foreign entities” shall report financial information regarding the Bonds (income, gross proceeds, etc.) to the Belgian competent authority, who shall communicate the information to the U.S. tax authorities.

FATCA is particularly complex. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Bonds.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transactions tax (the “**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “Participating Member States”). On 8 December 2015, Estonia withdrew from the group of states willing to introduce the FTT.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Bonds 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. 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 and the tax on repurchase transactions should thus be abolished if and once the FTT enters into force.

However, the FTT proposal remains subject to negotiation between the Participating Member States and the timing remains unclear. The FTT proposal may still be abandoned or repealed. Additional EU Member States may decide to participate. Given the lack of certainty surrounding the proposals and their implementation, it is not possible to predict what effect the proposed FTT might have on the business of the Issuer; it could materially adversely affect its business. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

ABN AMRO Bank N.V. (the **Manager**) has, in a subscription agreement dated [_____] 2020 (the **Subscription Agreement**), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe to the Bonds at [_____] per cent. of their principal amount plus accrued interest, if any. In addition, the Issuer has agreed to pay the Manager certain fees and to reimburse the Manager for certain of its expenses in connection with the issue of the Bonds as set out in the Subscription Agreement. The Subscription Agreement entitles the Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

General

Neither the Issuer nor the Manager has made any representation that any action will be taken in any jurisdiction by the Manager or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Information Memorandum (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Information Memorandum (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions.

Prohibition of sales to EEA and UK retail investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Information Memorandum to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision, the expression retail investor means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) 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 consumers in Belgium

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

United States

The Bonds have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. The Manager has agreed that, except as permitted by the Placement Agreement, it will not offer, sell or deliver the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

United Kingdom

The Manager has represented and agreed that:

- (a) 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 Bonds in circumstances in which Section 21(1) of the FSMA 2000 does not apply to the Issuer; and
- (b) 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 Bonds in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation

The creation and issue of the Bonds has been authorised by resolutions of the Board of Directors of the Issuer dated 20 November 2019 and 13 March 2020.

Legal and Arbitration Proceedings

There are no 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 during the 12 months prior to the date of this Information Memorandum, a significant effect on the financial position or profitability of the Issuer.

Significant/Material Change

Since 31 December 2019, there has been no material adverse change in the prospects of the Issuer or the Issuer nor any significant change in the financial or trading position of the Issuer.

Auditors

The financial statements of the Issuer (prepared under BE GAAP) for the years ended 31 December 2018 and 31 December 2019 have been audited without qualification by Ernst & Young Bedrijfsrevisoren BV, represented by Mr. Patrick Rottiers, member of the Instituut van de Bedrijfsrevisoren, who has consented to the incorporation by reference of the relevant reports in this Information Memorandum.

Documents on Display

Copies of the following documents may be inspected during normal business hours at the offices of the Issuer or the Agent:

- (a) the constitutive documents of the Issuer (in Dutch);
- (b) the Management Agreement (in Dutch, together with a uncertified convenience translation thereof in English); and
- (c) the Annual Reports (BE GAAP) of the Issuer for the financial years ended 31 December 2018 and 31 December 2019 (in Dutch or English).

THE ISSUER

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