

**INFORMATION MEMORANDUM**

**DATED: MAY 2014**



**TUSSENGEMEENTELIJKE MAATSCHAPPIJ DER VLAANDEREN VOOR  
WATEROORZIEIING CVBA**

**(“TMVW”)**

**AS ISSUER**

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**EUR 400,000,000**

**BELGIAN MULTI-TERM MULTI-CURRENCY COMMERCIAL PAPER PROGRAMME**

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**BELFIUS BANK SA/NV**

**BNP PARIBAS FORTIS SA/NV**

**AS DEALERS**

**BELFIUS BANK SA/NV**

**AS ARRANGER, DOMICILIARY AGENT**

**AND CALCULATION AGENT**



*This Information Memorandum is an update of and cancels and replaces the Information Memorandum of 25 November 2013, as amended and supplemented from time to time*

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## IMPORTANT NOTICE

This Information Memorandum (together with any supplementary information memorandum and information incorporated herein by reference, the **Information Memorandum**) contains summary information provided by Tussengemeentelijke Maatschappij der Vlaanderen voor Watervoorziening CVBA (the **Issuer**) in connection with a Programme for the issuance of Treasury Notes (the *Belgian Multi-Term Multi-Currency Commercial Paper Programme*, or the **Programme**) under which the Issuer may issue and have outstanding at any time treasury notes (*billets de trésorerie/thesauriebewijzen*) (the **Treasury Notes**) to a maximum aggregate principal amount of EUR 400,000,000.

The Issuer has, pursuant to a Dealer Agreement, appointed Belfius Bank SA/NV as arranger for the Programme (the **Arranger**), and appointed Belfius Bank SA/NV and BNP Paribas Fortis SA/NV as Dealers for the Treasury Notes (the **Dealer**), and authorised and requested the Dealers to circulate this Information Memorandum on its behalf to purchasers or potential purchasers of Treasury Notes.

This Information Memorandum is an update of and cancels and replaces the information memorandum dated as of 25 November 2013, as amended and supplemented from time to time

The Issuer has confirmed to the Arranger and the Dealers that to the best of its knowledge, the information contained or incorporated by reference in the Information Memorandum is true and accurate in all material respects and not misleading and that there are no other facts the omission of which makes the Information Memorandum as a whole or any such information contained or incorporated by reference therein misleading in any material respect.

No person is authorised by the Issuer or any Dealer to give any information or to make any representation not contained in this Information Memorandum and any information or representation not contained herein must not be relied upon as having been authorised.

Neither the Arranger nor any Dealer has independently verified the information contained in the Information Memorandum. Accordingly no representation or warranty or undertaking, whether express or implied, is made and no responsibility or liability is accepted by the Arranger or a Dealer as to the authenticity, origin validity, accuracy or completeness of, or any errors in or omissions from, any information or statement contained in the Information Memorandum or in or from any accompanying or subsequent supplement, agreement, document, material or presentation.

The information contained in the Information Memorandum is not and should not be construed as a recommendation by the Arranger and/or a Dealer or the Issuer that any recipient should purchase Treasury Notes. Each such recipient must make and shall be deemed to have made its own independent assessment and investigation of the financial condition, affairs and creditworthiness of the Issuer and of the Programme as it may deem necessary and must base any investment decision upon such independent assessment and investigation and not on the Information Memorandum. The financial information required to be made available to each holder of Treasury Notes pursuant to Article 22, §1 of the Royal Decree shall be available at the registered address of the Issuer, and shall be provided to any holder of Treasury Notes upon request.

Neither the Arranger nor any Dealer undertakes to review the business or financial condition or affairs of the Issuer during the life of the Programme, nor undertakes to advise any recipient of the Information Memorandum or change in such information coming to the Arranger's or Dealer's attention. Neither the delivery of the Information Memorandum nor any offer or sale made on basis of the information contained in the Information Memorandum shall under any circumstances create any implication that the Information Memorandum is accurate at any time subsequent to the date

thereof with respect to the Issuer or that there has been no change in the business, financial condition or affairs of the Issuer since the date thereof.

The Issuer accepts responsibility for the Information Memorandum and its supplements and any updates if any. In particular, the Issuer will be responsible towards interested parties for losses which may occur as an immediate and direct result of the absence or inaccuracy of any matters that are required to be contained in the Information Memorandum pursuant to the Law (as defined in the Terms and Conditions) and the Royal Decree (as defined in the Terms and Conditions). For the avoidance of any doubt, this Information Memorandum constitutes a “*prospectus*” for the purposes of Article 5 of the Law.

Neither the Arranger nor any Dealer accepts any liability in relation to this Information Memorandum or its distribution by any other person. This Information Memorandum does not, and is not intended to, constitute or contain an offer or invitation to any person to purchase Treasury Notes, nor may it be used for such purposes. The distribution of this Information Memorandum and the offering for sale of Treasury Notes or any interest in such Treasury Notes may be restricted by law. Persons obtaining this Information Memorandum or any Treasury Notes or any interest in such Treasury Notes or any rights in respect of such Treasury Notes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. In particular but without limitation, such persons are required, when relevant, to comply with the restrictions on offers or sales of Treasury Notes and on distribution of this Information Memorandum and other information in relation to the Treasury Notes set out under the chapter *Selling Restrictions* commencing on page 63.

In the case of any doubt about the content or meaning of the Information Memorandum, the Treasury Notes or about the risks involved in purchasing the Treasury Notes, investors should consult a specialised financial adviser.

The Domiciliary Agent will, in connection with its appointment or under the Treasury Notes, act solely for and upon the instructions of the Issuer and the Dealers, and the Dealers will, in connection with their appointment or under the Treasury Notes, act solely for and upon the instructions of the Issuer. Each of the Dealer and the Domiciliary Agent will incur no liability for or in respect of any action taken, or not taken, by them pursuant to the Law and/or the Royal Decree, nor will they have any obligations towards, or a relationship of agency or trust with any of the holders or beneficial owners of or interests in, Treasury Notes.

Under the Programme, the Issuer may issue Treasury Notes outside the United States pursuant to Regulation S (***Regulation S***) of the United States Securities Act of 1933, as amended from time to time (the ***Securities Act***).

**THE TREASURY NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S).**

A communication of an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the ***FSMA***)) received in connection with the issue or sale of any Treasury Notes will only be made in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

## **TAX**

No comment is made or advice given by the Issuer, the Arranger or any Dealer in respect of taxation matters relating to the Treasury Notes and each investor is advised to consult its own professional adviser.

## **INTERPRETATION**

Capitalised terms used in the Information Memorandum shall, unless the context otherwise requires, have the meaning given to them in the chapter Terms and Conditions of Treasury Notes below.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents shall be deemed to be incorporated in, and shall form an integral part of, this Information Memorandum:

- the most recently published annual report of the Issuer (the current year, year n-1) and the annual report of the Issuer for the preceding year (the previous year, year n-2); copies and updates are available on the website of the Belgian National Bank and on the following website of the Issuer: <http://2012.tmvw.be/nl/home>
- all documents required to be incorporated herein under the Law (as defined in the Terms and Conditions) and the Royal Decree (as defined in the Terms and Conditions) (including, pursuant to Article 16, §3 of the Royal Decree, the documents required to be produced by the Issuer pursuant to Article 22, §1 of the Royal Decree); and
- all other documents that are expressly incorporated in this Information Memorandum.

Any statement contained in this Information Memorandum or in a document incorporated by reference in 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 in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, or by implication or otherwise). Except as provided above or elsewhere in this Information Memorandum, no other information, including information on the website(s) of the Issuer, is incorporated by reference in this Information Memorandum.

This Information Memorandum will be available for inspection at the registered office of the Issuer and each Dealer. Each Dealer will, following receipt of such documentation from the Issuer, provide to each person to whom a copy of this Information Memorandum has been delivered, upon request of such person, a copy of any or all the documents incorporated herein by reference unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed to the relevant Dealer at its office as set out at the end of this Information Memorandum.

## **RISK FACTORS**

In purchasing Treasury Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Treasury Notes. There are a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Treasury Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Treasury Notes issued under the Programme are described below, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Treasury Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. The Issuer does not represent that the statements below regarding the risks of holding any Treasury Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision, and consult with their own professional advisers if they consider it necessary.

### **Factors related to the public law nature of the Issuer**

#### ***Immunity of execution***

The Issuer is a public law entity. 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). Pursuant to Article 1412bis of the Belgian Judicial Code, assets owned by a public law entity (such as the Issuer) benefit from an immunity of execution as a result of which they cannot be seized. This immunity of execution does not apply to assets that are manifestly not useful for the performance or the continuity of the public service. This immunity of execution is not to be considered as an immunity of jurisdiction.

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

Many of the activities of the Issuer are the subject of regulation at the European, Belgian and regional level, which regulation is often complex and varied, and may change from time to time. Compliance with these regulations may give rise to costs, which may have an impact on the operational result of the Issuer and its further development. The changes to such regulation may require the Issuer to change its process and/or its installations, which may pose challenges to the Issuer and require further investments, and may increase the risk of non-compliance. Moreover, in case the Issuer would be unable or would fail to comply with such regulation, this may have an impact on the operations or the financial performance of the Issuer. Also, the prices applied by the Issuer to its customers in the division "drinking water" are subject to the approval by the Minister of Economic Affairs, and there is no guarantee that the minister will support the business plan of the Issuer, and the prices set forth therein, at the occasion of the price review.

#### ***From federal to Flemish supervision***

The Issuer is currently governed by the Belgian law of 22 December 1986 concerning the inter-municipalities (*Wet betreffende de intercommunales/ Loi relative aux intercommunales*) (***the Inter-municipalities Law***).

The Decree dated 27 March 2014 approving the cooperation agreement between the Flemish Region, the Walloon Region and the Brussels-Capital Region regarding the Regional Cross-border Inter-municipal/Intercommunal organisations (the **Cooperation Agreement**) has been published in the Belgian State Gazette on 14 April 2014.

With the adoption of the Cooperation Agreement the concept of Regional Cross-Border Inter-municipal/Intercommunal organisations as governed by the Inter-municipalities Law ceases to exist.

The Cooperation Agreement sets out the following.

The applicable law is determined by the Region in which the majority of the shareholders of the inter-municipality is located. In practice, this means that the Issuer falls under the Decree of Inter-municipal Cooperation dated 6 July 2001 (*Decreet op de intergemeentelijke samenwerking van 6 juli 2001 - Décret du 6 juillet 2001 portant réglementation de la coopération intercommunale*). This decree will be amended following the entry into force of the Cooperation Agreement.

Within one year of the entry into force of the Cooperation Agreement (1 July 2014), the Issuer will have to comply with the requirements regarding the organisation and operation set out therein. In addition, an opportunity will be given to the Walloon municipalities to withdraw their participation in the organisation.

The administrative supervision will be exercised by the Flemish Region. However all deliberations are to be remitted to the Walloon Region.

It can not be excluded that following this shift in administrative supervision of the Issuer, the Issuer may have to be restructured. Depending on the nature of the restructuring and the impact on the balance sheet and business of the Issuer, such restructuring may have an impact on the Issuer's capacity to satisfy its payment obligations under the Treasury Notes. However, taking into account that the Municipalities have a duty to indemnify the Issuer of any accounting loss suffered by it through the payment of financial interventions, this risk is very remote.

It is also not to be excluded that certain municipalities (partners of the Issuer) decide to exit. In that case, the exiting partner(s) is/are obliged to take over from the Issuer the installations used for the activities for which a partner wants to exit at their book value as well as the relevant staff (see article 23 of the Law on inter-municipalities of 1986 and the articles of association of the Issuer). Such exit may have an impact on the Issuer's capacity to satisfy its payment obligations under the Treasury Notes.

## **Factors related to operational and financial risks**

### ***Operational risk***

The Issuer operates an extensive network of assets and the failure of key individual or collections of assets could have a significant impact on the business activities of the Issuer. Failure of certain key assets may result in an inability to provide a continuous supply of quality water by the Issuer to its customers, in damage to third party property, or require significant investments in repair. The successful operation of the activities of the Issuer further depends on certain key supply chain partners. In case an important partner of the Issuer would fail to comply with its obligations towards the Issuer, this may have an impact on the operations of the Issuer. Disruptions and/or accidents may cause harm to the health, safety and well-being of the employees of the Issuer, its customers and contractors, and the Issuer may become the subject to claims in case of such disruptions and/or accidents.

### ***Financial risks***

The current economic climate makes it difficult for many companies to attract the funding required to implement their business plan, or to attract funding at the conditions set for the in their business plan. The Issuer also shares a concern with many other businesses over the ability to fund long term pension promises. Difficulties in attracting funding may result in the Issuer having difficulties to refinance its existing indebtedness upon its maturity, and may lead to a delay in the implementation of or changes to its planned investments, which may have an impact on the financial condition and/or performance of the Issuer.

### **Factors which are material for the purpose of assessing the market risks associated with Treasury Notes issued under the Programme**

#### ***The Treasury Notes may not be a suitable investment for all investors***

The Treasury Notes may not be a suitable investment for all investors. Investing in the Treasury Notes may entail several risks. Each potential investor in the Treasury Notes must determine the suitability of that investment in light of its own circumstances. In case of doubt, potential investors should consult their financial and legal advisers about the risks of investing in the Treasury Notes and the suitability of this investment in light of their particular situation. In particular and without limitation, each potential investor may wish to consider, either on its own or with the help of its financial or other advisors, whether it:

- (i) has sufficient knowledge and experience to understand the specific merits and risks of the business or activities of the Issuer;
- (ii) has sufficient knowledge and experience to make a meaningful evaluation of the Treasury Notes, the merits and risks of investing in the Treasury Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (iii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Treasury Notes and the impact the Treasury Notes will have on its overall investment portfolio;
- (iv) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Treasury Notes, including Treasury Notes with principal or interest (if any) payable in Euros or any other currency (in particular when such currency is different from the potential investor's currency);
- (v) understand thoroughly that the value of the Treasury Notes may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events, including factors affecting capital markets generally;
- (vi) understands thoroughly it in the event of a default by the Issuer, it might not receive the amounts to which would have been entitled to and could lose all or part of the capital invested;
- (vii) understands thoroughly the terms and conditions of the Treasury Notes; and
- (viii) is able to fully evaluate (either alone or with the help of a financial adviser) possible scenarios for economic market developments, interest rate changes or other factors that may affect its investment and its ability to bear the applicable risks.



### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Treasury Notes are subject to legal restrictions, (2) Treasury Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Treasury Notes. Financial institutions should consult their legal advisers or the appropriate authorities to determine the appropriate treatment of Treasury Notes under any applicable risk-based capital or similar rules.

### ***Risks related to Treasury Notes generally***

#### ***Change of law***

The terms and conditions of the Treasury Notes are based on the laws of the Kingdom of Belgium in effect as at the date of issue of the relevant Treasury Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Kingdom of Belgium or administrative practice after the date of issue of the relevant Treasury Notes.

#### ***Relationship with the Issuer***

All notices and payments to be delivered to the holders of Treasury Notes will be distributed by the Issuer to such holders of Treasury Notes in accordance with the terms and conditions of the Treasury Notes. In the event that a holder of Treasury Note does not receive such notices or payments, its rights may be prejudiced but it may not have a direct claim against the Issuer therefor.

### ***Risks related to the market generally***

#### ***The secondary market generally***

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

#### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Treasury Notes in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Treasury Notes, (2) the Investor's Currency equivalent value of the principal payable on the Treasury Notes and (3) the Investor's Currency equivalent market value of the Treasury Notes.

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.

#### *Interest rate risks*

Investment in Fixed Rate Treasury Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Treasury Notes.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to an issue of Treasury Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Treasury Notes. A credit rating is not a recommendation to buy, sell or hold the Treasury Notes and may be revised or withdrawn by the rating agency at any time.

#### *Potential conflicts of interest*

The Issuer is involved in a general business relationship or/and in specific transactions with each of the Dealers (or/and certain affiliates of the Dealers) and they might have conflicts of interests which could have an adverse effect to the interests of the holders of Treasury Notes. Each of the Dealers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. Within the framework of a normal business relationship with its banks, the Issuer entered or/and may enter into facilities agreements with each or some of the Dealers or certain affiliates of the Dealers. Such facilities agreement(s) may include different or additional terms or covenants in favour of the lenders under the facilities agreements compared to the terms and conditions of the Treasury Notes.

#### *Risks related to Taxation*

##### *EU Directive on the taxation of savings income*

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. If a payment to an individual were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of

26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor the Domiciliary Agent nor any other person would be obliged to pay additional amounts with respect to any Treasury Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Domiciliary Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

#### *Belgian Withholding Tax*

If the Issuer, the National Bank of Belgium (“NBB”), the Domiciliary Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Treasury Notes, the Issuer, the NBB, the Domiciliary Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. Subject to, and within the limits of, the Terms and Conditions applicable to the Treasury Notes (and more specifically the sections “*Taxation, Grossing-up*” and “*Early redemption for tax reasons*” of the Terms and Conditions of the Treasury Notes), the Issuer will pay such additional amounts as may be necessary in order that the net payment received by each holder of Treasury Notes in respect of the Treasury Notes, after withholding for any taxes imposed by tax authorities in the Kingdom of Belgium upon payments made by or on behalf of the Issuer in respect of the Treasury Notes, will equal the amount which would have been received in the absence of any such withholding taxes.

#### *Financial Transaction Tax*

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the “**Draft Directive**”) on a common financial transaction tax (“**FTT**”).

Pursuant to the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (inter alia) primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Prospective holders should therefore note, in particular, that any sale, purchase or exchange of the Treasury Notes will be subject to the FTT at a minimum rate of 0.1% provided the abovementioned prerequisites are met. The holder may be liable to itself pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Treasury Notes.

The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time. Moreover, once the Draft Directive has been adopted (the “**FTT Directive**”), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the FTT Directive might deviate from the FTT Directive itself. Finally, the U.K. government recently instituted proceedings before the Court of Justice of the European Union with a view to the annulment of Council Decision 2013/52/EU of 22 January 2012 authorising enhanced cooperation in the area of FTT, which could have an impact on the validity of the FTT Directive.

Prospective holders of the Treasury Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Treasury Notes.

## CERTIFICATION OF INFORMATION CONCERNING THE ISSUER

### PERSONS RESPONSIBLE FOR THE INFORMATION MEMORANDUM

**Tussengemeentelijke Maatschappij der Vlaanderen voor Watervoorziening CVBA**, a public law entity with legal personality (being an "*intercommunale*" as referred to in the Law of 22 December 1986 on intermunicipalities) incorporated under the laws of Belgium and having its registered office at Stropstraat 1, 9000 Ghent, Belgium registered with the Crossroads Bank for Enterprises under number 0200.068.636 and hereby validly represented by Martine De Regge, chairman, and Ludy Modderie, CEO (the *Issuer*).

### 2. DECLARATION OF THE PERSONS RESPONSIBLE FOR THE INFORMATION MEMORANDUM

The undersigned, acting as duly authorised officers of Tussengemeentelijke Maatschappij der Vlaanderen voor Watervoorziening CVBA ("*TMVW*") as Issuer under this Belgian Multi-Term Multi-Currency Commercial Paper Programme, having made all reasonable enquiries confirm that, to the best of their knowledge and belief:

- the Information Memorandum, including any annex and any supplement thereto, contains all information with respect to the Issuer and the Treasury Notes to be issued which is material in the context of the Programme;
- the information with respect to the Issuer and the Treasury Notes contained in the Information Memorandum is true and accurate in all material respects and is not misleading;
- the opinions and intentions expressed in the Information Memorandum and the supplements thereto are honestly held; and
- there are no other facts the omission or occurrence of which would, in the context of the Programme and the issuance of Treasury Notes thereunder, make any of such information or the expression of any such opinions or intentions misleading.

In accordance with the terms of the Royal Decree of 14 October 1991 relating to "*billets de trésorerie et certificats de dépôt / thesauriebewijzen en depositobewijzen*", as amended from time to time, the Issuer accepts responsibility for the information contained in the Information Memorandum and any future annex and supplement thereto, and acknowledge that it shall be responsible towards interested parties for the damage and losses arising immediately and directly from the absence or inaccuracy of any matters which Article 5 of the Law of 22 July 1991 relating to *billets de trésorerie et certificats de dépôt / thesauriebewijzen en depositobewijzen*, as amended from time to time, and Section II of Chapter II of the Royal Decree, require to be contained herein. The Issuer confirms that it complies and will at all times comply with all (financial or other) requirements of the Law and Royal Decree, and including in particular the balance sheet conditions set out in Article 13 of the Royal Decree.

Made this \_\_\_\_\_ May 2014 on behalf of the Issuer.

For Tussengemeentelijke Maatschappij der Vlaanderen voor Watervoorziening CVBA,

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**Martine De Regge**  
Chairman

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**Ludy Modderie**  
CEO

## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction and does not purport to be complete. The information in this summary is correct at the date of this Information Memorandum but may be updated or superseded at any time in accordance with the Terms and Conditions of the Treasury Notes; you are kindly invited to consult the Terms and Conditions for a full understanding. Furthermore any decision to invest in the Treasury Notes should not be based hereon. In case of any discrepancy between this summary and the Terms and Conditions, the Terms and Conditions shall prevail.

<b>Name of the Programme</b>	TMVW.
<b>Type of Programme</b>	Belgian Multi-Term Multi-Currency Commercial Paper Programme
<b>Name of the Issuer</b>	Tussengemeentelijke Maatschappij der Vlaanderen voor Watervoorziening CVBA.
<b>Maximum Outstanding Amount</b>	EUR 400,000,000, or its equivalent in another Specified Currency.
<b>Maturity of the Programme</b>	<p>The Programme has been established for an undetermined period.</p> <p>The Programme may be terminated by the Issuer or the Arranger at any time, subject to 30 days prior written notice to that effect, provided that the Terms and Conditions will remain in full force and effect with respect to Treasury Notes issued under the Programme for so long as such Treasury Notes shall remain outstanding.</p>
<b>Remuneration</b>	Treasury Notes issued under this Programme may be Discount Treasury Notes, Fixed Rate Treasury Notes, Floating Rate Treasury Notes or Zero Coupon Notes.
<b>Characteristics and Form of the Treasury Notes</b>	<p>The Treasury Notes issued under the Programme will be issued in accordance with the Belgian Law of 22 July 1991 relating to treasury notes and certificates of deposit as amended from time to time and the Royal Decree of 14 October 1991 relating to treasury notes and certificates of deposit, as amended from time to time.</p> <p>The Treasury Notes will be exclusively issued in dematerialised form.</p> <p>In accordance with Article 5 § 5 of the Law, the Terms and Conditions as incorporated in this Information Memorandum are enforceable to the subscribers and acquirers of Treasury Notes issued under the Programme.</p>
<b>Specified Currency of the Treasury Notes</b>	<p>Multi-currency.</p> <p>Treasury Notes may be denominated in Euro and in any lawful currency other than Euro for which the European Central Bank daily publishes Euro foreign exchange rates, provided the issue</p>

	and settlement of Treasury Notes in such currency through the Clearing System is authorized by the Clearing Operator, and subject to compliance with all applicable laws, regulations and requirements.
<b>Maturity of the Treasury Notes (the <i>Tenor</i>)</b>	Subject to compliance with any applicable legal and regulatory requirements (including the rules of the Clearing System), the Treasury Notes shall have a definite tenor, which may not be less than one day and there is no maximum Tenor provided that the Maturity Date of any Treasury Note may not surpass the legal existence of the Issuer (as specified in the Issuer's constitutional documents (currently 21 December 2041)).
<b>Minimum issuance amount</b>	<p>The Minimum Amount of the Treasury Notes may at no time whatsoever, be less than the minimum amount stipulated by or established in accordance with Article 4 of the Law, as amended from time to time, and/or stipulated by or established in accordance with the Royal Decree, as amended from time to time, and will comply with any applicable legal and regulatory requirements.</p> <p>As per the Law and the Royal Decree, the minimum amount of the Treasury Notes may not be less than the EUR 250,000, or its equivalent in another Foreign Currency.</p>
<b>Minimum Denomination of the Treasury Notes</b>	EUR 250,000, or its equivalent in another Specified Currency.
<b>Status of the Treasury Notes</b>	The Treasury Notes shall represent direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times, rank <i>pari passu</i> among themselves and with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer, save for those preferred by mandatory provisions of law.
<b>Governing law</b>	The Treasury Notes shall be governed by and construed in accordance with the laws of the Kingdom of Belgium.
<b>Listing</b>	The listing of Treasury Notes issued under the Programme, if any, shall be subject to compliance with all applicable laws, regulations (including stock exchange regulations) and requirements of any relevant authority.
<b>Settlement System</b>	<p>The Treasury Notes will be cleared and settled through the securities settlement system operated by the National Bank of Belgium.</p> <p>Delivery is also possible through other clearing systems like Euroclear or Clearstream, Luxembourg.</p>
<b>Rating(s) of the Programme</b>	The Programme has not been assigned any rating by any rating agency.
<b>Domiciliary Agent</b>	Belfius Bank SA/NV.
<b>Arranger</b>	Belfius Bank SA/NV.

<b>Dealer</b>	Belfius Bank SA/NV and BNP Paribas Fortis SA/NV.
<b>Selling restrictions</b>	<p>The Treasury Notes shall and may not be offered or sold (either on issue or at any time thereafter) to investors in any jurisdiction where such offer or sale would not be authorised, constitute a public offering of securities, or would require any further action to be taken.</p> <p>More specifically, but without limitation, potential investors are hereby informed that limitation on the offer, sale or purchase of Treasury Notes may exist in or with respect to their jurisdiction.</p> <p>For further information, please consult the Section <i>Selling Restrictions</i> starting on page 63.</p> <p>Potential investors will undertake to comply with all applicable laws and regulations of such jurisdictions and will accept responsibility accordingly.</p>
<b>Taxation</b>	<p>Persons or institutions defined in Article 4 of the Royal Decree of 26 May 1994, as amended from time to time, that benefit from an exemption from Belgian withholding tax, will have a securities account opened in the Clearing System (or with a Custodian) on which no Belgian withholding tax is due or will be levied (a so-called <i>X-Account</i>).</p> <p>Persons or institutions that are not defined in Article 4 of the Royal Decree of 26 May 1994, as amended from time to time, do not benefit from an exemption from Belgian withholding tax, and will have a securities account opened in the Clearing System (or with a Custodian) on which a Belgian withholding tax is due and will be levied (a so-called <i>N-Account</i>).</p> <p>A grossing-up clause does apply for <i>Exempted Investors</i>.</p> <p>For further information, please consult the Section <i>Taxation</i> starting on page 59.</p>
<b>Involvement of national authorities</b>	The National Bank of Belgium is involved solely as operator of the Clearing System.



## DESCRIPTION AND INFORMATIONS CONCERNING THE ISSUER

### INFORMATIONS

<b>Legal name:</b>	Tussengemeentelijke Maatschappij der Vlaanderen voor Watervoorziening CVBA ( <i>TMVW</i> or the <i>Issuer</i> )
<b>Rating of the Issuer:</b>	<p>At the date of this Information Memorandum, the Issuer was not assigned any short- and long-term finance ratings by any rating agencies.</p> <p>The Issuer may however be assigned any rating by any rating agencies after the date of this Information Memorandum.</p> <p>A rating is however not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the relevant rating agency .</p>
<b>Date of establishment:</b>	The Issuer was incorporated 3 January 1923 and is established for a limited period. The current expiry date of TMVW is 22 December 2041.
<b>Registered office:</b>	The Issuer has its registered office at Stropstraat 1, 9000 Gent.
<b>Registration:</b>	The Issuer is registered with the Crossroads Bank for Enterprises under number 0200.068.636.
<b>Purpose and Activities:</b>	<p>TMVW is a public law entity with legal personality (being an "<i>intercommunale</i>" as referred to in the Law of 22 December 1986 on intermunicipalities ("<i>Wet betreffende de intercommunales</i>")).</p> <p>TMVW is the second largest drinking water company in Flanders and is a multi-utility / multi-service company for the public sector. TMVW is entrusted by its partners-shareholders with a number of government public service tasks:</p> <ol style="list-style-type: none"><li>1. for the production, the sourcing and the transport of water up to the commune's or city's boundaries;</li><li>2. for the distribution of water up to the homes of the associated commune's or city's inhabitants;</li><li>3. for the sewage disposal and purification of the water from the associated commune's or city's inhabitants;</li><li>4. for the development &amp; maintenance of sports infrastructure</li><li>5. for the development &amp; maintenance of road infrastructure</li><li>6. for so called 'additional' services (collective buying).</li></ol>
<b>Management:</b>	<p>Several bodies ensure the smooth running of the TMVW, i.c.</p> <ul style="list-style-type: none"><li>- the <u>General Assembly</u> of which all associated public entities form part;</li><li>- the <u>Board of Directors</u> responsible for all matters that are not explicitly attributed to the General Assembly or any of the Executive Committees;</li><li>- the <u>Supply Executive Committee</u> responsible for the investments and the exploitation relating to the production and transportation-</li></ul>

infrastructure;

- 8 Regional Executive Committees each responsible for the services relating to the drinking water distribution, sewerage and the road infrastructure on its territory;
- the Secondary Services Executive Committee responsible for the investments and the exploitation relating to the sport infrastructure;
- the Executive Committee responsible for the services relating to the additional services.

**Further informations**

For further general informations relating to the Issuer, please also refer to section “*Description*” of this Information Memorandum.

## DESCRIPTION

### 1. General

The Tussengemeentelijke Maatschappij der Vlaanderen voor Watervoorziening (TMVW) is an intermunicipal utility company according to Belgian legislation founded February 16, 1923, and is incorporated as a cooperative corporation whose articles of association were approved by the Royal Decree of January 3, 1923, published in the Belgian State Gazette of March 11, 1923. It is currently a public law entity with legal personality (being an "intercommunale" as referred to in the Law 22 December, 1986 on intermunicipalities ("*Wet betreffende de intercommunales*")).

TMVW is subject to the federal legislation dated December 22, 1986 regarding intermunicipal companies. TMVW will amend its legal denomination and as of the annual general meeting that will be held on 20 June 2014, its new legal denomination will be Farys..

The Decree dated 27 March 2014 approving the cooperation agreement between the Flemish Region, the Walloon Region and the Brussels-Capital Region regarding the Regional Cross-border Inter-municipal/Intercommunal organisations (the **Cooperation Agreement**) has been published in the Belgian State Gazette on 14 April 2014.

With the adoption of the Cooperation Agreement the concept of Regional Cross-Border Inter-municipal/ Intercommunal organisations as governed by the Inter-municipalities Law ceases to exist.

The Cooperation Agreement sets out the following.

The applicable law is determined by the Region in which the majority of the shareholders of the inter-municipality is located. In practice, this means that the Issuer falls under the Decree of Inter-municipal Cooperation dated 6 July 2001 (*Decreet op de intergemeentelijke samenwerking van 6 juli 2001 - Décret du 6 juillet 2001 portant réglementation de la coopération intercommunale*). This decree will be amended following the entry into force of the Cooperation Agreement.

Within one year of the entry into force of the Cooperation Agreement (1 July 2014), the Issuer will have to comply with the requirements regarding the organisation and operation set out therein. In addition, an opportunity will be given to the Walloon municipalities to withdraw their participation in the organisation.

The administrative supervision will be exercised by the Flemish Region. However all deliberations are to be remitted to the Walloon Region.

The company is headquartered at Stropstraat 1, 9000 Ghent and its enterprise number is 0200.068.636 RPR/RPM Ghent. The current expiry date of TMVW is December 22, 2041 and is extendable.

At the expiry date of TMVW, in case of early dissolution of TMVW, or when a partner exits, the relevant partner(s) who will continue the activities entrusted to TMVW are obliged to take over from TMVW the installations used for the activities for which a partner wants to exit at their book value, and the relevant staff (see article 23 of the Law on inter-municipalities of 1986 and the articles of association of the TMVW), as determined more specifically between the relevant parties. Until today no partner of TMVW did an early exit.

## **2. History and recent developments**

In 1923, nine municipalities founded TMVW, then still called C.I.F. (Compagnie Intercommunale des Flandres). Their primary motivation was addressing the shortage of natural water wells in the region. Initially, the partnership primarily focused on the transportation of drinking water to its member municipalities.

After World War II, as more municipalities joined, the inter-municipal utility company was asked if it could guarantee the distribution of drinking water to customers' homes. The first steps in this direction were taken in 1951. In 1992, this double mandate – drinking water supply and distribution – became part of the company's articles of association by the creation of two types of partners: supply and distribution partners.

As from 2005 TMVW's original activity – producing, sourcing, transporting and distributing drinking water – has developed into an integrated water concept. TMVW not only supplies and distributes drinking water up to the faucet; the company also transports waste water.

As from 2006 TMVW has shifted the boundaries of its mission further, and is currently, on its own strength, defining the "multi-service company" concept:

- since 2006 TMVW has been involved in the management of sport infrastructure
- since 2012 TMVW has started activities in the management of road infrastructure and in collective buying.

The company is defining its "multi-service company" concept while respecting its partners' wishes and needs.

## **3. Geographical spread**

TMVW is active in the Flanders Region and (to a lesser extent) in the Walloon Region.

TMVW serves 90 public entities of which 7 municipalities in the Walloon Region.

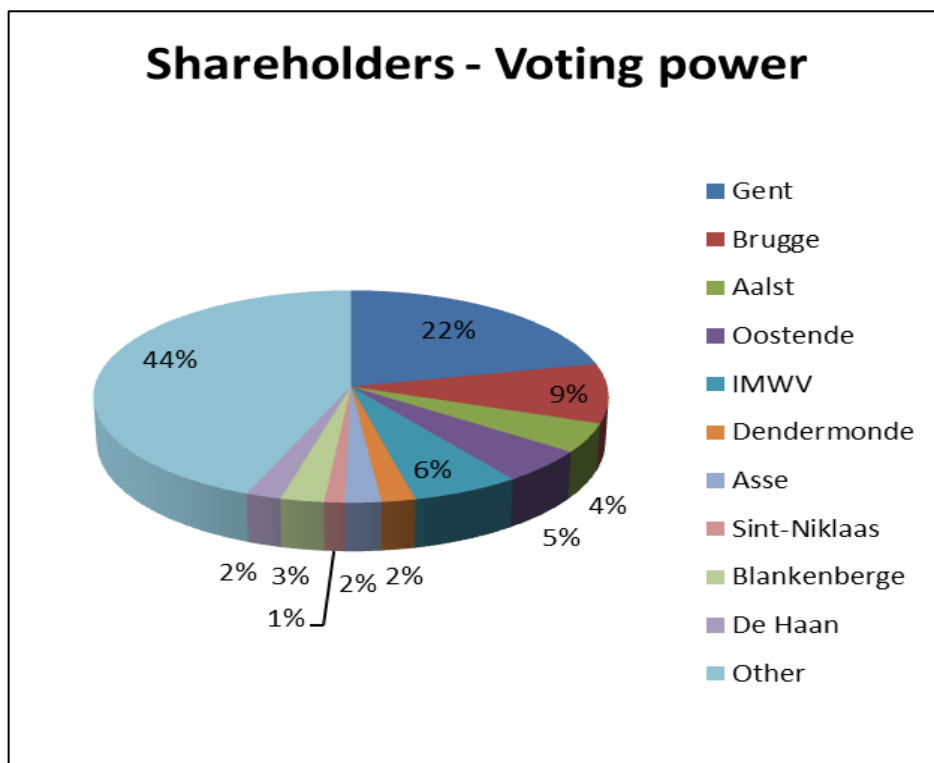
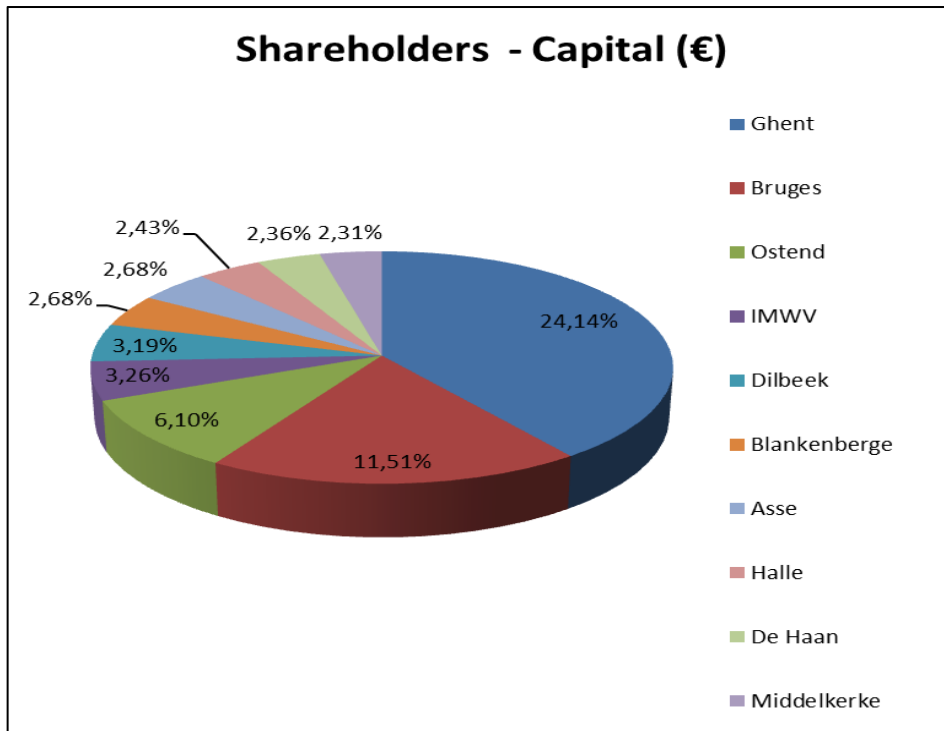
## **4. Ownership structure**

TMVW is 100%-owned by public entities, of which mostly are municipalities.

Public entities can work with TMVW to provide one or more services: production, transportation and distribution of drinking water, sewerage services, the management of sport infrastructure, the management of road infrastructure and collective buying.

Public entities can join TMVW in a customized way: TMVW operates with 5 business units. All business units belong to the same legal entity.

The size of the shareholding of each public entity depends on the participation rate and the size of the public entities. The four biggest shareholders (both in terms of underwritten capital as in voting power) are the cities of Ghent, Bruges, Ostend and the inter-municipality IMWV.



## 5. Subsidiaries

TMVW has 5 subsidiaries:

- **IMWV (37%)** is an inter-municipality (16 municipalities). It is a drinking water distribution company. As a company, IMWV joined the business unit drinking water of TMVW. This means TMVW performs all drinking water activities in the municipalities of IMWV.

IMWV has no more tangible assets on its balance sheets because they were incorporated in the balance sheet of TMVW as a result of IMWV becoming a partner of TMVW.

Financial info 2012/2013:

Net result:	€ 2 503 638,65
Shareholders Equity:	€ 20 297 942,61

- **IWVB (49%)** is an inter-municipality. It was joined by 13 municipalities and TMVW. It is a drinking water distribution company. TMVW is responsible for the management, operations, investments and financing (if wanted by the municipalities). IWVB has the right of usage of water distribution assets owned by third parties. It owns itself no tangible assets. Following the bylaws the concerned tangible assets are owned by TMVW or the communities who are partner of I.W.V.B..

Financial info 2013:

Net result:	€ - 2 893 604,82
Shareholders Equity:	€ - 4 261 848,54

- **De Stroomlijn (33%)** is a call center operated jointly by Eandis, TMVW and Synductis. It has some 200 staff members (FTE) at three sites: Mechelen, Gentbrugge and Ypres. The Gentbrugge contingent is dedicated exclusively to being the 'front office', or first-line help desk, or Aquafoon. The 'back office', or second-line help desk, function is handled exclusively by employees of the customer department of TMVW.

Financial info 2013:

Net result:	€ 0,00
Shareholders Equity:	€ 257 700,72

- **water-link (50%)** is a joint venture between AWW and TMVW. It is the platform for closer cooperation between AWW and TMVW.

Financial info 2013:

Net result:	€ 0,00
Shareholders Equity:	€ 7 600 000,00

- **synductis (45%)** is a partnership between several utility companies. The aim of the partnership is to reduce the nuisance as a result of large utility projects on the public domain.

Financial info 2013:

Net result:	€ 0,00
Shareholders Equity:	€ 18 600,00

## **6. Governance**

### **a) Bodies of TMVW**

TMVW insists that each shareholder (public entity) is represented in the executive committees of TMVW. To ensure this the articles of association includes specific rules regarding the composition of the company's governing bodies.

The General Meeting is the highest entity. All shareholders (public entities) are represented and have voting rights.

The management of the company is the responsibility of the Board of Directors. This body has all authorities not specified either by law or by articles of association for the General Meeting or the Executive Committees. The Board of Directors is presided by the chairman.

There are several Executive Committees:

- the Supply Executive Committee responsible for the investments and the exploitation relating to the production and transportation-infrastructure
- 8 Regional Executive Committees each responsible for the services relating to the drinking water distribution, the sewerage activities and the road infrastructure on its territory. Specially, each Regional Executive Committee has the following authorities with regard to its region:
  - Investments in new facilities
  - Maintenance and modification operations with regard to existing facilities
  - Market consultations and allocation method
  - Regulations
  - The use of regional budgets to promote activities
- the Secondary Services Executive Committee responsible for the investments and the exploitation relating to the sport infrastructure;
- the Executive Committee responsible for the services relating to the additional services.

### **b) Administrative supervision**

TMVW is currently governed by the Belgium law of the 22<sup>nd</sup> of December 1986 concerning the inter-municipalities. However, the Flemish Region, the Walloon Region and the Brussels-Capital Region have finalised a cooperation agreement regarding the regional cross-border inter-municipal organisations.

With the adoption of the Cooperation Agreement the concept of regional cross-border inter-municipal organisations as governed by the the Belgium law of the 22<sup>nd</sup> of December 1986 will cease to exist.

Pursuant to the information available, the cooperation agreement sets out the following:

- The applicable law is determined by the Region in which the majority of the shareholders is located. In practice, this means for TMVW the Decree of Inter-municipal Cooperation (DIC).
- Within one year of the entry into force of this cooperation agreement (probably 1 July 2014), TMVW will have to comply with the requirements regarding the organisation and operation set therein. In addition, an opportunity will be given to the Walloon municipalities to withdraw their participation in the organisation.

- The administrative supervision is exercised by the Flemish Region. However all deliberations are to be remitted to the Walloon Region.

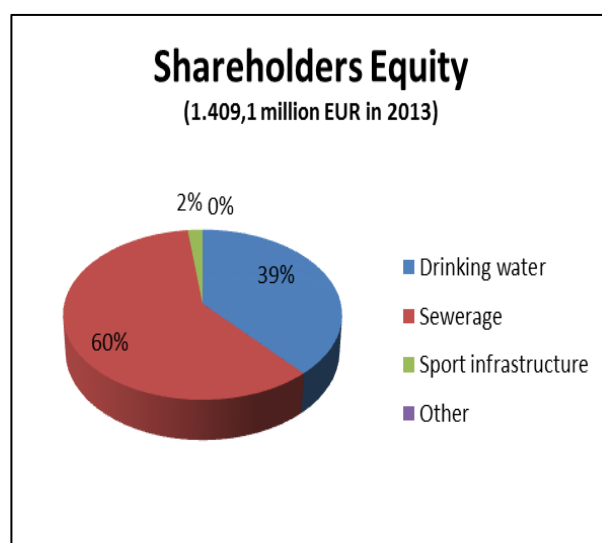
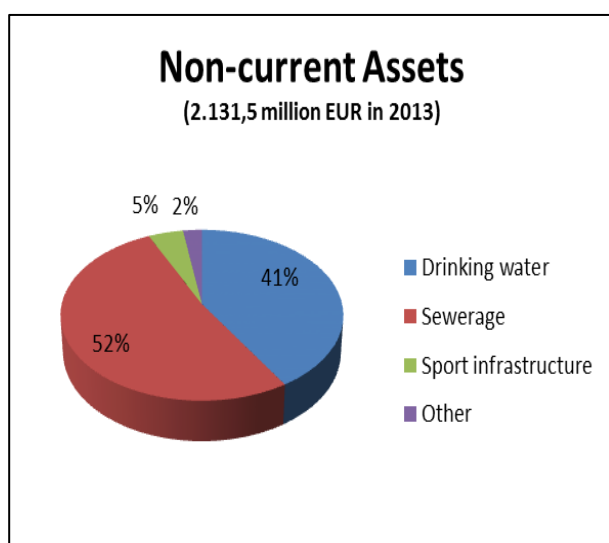
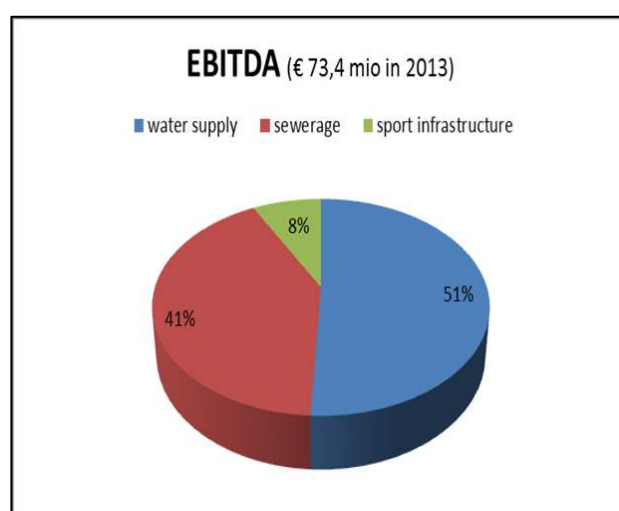
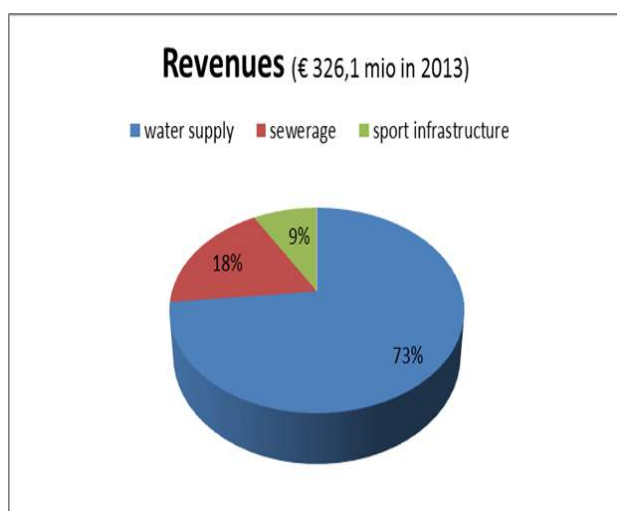
## 7. Business overview

TMVW has 5 business units:

- Drinking Water
- Sewerage
- Management of Sport Infrastructure
- Management of Road Infrastructure
- Additional Services.

Each business unit has its own management and accounts.

In terms of sales and EBITDA the business units Drinking Water and Sewerage are by far the biggest units.





The activity management of sport infrastructure grows fast, in terms of EBITDA, it is however not a great contributor. Financial interventions from the municipalities are required. Through VAT-optimization, financing and scale effects TMVW can offer shareholders-value for the municipalities.

Intangibles, tangibles and financial fixed assets represent ca 90% of the balance sheet total. Assets allocated to sewerage and drinking water have been subject of a revaluation similar to the energy sector several years ago. Especially on the assets on drinking water there was a significant under-evaluation in the bookvalue (€ 417m) due to short depreciation periods. The sewerage assets underwent also a revaluation (€ 224m). A detailed study of Deloitte was made. The valuation method used by Deloitte was the depreciated optimized replacement cost (DORC). This DORC method consists of 5 steps:

- (i) Establishment of a technical inventory;
- (ii) Evaluation of the remaining economic lifespan of the assets;
- (iii) Taking into account possible optimizations in the current asset structure and eliminate inefficiencies in the current set-up (duplications, excess capacity, etc.);
- (iv) Determination of the replacement cost of the optimized assets with a modern equivalent of the assets;
- (v) Determination of the depreciated optimized replacement cost.

Shareholders equity rose in a significant way. This is principally coming from Sewerage. When entering TMVW - as from 2005 - the sewerage assets from the municipalities were valued on a economical base (DCF-valuation) and remunerated with shares and to a lesser extend with cash (articles of TMVW on contributions in kind).

### **Integrated water company**

TMVW is one of the largest drinking water and sewerage companies in the Flanders region. TMVW makes a distinction between the drinking water activities and the sewerage activities. For both activities a business unit was created.

### **The role of TMVW**

TMVW is active in the whole life cycle of water:

- Production / Sourcing (via the business unit Drinking Water)
- Transport (via the business unit Drinking Water)
- Distribution (via the business unit Drinking Water)
- Sewerage (via the business unit Sewerage)
- Purification (through a contract with Aquafin)

Legally the integrated waterbill comprises all the activities of the cycle. The company who is responsible for the distribution of drinking water does the billing.

### **c) Drinking Water**

#### **Regulatory environment**

In Belgium the municipalities, the regions and the Belgian central government all enjoy powers with regard to the organization of the drinking water supply. How those powers and responsibilities are allocated is stipulated in the constitution, in special constitutional reform acts, and in specific laws such as the new Municipality Act or the Flemish decree of the 24<sup>th</sup> of May 2002 on water intended for human use and the legislation dated December 22, 1986 regarding inter-municipal companies.

The role of the federal government with respect to drinking water supply has been limited to a number of items, such as price control and product norms:

- price control: before raising prices an application must be submitted to a price index commission. The price index commission advises the Minister of Economy, who takes a final stance. As a result of the sixth state reform those powers will transfer to the Flemish region;
- product norms: there are series of specifications and standards for building products which come into contact with drinking water, spring water and mineral water.

The municipalities are responsible for organising drinking water supply in their area and may decide for themselves on how to do this. This can take the form of their own municipal services or a municipal company, by means of concessions or by joining an inter-municipal company.

The Flemish Region coordinates the regulatory tasks and establishes the framework within which drinking water supply must take place without involving itself how this is achieved.

The Flemish Region issues mainly regulations aimed at protecting public health and relating to the minimum social and other obligations incumbent upon public water suppliers (public service obligations).

The Drinking Water Decree was approved by the Flemish Parliament on the 24<sup>th</sup> of May 2002. It was intended in the first place to implement the European Drinking Water Directive aimed at protecting public health against harmful effects of contaminated drinking water. However the Drinking Water Decree goes further than this and has evolved into an important framework document for the future of the drinking water supply of which sustainable water management – together with an extensive control on drinking water quality – is one of the key elements.

The Drinking Water Decree extends and tightens the chemical and microbiological quality standards. The Decree includes an annexe giving a list of microbiological, chemical and indicator parameters. In accordance with the European Drinking Water Directive, specific standards are applied, inter alia, for the lead content of drinking water.

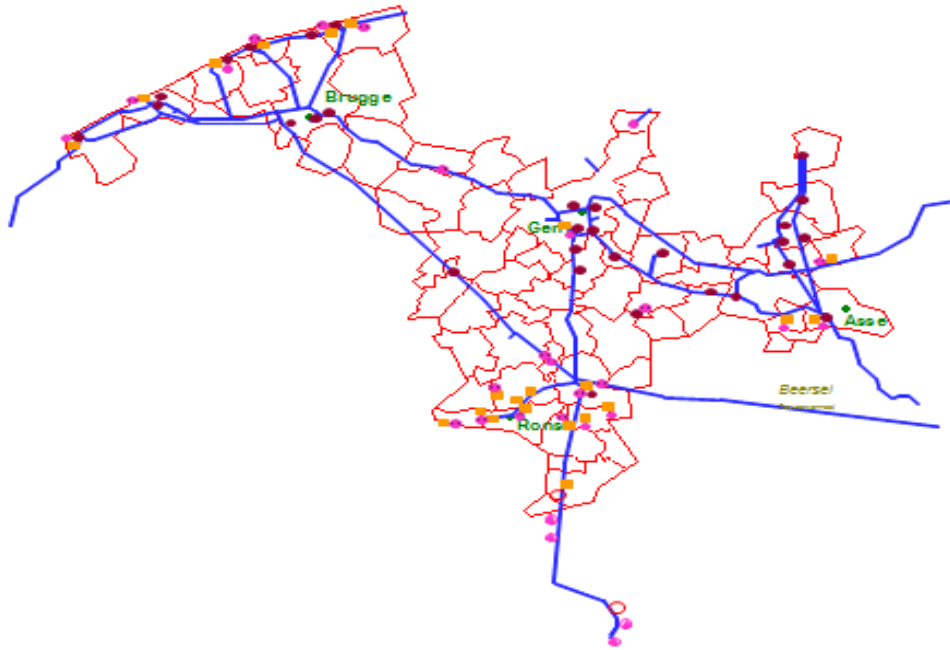
Under the provisions of the Drinking Water Decree of 2002 the Flemish Parliament gave the Flemish Government the power to act as regulator for various aspects relating to water intended for human use, i.e. water which is used by humans both for human consumption (drinking water) and for industrial and agricultural uses.

### **Business unit Drinking Water: Production / Sourcing, Transport and Distribution**

Due to a shortage of natural water wells in the region TMVW produces a limited portion of its drinking water.

TMVW produces about 10 million m<sup>3</sup> itself in Hautrage (Walloon Region), Audenarde and Beersel. The lion's share of the water – about 74 million m<sup>3</sup> - is being purchased from AWW (Antwerp), EVIDES (the Netherlands) and VIVAQUA (Brussels).

Through a transportation network of about 628 km the water is mostly transported to the distribution network of TMVW (about 68 million m<sup>3</sup> in 2013). A small amount is sold to municipalities and drinking water companies who do the distribution themselves (about 14 million m<sup>3</sup>)



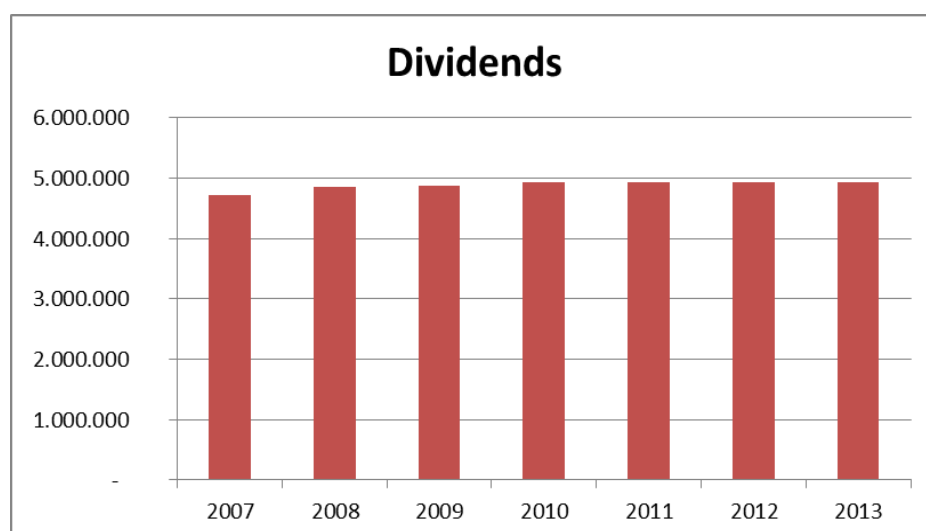
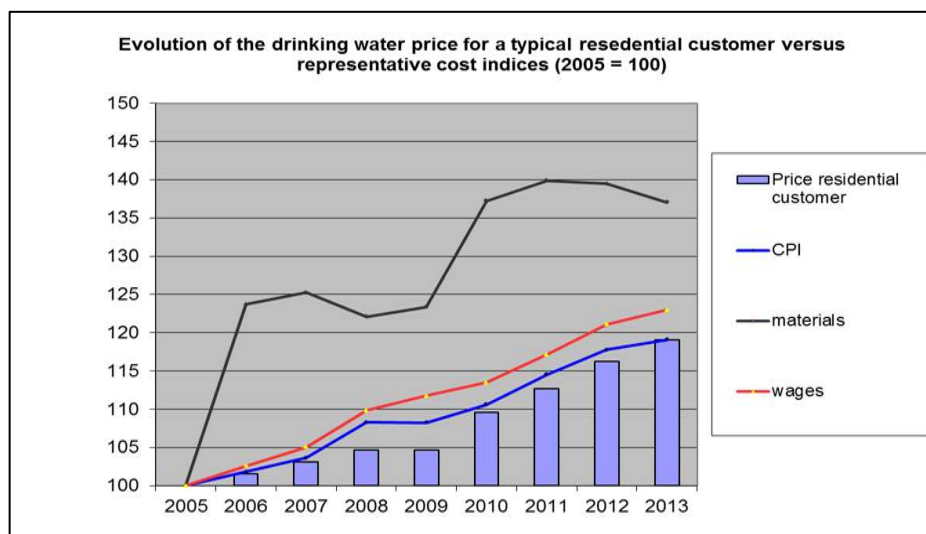
Through the years the transported (and consequently the sold) volumes are relatively stable, about 82 million m<sup>3</sup>. This is because the customer profile of TMVW is defensive (mostly households). The biggest single client buys only 1,2 million m<sup>3</sup>.

TMVW distributes drinking water in 57 municipalities. A 10 955 km network of pipes and enclosed storage reservoirs brings a continuous supply of drinking water to our customers, about 580 000 (equivalent with 1 200 000 residents).

All assets are in general fully owned by TMVW:

- Transportation and distribution pipelines
- Water discharge-, air discharge-, sealing- and meter rooms
- Reservoirs
- Pumping stations
- Hydrants
- Valves
- Connections
- Water meters

TMVW offers the public entities who joined TMVW for this activity a stable dividend while keeping the prices of drinking water for its customers relatively stable.



At the same time TMVW invests at a constant, high pace. No financial interventions are required from the public entities who joined TMVW for this activity.

## **d) Sewerage**

### **Regulatory environment**

The institutional framework of the water policy in Flanders is described in the decree of the 18<sup>th</sup> of July 2003 on Integrated Water Policy. This decree is the legal implementation of all regulations of the European water framework directive. The VLAREM II regulation contains the conditions for discharges of wastewater.

On the 1st of January 2005 the Flemish Region gave the drinking water companies the responsibility for treating the water they supply and were authorized to levy a reasonable contribution to the cost involved in this wastewater treatment obligation. Unlike the price setting for the supply of drinking water there is no federal price control on the billed contribution to the cost involved in the wastewater treatment.

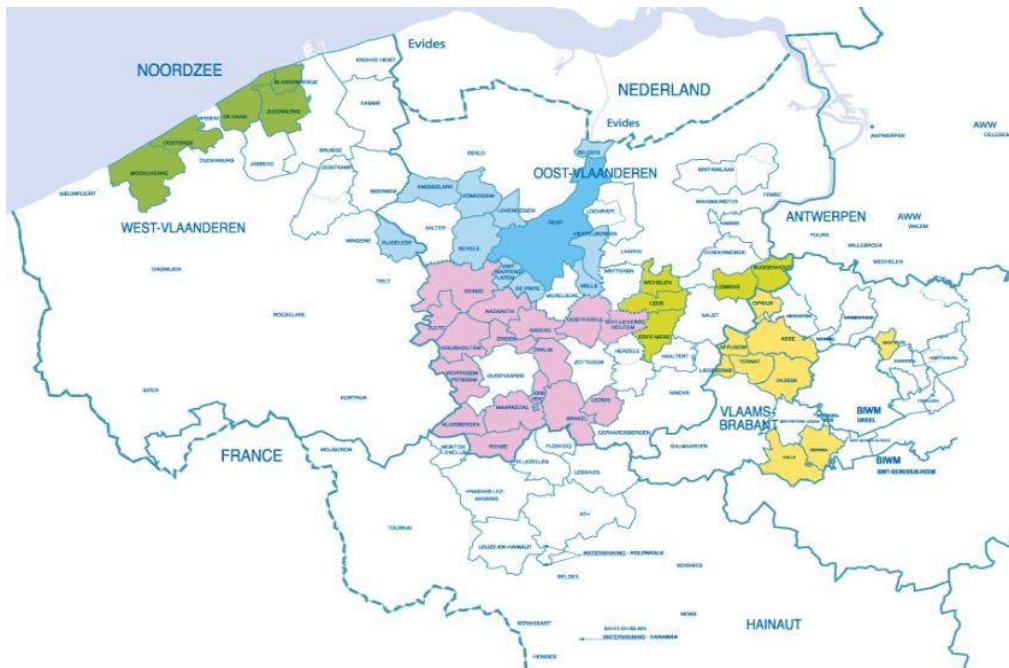
The Flemish Region is responsible for constructing a measurement network to monitor the quality of surface water, drawing up an inventory of wastewater discharges and planning investments in the public infrastructure for water treatment.

The municipalities are responsible for the collection of wastewater in their area. The municipality is responsible for laying and managing the sewers for transporting wastewater to the collectors, from where it has to be led to the wastewater treatment station. The municipalities can obtain subsidies for investment in their sewer network from the Flemish Government. The municipality enjoys complete freedom of choice as how it wishes to carry out its responsibility to provide sewage services. This can take the form of their own municipal services or a municipal company, by means of concessions or by joining an inter-municipal company.

The treatment of the collected wastewater is the responsibility of the Flemish Region. In 1991 the public limited company Aquafin was set up to take charge of the design, construction and outsourcing of supra-municipal public wastewater treatment.

## Business unit Sewerage

TMVW manages the sewerage in 51 municipalities through a network of about 6 000 km of pipes.



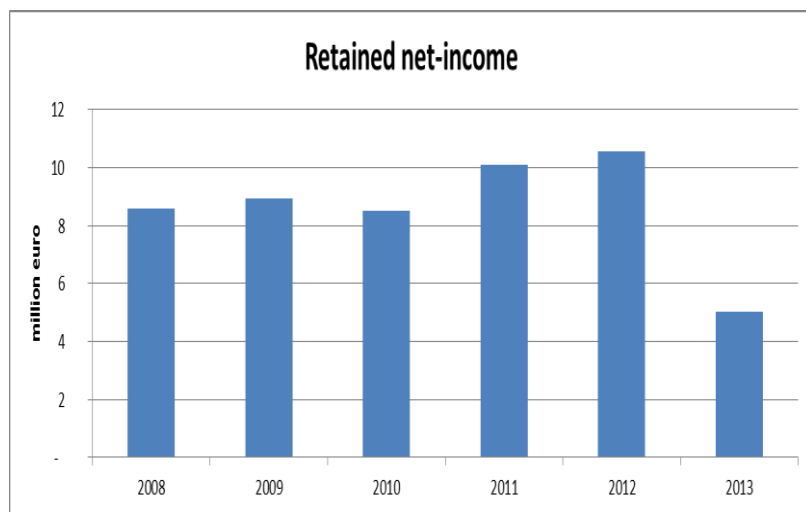
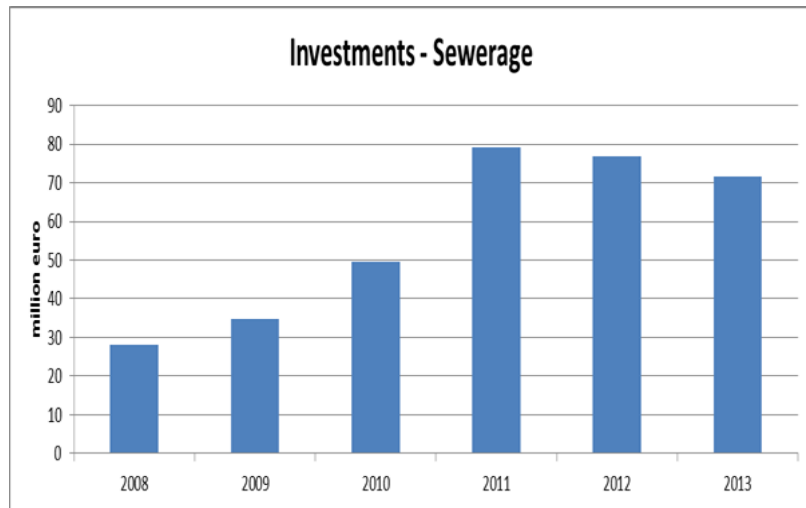
Many of the public entities who joined TMVW for the distribution of drinking water also joined the business unit Sewerage.

In the business unit Sewerage TMVW has a right of use of all the assets belonging to the municipality at the time of entering TMVW. All assets established after the entry belong to TMVW. After entering TMVW for the activity Sewerage 33 of the 51 municipalities took the opportunity to sell also their naked ownership, TMVW is in this case full owner of all the assets.

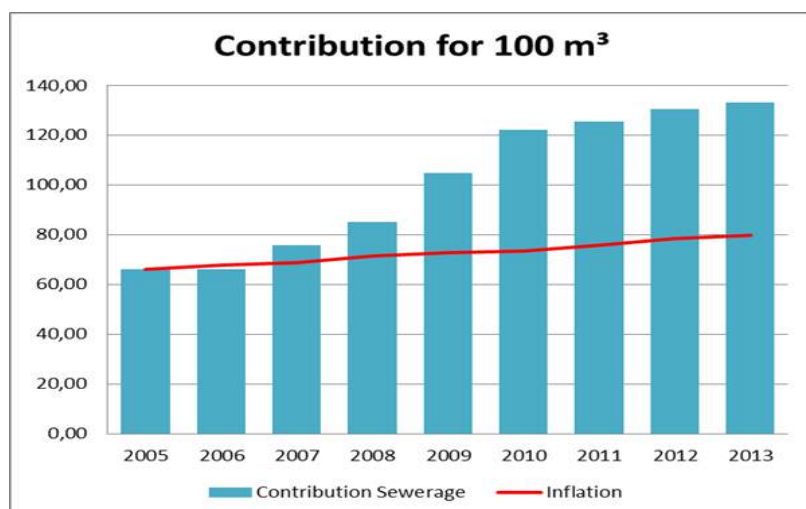
Employed assets are:

- Sewer pipes
- Inspection shafts
- Pumping stations
- Collectors
- Connections

Under the impulse of the European objectives, investments in sewers are high. As a consequence the net income is fully retained to maximize self-financing.



Prices have risen considerably since 2005.



## e) Management of sport infrastructure

### Regulatory environment

The Flemish Region enjoys legal powers, especially through environmental legislation VLAREM, soil legislation VLAREBO and waste legislation VLAREMA. Internal audits by the environmental and prevention controllers are annually done to insure the compliance of all legal requirements.

The municipalities are free to establish sport facilities and to organize sport lessons and sports activities in their area and may decide for themselves on how to do this.

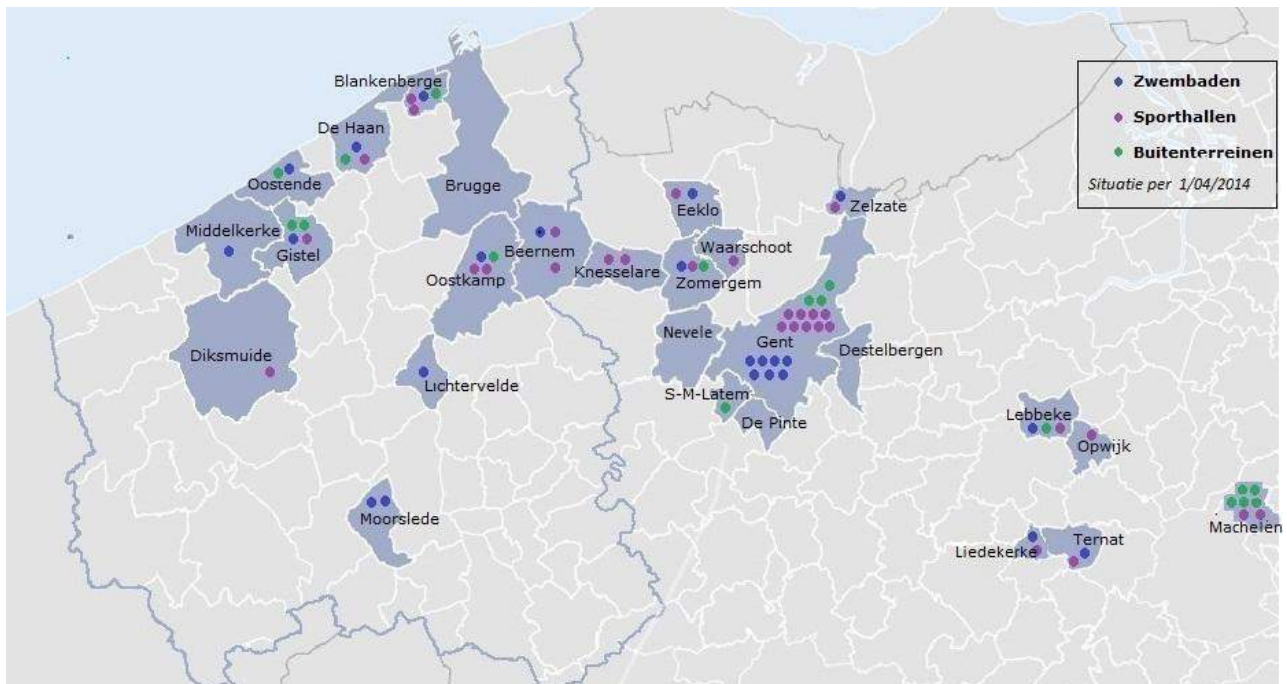
Prices can be set by the municipality or by the organization who does the exploitation on their behalf. As prices are generally fairly low, the municipalities still have to budget financial interventions in order to match the difference between the receipts and the costs. With the financial interventions taken into account the business unit can present break even results. The financial intervention are guaranteed - and if needed enforceable - through the articles of TMVW.

Through exploitation by TMVW the municipality enjoys VAT-optimizations.

### Business unit

The business unit started in 2006 and operates in 28 municipalities (in the Flemish region). There are 68 infrastructures under management (situation on 01/04/2014):

- Swimming pools: 23
- Indoor/outdoor: 45
- Several infrastructures under construction

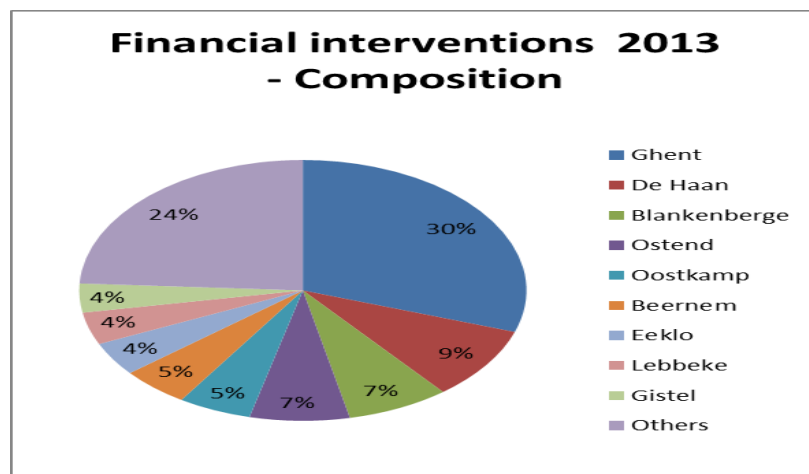
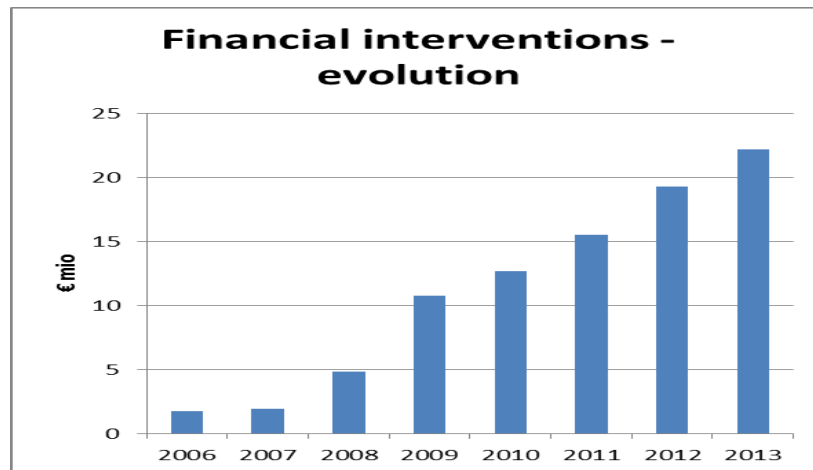




In the Flemish region there are no public initiatives or peer companies of the same scale as the business unit of TMVW.

Through VAT-optimization, pre-financing and scale effects TMVW can offer shareholders value for the municipalities.

Financial interventions from municipalities are the most important source of income (2013: 80% of sales). In terms of financial interventions Ghent, De Haan, Blankenberge, Ostend and Oostkamp are the most important contributors.



The business unit has shown in recent years a robust growth.

In the management of Sports infrastructure TMVW has a right of use of all the assets of the municipality when entering TMVW. All assets established after the entry belong to TMVW.

Municipalities have recently grown aware that investments in public sport infrastructure should be seen at a inter-municipal level.

## **f) Management of road infrastructure**

### **Regulatory environment**

The municipalities are responsible for the municipal roads in their area.

The municipality enjoys freedom of choice as how it wishes to carry out its responsibility.

In terms of security the municipality stays accountable. This risk can be covered through (insurance) contracts.

### **Business unit**

The business unit started in 2012 and operates in 11 municipalities (in the Flemish region).

The business unit tries to realise synergies with the business units Drinking Water and Sewerage, because a lot of projects involving roads also involve drinking water and sewerage projects (and vice versa). TMVW promotes a joint approach in order to realise operational synergies (safety coordinator, design office, joint building contractor,...) and financial synergies.

The involvement of TMVW can be on different levels (design, build, maintain and finance) and can be custom tailored to specific assets (roads, bridges,...) or geographical regions of the municipality.

Through pre-financing and scale effects TMVW can offer shareholders value for the municipalities.

Financial interventions from municipalities are the most important source of income (2013: 100% of sales) as there are no toll roads for the moment. The financial interventions are guaranteed - and if needed enforceable - through the articles of TMVW.

In the management of Road infrastructure TMVW has a right of use of all the assets of the municipality when entering TMVW. All assets established after the entry belong to TMVW.

As 2012 is the year of start-up, financial impact on accounts 2012 and 2013 is minimal.

## **g) Additional services (collective buying)**

### **Regulatory environment**

Procurement rules govern the way that public money is spent.

The focus of EU legislation is primarily on the procedures that individual contracting authorities must follow when organising a public purchase for an expected value above the thresholds laid down in the Directives. EU Directives impose a number of steps that public purchasers must follow before awarding public contracts.

The Directives establish a menu of common procedures. This was enlarged by the 2004 Directives through the introduction of the competitive dialogue and provisions on other procurement techniques such as electronic auctions, dynamic purchasing systems, central purchasing bodies etc.

While EU procurement legislation establishes common rules and procedures for high-value procurements, Member States have considerable discretion in implementing the provisions of the public procurement Directives – in particular as regards the mechanisms and administrative arrangements that are put in place to ensure compliance with those provisions.

## **Business unit**

From its utility background TMVW has a lot of experience with complex, large purchases in general and procurement rules in particular.

At the request of different municipalities-shareholders, TMVW conducted several complex purchases (PPS structures, purchases of large quantities of road salt, etc.).

In 2012 TMVW structured this activity and established a new business unit: 16 public entities joined the business unit, 14 of which in the Flemish Region and 2 in the Walloon Region. The division enjoys a healthy growth, in april 2014 already 25 public entities joined the business unit. Among the partners are especially municipalities and public social services centres.

TMVW draws each year a purchase catalogue (eg road salt, paper products, copiers, inspection services...) out of which the public entities who joined the business unit can choose to participate or not. On specific demand TMVW also performs customized assignments for its members.

Through leveraging its marketpower and its specific know-how TMVW can offer shareholders value.

As 2012 is the year of start-up, financial impact on accounts 2012 and 2013 are minimal.

## 8. Financial Information

### 8.1 Summary overview of TMVW's Balance sheet and Profit & Loss

(Audited BEGAAP (non-consolidated) TMVW accounts)

	2010	2011	2012	2013
<b><i>Income statement</i></b>				
Turnover	277,29	301,07	317,75	326,10
EBITDA	51,12	58,97	71,56	73,43
EBIT	20,44	24,20	29,16	30,04
<b>Net-income</b>	<b>14,36</b>	<b>15,29</b>	<b>15,63</b>	<b>10,07</b>
<b><i>Balance sheet</i></b>				
Non-current assets	1.112,53	1.237,39	1.367,61	2.131,46
Intangibles	7,24	11,26	11,78	11,77
Property, plant and equipment	1.095,71	1.213,78	1.344,30	2.108,11
Financial fixed assets	9,58	12,35	11,53	11,57
Current assets	182,96	182,80	215,56	240,90
<b>Total assets</b>	<b>1.295,49</b>	<b>1.420,20</b>	<b>1.583,17</b>	<b>2.372,36</b>
Shareholders Equity	709,09	739,54	761,89	1.409,14
Non-current liabilities	370,49	426,08	572,82	730,29
Current liabilities	215,91	254,58	248,46	232,93
<b>Total liabilities</b>	<b>1.295,49</b>	<b>1.420,20</b>	<b>1.583,17</b>	<b>2.372,36</b>

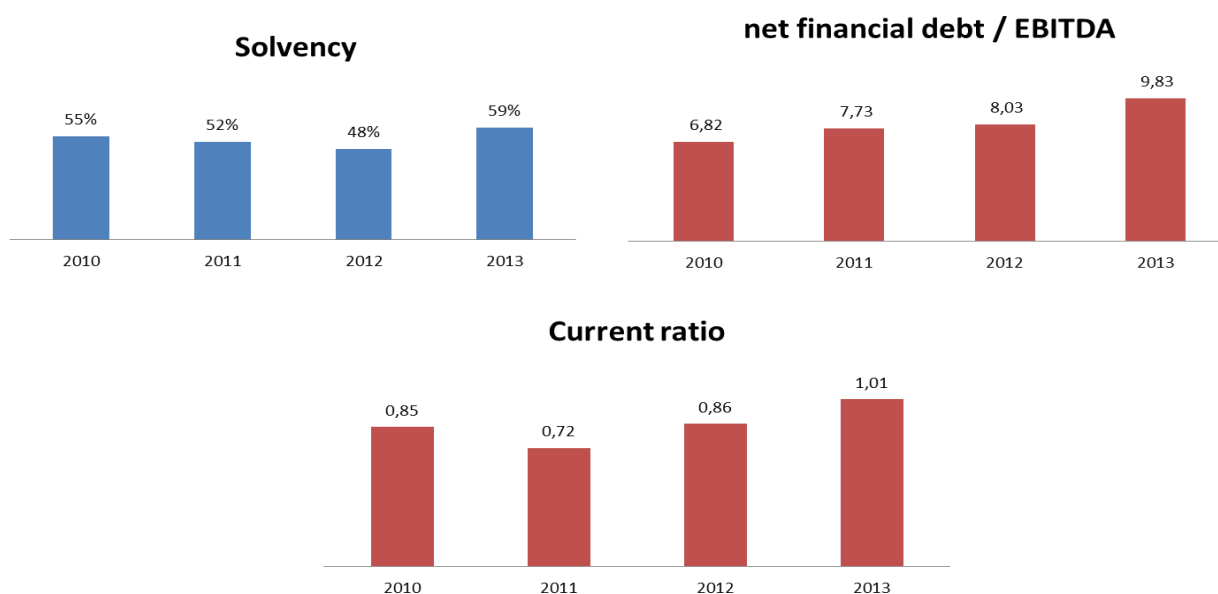
## 8.2 Figures 2013 by business unit (in million €)

	Drinking water	Sewerage	Sport infrastructure	Road infrastructure	Additional services	Other	Total
Net-income	5,0	5,0	0,0	0,0	0,0	0,0	10,1
Intangibles and PP&E	866,4	1.104,6	96,6	4,9	0,0	47,4	2.119,9
Shareholders Equity	543,2	838,5	27,3	0,1	0,0	0,0	1.409,1

- Net-income:
  - Drinking water: net-income mostly distributed (98% in 2013)
  - Sewerage: net-income fully retained
  - Sports infrastructure: the financial interventions lead to a break even
  - Road infrastructure: the financial interventions lead to a break even
  - Additional services: the financial interventions lead to a break even
- Non-current Assets (intangibles and PP&E) account for 90% of the balance sheet:
  - In Drinking water all the assets used belong to TMVW.
  - In Sewerage TMVW has a right of use of all the assets belonging to the municipality at the time of entering TMVW. All assets established after the entry belong to TMVW. Afterwards TMVW for the activity Sewerage 33 of the 51 municipalities took the opportunity to sell also their naked ownership, TMVW is in this case full owner of all the assets.
  - In the management of Sport infrastructure TMVW has a right of use of all the assets of the municipality when entering TMVW. All assets established after the entry belong to TMVW.
  - In the management of Road infrastructure TMVW has a right of use of all the assets of the municipality when entering TMVW. All assets established after the entry belong to TMVW.
  - No specific assets for the activity Additional services
- Shareholders equity: high solvency (59% end of 2013)

## 8.3 Ratios

Based on audited annual BEGAAP TMVW accounts



#### **8.4 Detailed Financial figures**

The following tables contain the balance sheet and profit and loss account of the Issuer TMVW and the profit and loss accounts of its various business units, for the financial years ending 31 December 2010, 2011, 2012 and 2013 as extracted from the audited annual accounts of the Issuer (BEGAAP).

## Audited Consolidated Statements TMVW CVBA: Balance sheet

<u>ASSETS</u>	2010	2011	2012	2013
<b>FIXED ASSETS</b>	<b><u>1.112.249.884,03</u></b>	<b><u>1.251.969.732,61</u></b>	<b><u>1.381.639.504,37</u></b>	<b><u>2.145.891.884,30</u></b>
Intangible assets	<u>7.237.289,46</u>	<u>11.261.694,88</u>	<u>11.779.140,09</u>	<u>11.771.923,73</u>
Tangible assets	<u>1.095.711.021,08</u>	<u>1.231.631.580,00</u>	<u>1.361.600.499,81</u>	<u>2.125.768.631,82</u>
Land and buildings	33.414.256,59	52.691.993,80	71.613.049,94	95.929.668,32
Plant, machinery and equipment	942.083.632,16	1.012.850.496,99	1.197.225.727,74	1.968.542.231,67
Furniture and vehicles	2.626.074,03	2.470.315,31	2.494.238,48	1.919.547,12
Assets under construction and advance payments	117.587.058,30	163.618.773,90	90.267.483,65	59.377.184,71
Financial fixed assets	<u>9.301.573,49</u>	<u>9.076.457,73</u>	<u>8.259.864,47</u>	<u>8.351.328,75</u>
Enterprises consolidated by equity method	7.907.931,50	7.993.532,92	8.008.026,14	8.056.226,14
Other financial assets	1.393.641,99	1.082.924,81	251.838,33	295.102,61
<b>CURRENT ASSETS</b>	<b><u>182.959.179,82</u></b>	<b><u>185.729.832,08</u></b>	<b><u>217.532.662,78</u></b>	<b><u>252.602.979,39</u></b>
Amounts receivable after more than one year	<u>78.561,72</u>	<u>44.833,67</u>	<u>791.548,95</u>	<u>4.696.084,22</u>
Stocks and contracts in progress	<u>8.543.051,75</u>	<u>11.692.912,25</u>	<u>13.296.344,91</u>	<u>18.962.073,77</u>
Stocks	3.693.566,03	4.643.686,50	4.552.225,43	4.024.206,62
Contracts in progress	4.849.485,72	7.049.225,75	8.744.119,48	14.937.867,15
Amounts receivable within one year	<u>92.085.901,74</u>	<u>90.200.959,36</u>	<u>103.441.544,38</u>	<u>104.203.752,45</u>
Trade debtors	51.765.211,12	56.691.000,99	69.023.009,36	69.456.528,19
Other amounts receivable	40.320.690,62	33.509.958,37	34.418.535,02	34.747.224,26
Current investments	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>2.327.857,19</u>
Cash at bank	<u>2.419.377,58</u>	<u>5.797.146,97</u>	<u>21.634.757,58</u>	<u>29.328.059,76</u>
Deferred charges and accrued income	<u>79.832.287,03</u>	<u>77.993.979,83</u>	<u>78.368.466,96</u>	<u>93.085.152,00</u>
<b>TOTAL ASSETS</b>	<b>1.295.209.063,85</b>	<b>1.437.699.564,69</b>	<b>1.599.172.167,15</b>	<b>2.398.494.863,69</b>
<b>LIABILITIES</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>EQUITY</b>	<b><u>713.737.229,14</u></b>	<b><u>744.766.849,48</u></b>	<b><u>766.573.174,04</u></b>	<b><u>1.414.010.437,26</u></b>
Capital	<u>561.327.732,50</u>	<u>562.943.813,75</u>	<u>565.939.338,75</u>	<u>566.311.513,75</u>
Issued capital	562.956.605,00	564.580.430,00	567.664.530,00	568.073.230,00
Uncalled capital	-1.628.872,50	-1.636.616,25	-1.725.191,25	-1.761.716,25
Issue premium	<u>22.947.584,28</u>	<u>23.066.736,28</u>	<u>23.665.806,95</u>	<u>23.585.205,05</u>
Revaluation surplus	<u>24.585.672,48</u>	<u>24.585.456,30</u>	<u>24.585.456,30</u>	<u>641.187.064,52</u>
Reserves	<u>51.027.481,92</u>	<u>61.965.633,51</u>	<u>71.445.439,42</u>	<u>99.905.375,15</u>
Consolidation differences	<u>358.346,17</u>	<u>358.346,17</u>	<u>1.035.995,11</u>	<u>2.482.797,52</u>
Investment grants	<u>53.490.411,79</u>	<u>71.846.863,47</u>	<u>79.901.137,51</u>	<u>80.538.481,27</u>
<b>PROVISIONS</b>	<b><u>68.231.628,76</u></b>	<b><u>33.631.375,21</u></b>	<b><u>26.070.437,54</u></b>	<b><u>23.133.975,07</u></b>
Provisions	<u>68.231.628,76</u>	<u>33.631.375,21</u>	<u>26.070.437,54</u>	<u>23.133.975,07</u>
Pensions and similar obligations	234.951,63	204.233,42	268.033,40	548.961,49
Repair and maintenance	4.605.627,61	3.257.601,04	2.194.780,66	1.758.177,37
Other liabilities and charges	63.391.049,52	30.169.540,75	23.607.623,48	20.826.836,21
<b>AMOUNTS PAYABLE</b>	<b><u>513.240.205,95</u></b>	<b><u>659.301.340,00</u></b>	<b><u>806.528.555,57</u></b>	<b><u>961.350.451,36</u></b>
Amounts payable after more than one year	<u>302.257.976,64</u>	<u>406.947.493,99</u>	<u>561.227.553,61</u>	<u>723.196.951,22</u>
Financial debts	205.914.398,46	302.726.362,74	463.010.188,81	633.554.053,76
Advances received on contracts in progress	13.810,22	13.810,22	13.810,22	0,00
Other debts	96.329.767,96	104.207.321,03	98.203.554,58	89.642.897,46
Amounts payable within one year	<u>187.898.203,98</u>	<u>227.267.159,44</u>	<u>204.755.488,31</u>	<u>212.215.280,92</u>
Current portion of amounts payable after more than one year	14.539.255,51	18.875.026,77	22.092.392,09	27.657.460,83
Financial debts	34.170.886,31	49.000.000,00	27.000.000,00	17.500.000,00
Trade debts	51.366.162,56	71.801.539,19	62.423.934,72	75.694.527,91
Avances received on contracts in progress	67.366.029,57	67.593.970,23	72.870.560,28	75.797.160,47
Taxes, remuneration and social security	6.184.432,79	7.504.281,62	8.015.970,14	6.935.500,76
Other debts	14.271.437,24	12.492.341,63	12.352.631,08	8.630.630,95
Deferred charges and accrued income	<u>23.084.025,33</u>	<u>25.086.686,57</u>	<u>40.545.513,65</u>	<u>25.938.219,22</u>
<b>TOTAL LIABILITIES</b>	<b>1.295.209.063,85</b>	<b>1.437.699.564,69</b>	<b>1.599.172.167,15</b>	<b>2.398.494.863,69</b>

## Audited Consolidated Statements TMVW CVBA: P&L

	2010	2011	2012	2013
Operating income	<u>320.955.919,23</u>	<u>361.365.418,07</u>	<u>376.867.922,67</u>	<u>412.915.371,29</u>
Turnover	277.291.187,84	308.668.299,26	325.003.620,51	345.821.543,67
Decrease in stocks of finished goods, work and contracts in progress	-1.408.298,93	2.199.752,40	1.694.893,73	6.193.747,62
Own construction capitalised	20.858.125,42	19.101.577,30	17.720.544,63	19.497.242,06
Other operating income	24.214.904,90	31.395.789,11	32.448.863,80	41.402.837,94
Operating charges	<u>-301.383.259,15</u>	<u>-336.679.978,21</u>	<u>-351.247.944,73</u>	<u>-385.090.309,39</u>
Raw material, consumables and goods for resale	175.790.666,02	202.780.271,41	202.990.643,14	227.338.486,38
Services and other goods	34.222.359,75	60.375.397,57	45.315.678,61	47.675.576,18
Remuneration, social security costs and pensions	45.385.732,54	49.489.842,09	52.521.545,61	55.153.614,92
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	29.638.205,15	34.563.259,53	41.896.192,05	43.234.011,67
Amounts written down down stocks, contracts in progress and trade debtors - Appropriations (write-backs)	540.367,35	233.098,44	975.204,66	1.139.186,15
Provisions for risks and charges - Appropriation (uses and write-backs)	5.010.816,73	-22.020.759,76	-4.569.418,93	-2.887.565,94
Other operating charges	10.795.111,61	11.258.868,93	12.118.099,59	13.437.000,03
<b>OPERATIONAL PROFIT</b>	<b><u>19.572.660,08</u></b>	<b><u>24.685.439,86</u></b>	<b><u>25.619.977,94</u></b>	<b><u>27.825.061,90</u></b>
Financial income	<u>1.460.974,12</u>	<u>2.124.758,29</u>	<u>2.405.011,00</u>	<u>2.165.553,25</u>
Income from fixed assets	2.384,76	3.311,81	3.516,18	1.220,77
Income from current assets	107.998,63	93.288,97	132.340,68	167.264,68
Other financial income	1.350.590,73	2.028.157,51	2.269.154,14	1.997.067,80
Financial charges	<u>-7.536.378,31</u>	<u>-11.065.568,82</u>	<u>-16.266.500,61</u>	<u>-22.428.787,58</u>
Debt charges	7.481.138,54	10.929.619,67	15.889.952,94	21.824.735,07
Other financial charges	55.239,77	135.949,15	376.547,67	604.052,51
<b>Profit on ordinary activities before taxes</b>	<b><u>13.497.255,89</u></b>	<b><u>15.744.629,33</u></b>	<b><u>11.758.488,33</u></b>	<b><u>7.561.827,57</u></b>
Extraordinary income	<u>346.454,00</u>	<u>208.558,69</u>	<u>3.387.194,48</u>	<u>3.144.207,53</u>
Extraordinary charges	<u>-723.557,80</u>	<u>-820.742,37</u>	<u>-734.361,72</u>	<u>-1.182.168,22</u>
<b>Profit for the period before taxes</b>	<b><u>13.120.152,09</u></b>	<b><u>15.132.445,65</u></b>	<b><u>14.411.321,09</u></b>	<b><u>9.523.866,88</u></b>
Taxes	<u>0,00</u>	<u>-66,48</u>	<u>-494,66</u>	<u>-3.012,35</u>
<b>PROFIT OF THE CONSOLIDATED COMPANIES</b>	<b><u>13.120.152,09</u></b>	<b><u>15.132.379,17</u></b>	<b><u>14.410.826,43</u></b>	<b><u>9.520.854,53</u></b>
Share in the result of companies consolidated with equity method	<u>415.793,40</u>	<u>499.745,67</u>	<u>-238.929,41</u>	<u>-947.834,99</u>
<b>CONSOLIDATED PROFIT</b>	<b><u>13.535.945,49</u></b>	<b><u>15.632.124,84</u></b>	<b><u>14.171.897,02</u></b>	<b><u>8.573.019,54</u></b>
<b>SHARE OF THIRD PARTIES IN THE RESULT</b>	<b><u>0,00</u></b>	<b><u>0,00</u></b>	<b><u>0,00</u></b>	<b><u>0,00</u></b>
<b>SHARE OF THE GROUP IN THE RESULT</b>	<b><u>13.535.945,49</u></b>	<b><u>15.632.124,84</u></b>	<b><u>14.171.897,02</u></b>	<b><u>8.573.019,54</u></b>



## Audited Non-Consolidated Financial Statements TMVW CVBA: Balance Sheet

	Codes	2010	2011	2012	2013
<b><u>Assets</u></b>					
Fixed Assets	20/28	1.112.527	1.237.395	1.367.608	2.131.456
Intangible assets	21	7.237	11.262	11.779	11.772
Tangible asstes	22/27	1.095.711	1.213.782	1.344.300	2.108.112
Land and buildings	22	33.414	42.731	61.860	86.540
Plant, machinery and equipment	23	942.084	1.005.014	1.190.053	1.960.654
Furniture and vehicles	24	2.626	2.419	2.454	1.890
Assets under construction and advance payments	27	117.587	163.618	89.932	59.028
Financial fixed assets	28	9.579	12.352	11.529	11.572
Enterprises by a participating interest	282/3	8.485	11.269	11.277	11.277
Other financial assets	284/8	1.094	1.083	252	295
Current assets	29/58	182.959	182.804	215.562	240.905
Amounts receivable after more than one year	29	79	45	739	4.659
Stocks and contracts in progress	3	8.543	11.545	13.096	14.133
Stocks	30/36	3.694	4.496	4.352	3.797
Contracts in progress	37	4.849	7.049	8.744	10.336
Amounts receivable whitin one year	40/41	92.086	88.859	102.246	101.464
Trade debtors	40	51.765	55.369	67.895	66.409
Other amounts receivable	41	40.321	33.490	34.351	35.055
Cash at bank	54/58	2.419	4.407	21.101	27.547
Deferred charges and accrued income	490/1	79.832	77.949	78.380	93.103
<b>TOTAL ASSETS</b>		<b>1.295.486</b>	<b>1.420.199</b>	<b>1.583.170</b>	<b>2.372.360</b>
<b><u>Equity and liabilities</u></b>					
Equity					
Capital	10	561.328	562.944	565.939	566.312
Issued capital	100	562.957	564.580	567.665	568.073
Uncalled capital	101	-1.629	-1.637	-1.725	-1.762
Issue premium	11	22.948	23.067	23.666	23.585
Revaluation surplus	12	24.586	24.585	24.585	641.187
Reserves	13	46.736	57.095	67.794	97.519
Legal reserve	130	356	356	356	356
Unavailable reserves	131	284	284	284	284
Available reserves	133	46.096	56.455	67.154	96.879
Investment grants	15	53.490	71.847	79.901	80.538
Provisions	16	68.232	33.614	26.070	23.134
Pensions and similar obligations	160	235	204	268	549
Repair and maintenance	162	4.606	3.240	2.195	1.758
Other liabilities and charges	163/5	63.391	30.170	23.608	20.827
Amounts payable	17/49	518.167	647.047	795.214	940.085
Amounts payable after more than one year	17	302.258	392.471	546.751	707.157
Financial debts	170/4	205.914	302.726	463.010	631.491
Advances received on contracts in progress	176	14	14	14	0
Other debts	178/9	96.330	89.730	83.727	75.665
Amounts payable whitin one year	42/48	192.825	229.601	207.949	207.030
Current portion of amounts payable after more than one year	42	14.539	18.875	22.092	24.332
Financial debts	43	34.171	49.000	27.000	17.500
Trade debts	44	51.366	69.232	60.861	71.372
Advances received on contracts in progress	46	67.366	67.594	72.871	73.423
Taxes, remuneration and social security	45	6.184	7.481	7.920	6.846
Other debts	47/48	19.199	17.420	17.205	13.558
Deferred charges and accrued income	492/3	23.084	24.976	40.513	25.898
<b>TOTAL LIABILITIES</b>		<b>1.295.486</b>	<b>1.420.199</b>	<b>1.583.170</b>	<b>2.372.360</b>

# Audited Non-Consolidated Financial Statements TMVW CVBA: P&L

	Codes	2010	2011	2012	2013
<b>Operating income</b>		320.956	352.814	368.593	387.532
Turnover	70	277.291	301.072	317.747	326.096
Decrease in stocks of finished goods, work and contracts in progres	71	-1.408	2.200	1.695	1.592
Own construction capitalised	72	20.858	19.102	17.708	19.495
Other operating income	74	24.215	30.441	31.442	40.348
<b>Operating charges</b>		301.383	327.944	342.750	360.127
Raw material, consumables and goods for resale	60	175.791	196.985	197.832	207.326
Services and other goods	61	34.222	58.479	43.489	45.340
Remuneration, social security costs and pensions	62	45.386	49.187	52.145	54.691
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	630	29.638	33.929	40.903	42.140
Amounts written down down stocks, contracts in progress and trade debtors - Appropriations (write-backs)	631/4	540	233	961	1.125
Provisions for risks and charges - Appropriation (uses and write-backs)	635/7	5.011	-22.038	-4.552	-2.888
Other operating charges	640	10.795	11.170	11.972	12.393
<b>Operating profit</b>	9901	19.573	24.870	25.843	27.404
<b>Financial income</b>	75	2.703	2.502	3.054	2.816
Income from fixed assets	750	1.244	651	672	680
Income from current assets	751	108	91	128	153
Other financial income	752/9	1.351	1.761	2.254	1.983
<b>Financial charges</b>	65	7.536	10.762	15.921	22.111
Debt charges	650	7.481	10.636	15.555	21.520
Other financial charges	652/9	55	126	366	591
<b>Profit on ordinary activities before taxes</b>	9902	14.739	16.609	12.977	8.109
<b>Extraordinary income</b>	76	346	209	3.384	3.139
<b>Extraordinary charges</b>	66	724	1.532	734	1.182
<b>Profit for the period before taxes</b>	9903	14.362	15.286	15.627	10.067
<b>Income taxes</b>	67/77	0	0	0	0
<b>Profit for the period</b>	9904	14.362	15.286	15.627	10.067

## Management Accounts Business unit Drinking water: P&L

Drinking water					
	Codes	2010	2011	2012	2013
<b>Operating income</b>		224.437	236.681	240.078	252.997
Turnover	70	187.682	192.346	197.554	201.518
Decrease in stocks of finished goods, work and contracts in progres	71	14.750	16.135	13.768	14.579
Own construction capitalised	72				
Other operating income	74	22.004	28.200	28.756	36.900
	<i>Minafonds</i>			26.775	34.583
	<i>Other</i>			1.980	2.317
<b>Operating charges</b>		201.707	211.435	213.299	225.087
Raw material, consumables and goods for resale	60	132.150	144.365	144.103	151.735
Services and other goods	61	15.447	32.827	15.951	16.434
Remuneration, social security costs and pensions	62	27.396	28.612	27.907	28.640
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	630	11.856	13.726	16.188	16.765
Amounts written down down stocks, contracts in progress and trade debtors - Appropriations (write-backs)	631/4	498	217	909	532
Provisions for risks and charges - Appropriation (uses and write-backs)	635/7	4.493	-18.829	-3.113	-672
Other operating charges	640	9.866	10.518	11.354	11.653
<b>Operating profit</b>	9901	22.730	25.246	26.779	27.911
<b>Financial income</b>	75	434	347	336	170
Income from fixed assets	750	2	3	3	1
Income from current assets	751	39	7	3	1
Other financial income	752/9	394	338	330	168
<b>Financial charges</b>	65	4.414	5.607	7.159	9.708
Debt charges	650	4.380	5.545	7.014	9.441
Other financial charges	652/9	34	62	146	268
<b>Profit on ordinary activities before taxes</b>	9902	18.751	19.986	19.956	18.372
<b>Extraordinary income</b>	76	0	0	0	2.719
<b>Extraordinary charges</b>	66	504	607	532	993
<b>Profit for the period before taxes</b>	9903	18.247	19.378	19.424	20.098
<b>Income taxes</b>	67/77	0	0	0	0
<b>Profit for the period before allocation overhead</b>	9904	18.247	19.378	19.424	20.098
Allocation of overhead		12.390	14.173	14.369	15.052
<b>Net profit</b>		5.857	5.206	5.055	5.046

## Management Accounts Business Unit Sewerage P&L

Sewerage					
	Codes	2010	2011	2012	2013
<b>Operating income</b>		52.536	57.453	61.688	65.352
Turnover	70	48.379	52.790	56.945	60.026
Decrease in stocks of finished goods, work and contracts in progress	71	4.108	4.625	4.599	4.981
Own construction capitalised	72	0			
Other operating income	74	49	37	144	345
<b>Operating charges</b>		42.512	44.197	48.705	52.181
Raw material, consumables and goods for resale	60	22.527	20.588	19.864	22.578
Services and other goods	61	1.537	5.368	4.090	5.110
Remuneration, social security costs and pensions	62	2.999	3.948	6.465	7.040
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	630	14.540	16.155	19.457	18.905
Amounts written down down stocks, contracts in progress and trade debtors - Appropriations (write-backs)	631/4	0	0	0	0
Provisions for risks and charges - Appropriation (uses and write-backs)	635/7	450	-2.403	-1.726	-2.141
Other operating charges	640	459	540	555	689
<b>Operating profit</b>	9901	10.025	13.256	12.983	13.171
<b>Financial income</b>	75	964	1.405	1.889	1.798
Income from fixed assets	750	0	0	0	0
Income from current assets	751	12	0	0	0
Other financial income	752/9	952	1.404	1.889	1.798
<b>Financial charges</b>	65	1.114	2.837	5.561	8.132
Debt charges	650	1.100	2.812	5.379	7.866
Other financial charges	652/9	13	25	181	266
<b>Profit on ordinary activities before taxes</b>	9902	9.875	11.824	9.311	6.837
<b>Extraordinary income</b>	76	333	209	3.384	421
<b>Extraordinary charges</b>	66	207	209	196	186
<b>Profit for the period before taxes</b>	9903	10.001	11.824	12.499	7.072
<b>Income taxes</b>	67/77	0	0	0	0
<b>Profit for the period before allocation overhead</b>	9904	10.001	11.824	12.499	7.072
Allocation of overhead		1.496	1.744	1.928	2.051
<b>Net profit</b>		8.505	10.080	10.571	5.020

## Management Accounts Business Unit Sport Infrastructure P&L

<b>Sport infrastructure</b>					
	Codes	2010	2011	2012	2013
<b>Operating income</b>		18.457	21.698	25.998	29.336
Turnover	70	17.489	20.825	24.812	27.629
Decrease in stocks of finished goods, work and contracts in progress	71	582	386	569	802
Own construction capitalised	72				
Other operating income	74	387	488	617	905
<b>Operating charges</b>		17.728	20.559	24.281	26.700
Raw material, consumables and goods for resale	60	27	59	205	294
Services and other goods	61	12.104	13.780	16.452	17.601
Remuneration, social security costs and pensions	62	3.777	4.657	4.785	5.164
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	630	1.368	1.967	2.832	3.636
Amounts written down down stocks, contracts in progress and trade debtors - Appropriations (write-backs)	631/4	0	0	0	0
Provisions for risks and charges - Appropriation (uses and write-backs)	635/7	0	0	0	0
Other operating charges	640	452	96	6	5
<b>Operating profit</b>	9901	729	1.139	1.717	2.636
<b>Financial income</b>	75	0	0	0	0
Income from fixed assets	750				
Income from current assets	751				
Other financial income	752/9				
<b>Financial charges</b>	65	386	736	1.237	2.118
Debt charges	650	386	736	1.235	2.116
Other financial charges	652/9	0	0	2	2
<b>Profit on ordinary activities before taxes</b>	9902	343	403	480	518
<b>Extraordinary income</b>	76	0	0	0	0
<b>Extraordinary charges</b>	66	0	0	0	0
<b>Profit for the period before taxes</b>	9903	343	403	480	518
<b>Income taxes</b>	67/77	0	0	0	0
<b>Profit for the period before allocation overhead</b>	9904	343	403	480	518
Allocation of overhead		343	403	480	518
<b>Net profit</b>		0	0	0	0

## Management Accounts Business Unit Road Infrastructure P&L

Road infrastructure					
	Codes	2010	2011	2012	2013
<b>Operating income</b>		0	0	343	990
Turnover	70	0	0	330	968
Decrease in stocks of finished goods, work and contracts in progress	71	0	0	13	22
Own construction capitalised	72				
Other operating income	74	0	0	0	0
<b>Operating charges</b>		0	0	299	752
Raw material, consumables and goods for resale	60	0	0	167	572
Services and other goods	61	0	0	131	112
Remuneration, social security costs and pensions	62	0	0	0	0
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	630	0	0	1	69
Amounts written down down stocks, contracts in progress and trade debtors - Appropriations (write-backs)	631/4	0	0	0	0
Provisions for risks and charges - Appropriation (uses and write-backs)	635/7	0	0	0	0
Other operating charges	640	0	0	0	0
<b>Operating profit</b>	9901	0	0	44	238
<b>Financial income</b>	75	0	0	0	0
Income from fixed assets	750				
Income from current assets	751				
Other financial income	752/9				
<b>Financial charges</b>	65	0	0	15	120
Debt charges	650	0	0	15	120
Other financial charges	652/9				
<b>Profit on ordinary activities before taxes</b>	9902	0	0	29	118
<b>Extraordinary income</b>	76	0	0	0	0
<b>Extraordinary charges</b>	66	0	0	0	0
<b>Profit for the period before taxes</b>	9903	0	0	29	118
<b>Income taxes</b>	67/77	0	0	0	0
<b>Profit for the period before allocation overhead</b>	9904	0	0	29	118
Allocation of overhead		0	0	29	118
<b>Net profit</b>		0	0	0	0

## Management Accounts Business Unit Additional Services P&L

		Additional services			
	Codes	2010	2011	2012	2013
<b>Operating income</b>		0	0	210	976
Turnover	70	0	0	210	976
Decrease in stocks of finished goods, work and contracts in progres	71				
Own construction capitalised	72				
Other operating income	74				
<b>Operating charges</b>		0	0	210	976
Raw material, consumables and goods for resale	60	0	0	174	976
Services and other goods	61	0	0	36	0
Remuneration, social security costs and pensions	62				
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	630				
Amounts written down down stocks, contracts in progress and trade debtors - Appropriations (write-backs)	631/4				
Provisions for risks and charges - Appropriation (uses and write-backs)	635/7				
Other operating charges	640				
<b>Operating profit</b>	9901	0	0	0	0
<b>Financial income</b>	75	0	0	0	0
Income from fixed assets	750				
Income from current assets	751				
Other financial income	752/9				
<b>Financial charges</b>	65	0	0	0	0
Debt charges	650				
Other financial charges	652/9				
<b>Profit on ordinary activities before taxes</b>	9902	0	0	0	0
<b>Extraordinary income</b>	76				
<b>Extraordinary charges</b>	66				
<b>Profit for the period before taxes</b>	9903	0	0	0	0
<b>Income taxes</b>	67/77	0	0	0	0
<b>Profit for the period before allocation overhead</b>	9904	0	0	0	0
Allocation of overhead		0	0	0	0
<b>Net profit</b>		0	0	0	0

## **USE OF PROCEEDS**

The net proceeds from the issue or each issue of Treasury Notes will be applied by the Issuer for general corporate purposes.

These general corporate purposes consist of the following government public service tasks as duly entrusted to it by its partners-shareholders: financing of drinking water infrastructure, sewerage infrastructure and sport infrastructure and, to a lesser extent, for road infrastructure.



## TERMS AND CONDITIONS OF TREASURY NOTES

Each and all Treasury Notes issued under the Programme will be subject to the following terms and conditions (the ***Terms and Conditions***).

The following terms are the full terms and conditions as stipulated in Article 5 § 5 of the Law and Article 16 § 1 of the Royal Decree, which (subject to completion and amendment) will be applicable to each series of Treasury Notes (Treasury Notes issued under the Programme are issued in series and, when applicable, each series may comprise one or more tranches of Treasury Notes), provided that a Treasury Note may have other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these terms and conditions, replace the following terms and conditions for the purpose of such Treasury Note. The specific terms relating to each Treasury Note will be set out and notified in accordance with section “*Confirmation of the specific terms and conditions for a Treasury Note*” of the Terms and Conditions.

In accordance with Article 5 § 5 of the Law, these Terms and Conditions are enforceable to the subscribers and acquirers of Treasury Notes issued under the Programme.

<b>Issuer</b>	Tussengemeentelijke Maatschappij der Vlaanderen voor Watervoorziening CVBA ( <b><i>TMVW</i></b> ), a public law entity with legal personality (being an “ <i>intercommunale</i> ” as referred to in the Law of 22 December 1986 on intermunicipalities (“ <i>Wet betreffende de intercommunales</i> ”)) having its registered office at Stropstraat 1, 9000 Ghent, Belgium registered with the Crossroads Bank for Enterprises under number 0200.068.636 (the <b><i>Issuer</i></b> ).
<b>Programme</b>	TMVW Belgian Multi-Term Multi-Currency Commercial Paper Programme, under which dematerialised treasury notes ( <i>billets de trésorerie / thesauriebewijzen</i> ) may be issued in accordance with the Law and the Royal Decree (the <b><i>Programme</i></b> ).
<b>Maximum Amount</b>	<p>EUR 400,000,000 (<i>four hundred million euro</i>), or its equivalent in another Specified Currency.</p> <p>The Outstanding Amount of Treasury Notes may not exceed the Maximum Amount.</p> <p><b><i>Outstanding Amount</i></b> means the aggregate amount of the Nominal Value or the Euro Equivalent thereof, of all Treasury Notes issued or contemplated to be issued under the Programme on any Issue Date.</p> <p><b><i>Euro Equivalent</i></b> means, for the purposes of calculating the Outstanding Amount, the Nominal Value of Treasury Notes issued in a Foreign Currency converted into EUR at the exchange rate as published by the European Central Bank on the Issue Date for such Treasury Notes.</p> <p>The Outstanding Amount of Treasury Notes may not exceed the Maximum Amount.</p> <p><b><i>Outstanding Amount</i></b> means, in respect of any date, the</p>

	<p>aggregate amount of the Nominal Value of all Treasury Notes issued or to be issued prior or on such date, and not redeemed or to be redeemed on or prior to such date.</p>
<b>Maturity of the Programme</b>	<p>The Programme has been established for an undetermined period.</p> <p>The Programme may be terminated by the Issuer or the Arranger at any time, subject to 30 days prior written notice to that effect, provided that the Terms and Conditions will remain in full force and effect with respect to Treasury Notes issued under the Programme for so long as such Treasury Notes shall remain outstanding.</p>
<b>Dealers</b>	<p>Belfius Bank SA/NV, having its registered office at Boulevard Pachéco 44, 1000 Brussels, Belgium, and BNP Paribas Fortis SA/NV, will act as Dealer (the <b>Dealer</b>) pursuant to a Dealer Agreement, between the Issuer, the Arranger and the Dealer (the <b>Dealer Agreement</b>).</p>
<b>Domiciliary Agent</b>	<p>Belfius Bank SA/NV, having its registered office at Boulevard Pachéco 44, 1000 Brussels, Belgium, will act as Domiciliary Agent (the <b>Domiciliary Agent</b>), pursuant to an Agency Agreement between the Issuer and the Domiciliary Agent (the <b>Agency Agreement</b>).</p>
<b>Arranger</b>	<p>Belfius Bank SA/NV, having its registered office at Boulevard Pachéco 44, 1000 Brussels, Belgium, will act as Arranger (the <b>Arranger</b>) pursuant to the Dealer Agreement.</p>
<b>Form</b>	<p>The Treasury Notes to be issued under this Programme shall be dematerialised “<i>billets de trésorerie / thesauriebewijzen</i>” (herein individually a <b>Treasury Note</b>, collectively the <b>Treasury Notes</b>) governed by the Law and the Royal Decree.</p> <p>Treasury Notes issued under this Programme will be in a dematerialised form only and may not be converted into another form. Ownership of the Treasury Notes will be evidenced by book-entries in the investor's account with the Clearing Operator or with a direct or indirect participant in the Clearing System, classified under "X/N" accounts as determined by the Law of 6 August 1993 and the Royal Decrees of 26 May and 14 June 1994 (each as may be amended from time to time).</p> <p><b>Law</b> means the law of 22 July 1991 concerning treasury notes and certificates of deposit (<i>billets de trésorerie et certificats de dépôt / thesauriebewijzen en depositobewijzen</i>), published in the <i>Official Gazette</i> of 21 September 1991, as amended from time to time.</p> <p><b>Royal Decree</b> means the royal decree of 14 October 1991 relating treasury notes and certificates of deposit (<i>billets de trésorerie et certificats de dépôt / thesauriebewijzen en deposito-bewijzen</i>) as published in the <i>Official Gazette</i> of 19 October 1991, as amended from time to time.</p>

## **Remuneration**

Treasury Notes issued under this Programme may be Discount Treasury Notes, Fixed Rate Treasury Notes, Floating Rate Treasury Notes or Zero Coupon Notes.

**Discount Treasury Notes** means Treasury Notes with a Tenor shorter than or equal to one year that are issued on a discount basis and which will not bear interest until their Maturity Date.

**Fixed Rate Treasury Notes** means Treasury Notes that generate periodical interest payments at a fixed rate.

**Floating Rate Treasury Notes** means Treasury Notes that generate periodical interest payments at a floating rate.

**Zero Coupon Treasury Notes** means Treasury Notes with a Tenor of more than one year that are issued on a discount basis and which will not bear interest until their Maturity Date.

## **Specified Currency**

Treasury Notes may be denominated in Euro and in any lawful currency other than Euro for which the European Central Bank daily publishes Euro foreign exchange rates (such currency the Treasury Notes are denominated in, the **Specified Currency**), provided the issue and settlement of Treasury Notes in such currency through the Clearing System is authorised by the Clearing Operator and subject to compliance with all applicable laws, regulations and requirements of any central bank and any other relevant tax, monetary, regulatory or other authority from time to time, for deposits to be made in such currency and for such Treasury Note to be issued, offered or sale, sold and delivered.

**Euro, euro, EUR or €** denotes the single currency of the Member States of the European Union that adopt or have adopted the euro as their lawful currency under the legislation of the European Community for Economic Monetary Union.

**Foreign Currency** means the lawful currency other than Euro for which the European Central Bank daily publishes Euro foreign exchange rates.

## **Denomination**

EUR 250,000 or its equivalent in another Specified Currency, or any multiple of EUR 250,000 or its equivalent in another Specified Currency.

## **Minimum Amount**

The Minimum Amount of the Treasury Notes may at no time whatsoever, be less than the minimum amount stipulated by or established in accordance with Article 4 of the Law, as amended from time to time, and/or stipulated by or established in accordance with the Royal Decree, as amended from time to time (the **Minimum Amount**), and will comply with any applicable legal and regulatory requirements.

## **Tenor**

**Tenor** means the period from and including the Issue Date of a Treasury Note up to but excluding the Maturity Date of such Treasury Note.

## Issue Price, Premium and Interest

Subject to compliance with any applicable law and regulatory requirements (including the rules of the Clearing System), the Treasury Notes shall have a definite tenor, which may not be less than one calendar day, and there is no maximum Tenor provided that the Maturity Date of any Treasury Note may not surpass the legal existence of the Issuer (as specified in the Issuer's constitutional documents).

Should any law or regulation enforce a different minimum Tenor or enforce a maximum Tenor, such limit shall automatically apply to the Treasury Notes issued on or after the entry into force thereof.

Unless as otherwise agreed, the Issue Price, Premium and Interest shall be defined as follows:

### 1. Discount Treasury Notes

The issue price (***Issue Price***) for Discount Treasury Notes shall be calculated in accordance with the following formula:

$$P = \frac{NV}{1 + \frac{(Y * D)}{N}}$$

where:

P = Issue Price of the relevant Discount Treasury Note.

NV = Nominal Value of the Treasury Note.

D = actual number of days between Issue Date (included) and Maturity Date (excluded) or such other basis that may be the market practice at the time of issue of the relevant Discount Treasury Note.

Y = implicit yield of the Treasury Note expressed as an annual percentage.

N = 360 or such other basis that may be the market practice at the time of issue of the relevant Discount Treasury Note.

### 2. Fixed Rate Treasury Notes

Fixed Rate Treasury Notes may be issued at par, at a discount to par or at a premium over par (the ***Issue Price***).

Interest on Fixed Rate Treasury Notes will be payable in arrears on the date or dates of each year specified in the Investor and Issuer Confirmation Form (each such date, an ***Interest Payment Date***). The amount of interest payable for an Interest Period shall be calculated as follows:

$$I = NV \times R \times \text{Day Count Fraction}$$

where:

I = amount of interest payable for an Interest Period of the relevant Fixed Rate Treasury Note.

NV = Nominal Value of the Treasury Note.

R = the rate of interest expressed as an annual percentage (the ***Interest Rate***).

Day Count Fraction = the actual number of days in the Interest Period (or such other number as may be determined as being the number of days during the same period based on the market practice for the relevant currency at the time of issue of the relevant Fixed Rate Treasury Note) divided by the actual number of days in a year (or such other basis that may be market practice for the relevant currency at the time of issue of the relevant Fixed Rate Treasury Note).

### 3. Floating Rate Treasury Notes

Floating Rate Treasury Notes may be issued at par, at a discount to par or at a premium over par (the ***Issue Price***).

Interest on Floating Rate Treasury Notes will be payable in arrears on the date or dates of each year specified in the Investor and Issuer Confirmation Form (each such date, an ***Interest Payment Date***). The amount of interest payable for an Interest Period shall be calculated as follows:

$$I = NV \times R \times \text{Day Count Fraction}$$

where:

I = amount of interest payable for an Interest Period of the relevant Floating Rate Treasury Note.

NV = Nominal Value of the Treasury Note.

R = the rate of interest applicable to such Interest Period expressed as an annual percentage (the ***Interest Rate***). For each Interest Period, the interest rate will be calculated by the Domiciliary Agent on the terms mentioned in the Investor or Issuer Confirmation Form, by (i) determining the floating rate option and the designated maturity specified in the Investor or Issuer Confirmation Form and (ii) by adding to or subtracting from, as the case may be, such rate the spread mentioned in the Investor or Issuer Confirmation Form.

Day Count Fraction = the actual number of days in the Interest Period (or such other number as may be determined as being the number of days during the same period based on the market practice for the relevant currency at the time of issue of the relevant Floating Rate Treasury Note) divided by 360 (or

such other basis that may be market practice for the relevant currency at the time of issue of the relevant Floating Rate Treasury Note).

#### 4. Zero Coupon Treasury Notes

The issue price (*Issue Price*) for Zero Coupon Treasury Notes shall be calculated in accordance with the following formula:

$$P = \frac{NV}{(1+Y)^{\frac{D}{N}}}$$

where:

- P = Issue Price of the relevant Zero Coupon Treasury Note.
- NV = Nominal Value of the Zero Coupon Treasury Note.
- D = actual number of days between Issue Date (included) and Maturity Date (excluded) or such other basis that may be the market practice at the time of issue of a Zero Coupon Treasury Note.
- N = actual number of days in a year or such other basis that may be the market practice at the time of issue of the relevant Zero Coupon Treasury Note.
- Y = implicit yield of the relevant Zero Coupon Treasury Notes expressed as an annual percentage.

#### **Interest Period**

*Interest Period* means the period from and including an Interest Payment Date (or with respect to the first Interest Period, the Issue Date) up to, but excluding, the following Interest Payment Date.

#### **Nominal Value**

Nominal Value means the par value of the Treasury Notes, exclusive of premium or interest payable by the Issuer at the Maturity Date of such Treasury Note.

#### **Final Redemption Amount**

Subject to the provisions of these Terms and Conditions, the Treasury Notes will be redeemed on the Maturity Date at the Nominal Value, unless otherwise agreed and confirmed in the Investor or Issuer Confirmation Form (the *Final Redemption Amount*).

#### **Business Day**

In respect of Treasury Notes denominated in euro (*EUR*): a day on which (a) the Trans-European Automated Real-Time Gross settlement Express Transfer system (*TARGET*) is open and (b) the Clearing System is open for general business.

In respect of Treasury Notes denominated in a Foreign Currency: a day on which (a) TARGET is open, (b) the Clearing System is open for general business and (c) commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country

## **Business Day Convention**

of the Foreign Currency.

If the Maturity Date or, if applicable, a date on which a payment on the Treasury Notes would become due and payable, is not a Business Day, payment in respect of the Treasury Notes will not be made until the next following Business Day (subject to any other business day convention as agreed between the parties). Holders of Treasury Notes shall not be entitled to any interest or other sums due in respect of such postponed payment.

**Issue Date** means the date on which the Treasury Notes shall, in accordance with the rules of the Clearing System, be created and delivered by the Clearing Operator by way of book entry on the securities account of the purchasers of the Treasury Notes with their Custodian against payment of the Issue Price.

**Maturity Date** means the date specified as such in the Investor Confirmation Form for such Treasury Note Transaction and on which the principal of the Treasury Note scheduled to be fully redeemed.

**Trade Date** means the date on which the Issuer and the Dealer agree on a Treasury Note Transaction.

**Treasury Note Transaction** means the issue by the Issuer and the subscription by a Dealer of Treasury Notes.

## **Confirmation of the specific terms and conditions for a Treasury Note**

In accordance with Article 16 §2 of the Royal Decree (as amended from time to time), a form will be sent to the purchaser of a Treasury Note confirming the terms and conditions specific to an issue of Treasury Notes agreed upon between the Dealer and the purchaser under the Programme (the **Investor Confirmation Form**).

A form will be sent to the Issuer of a Treasury Note confirming the terms and conditions specific to an issue of Treasury Notes agreed upon between the Issuer and the Dealer under the Programme (the **Issuer Confirmation Form**).

## **Late Payment**

If any amount remains unpaid under any Treasury Note when due, the Issuer will, to the extent permitted by law, pay interest on such amount, calculated at the rate specified in Article 5 of the Law of 2 August 2002 on delayed payment in commercial transactions, as amended from time to time. Such interest is due and payable without any prior notice or formality.

## **Events of Default**

If any of the following events occurs and is continuing:

- (a) default by the Issuer in the payment of principal or interest in respect of any Treasury Note (including the payment of Additional Amounts), as and when such amount(s) shall become due and payable, provided such default shall have continued for a period of 5 Business Days after the date on which such sum was due, except where such non-payment or late payment is due to any (in)action of the Domiciliary Agent, the Clearing Operator or disfunctioning of the

Clearing System;

- (b) default by the Issuer in the due performance or observance of any obligation, covenant, undertaking, agreement or provision under or in relation to the Treasury Notes or the Information Memorandum if such default is not remedied within 15 Business Days after receipt by the Issuer of notice by a holder of Treasury Note(s) requiring the default to be remedied;
- (c) Any corporate action, legal proceedings or other procedure or step is taken in relation to: (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme or arrangement or otherwise) of the Issuer, except in case of the event(s) foreseen in subparagraph (h) and (i) hereunder; or (ii) a composition compromise, assignment or arrangement with any creditor of the Issuer ; or (iii) the appointment of a liquidator, receiver, administrator, compulsory manager or other similar officer in respect of the Issuer , or any of their assets (iv) or any analogous procedure or step is taken in any jurisdiction;
- (d) the Issuer becomes insolvent or is declared insolvent by a competent jurisdiction, or is declared bankrupt or unable to pay its debts as they fall due, stops, suspends or announces its intention to stop or suspend payment of all or, a material part of (or of a particular type of) its debts or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or any particular debt, in each case which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) the debts of the Issuer, or an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer prior to the redemption in full of all outstanding Treasury Notes;
- (e) (i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised being declared due and payable prior to its stated maturity by reason of any event of default (however described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due or, as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that none of the events mentioned above in this paragraph shall give rise to an Event of Default if the aggregate amount of the relevant indebtedness, guarantees and indemnities is less than EUR



10,000,000 or its equivalent in any other currency ;

- (f) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer in respect of any of its property or assets for an amount at the relevant time of at least EUR 10,000,000 or its equivalent in any other currency becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (g) it becomes unlawful for the Issuer to perform any of its obligations under the Treasury Notes or any of its obligations ceases to be valid, binding or enforceable;
- (h) a substantial change is made to the general nature and volume of the water and sewerage activities of the Issuer, as compared to the activities as these are carried out on the date of the Information Memorandum relating to such Treasury Notes, which is materially adverse to the interests of the Treasury Noteholder ;
- (i) a transfer or sale of all or substantially all of the assets of the Issuer, except if due to a reorganisation of the Issuer on a solvent basis (unless such reorganisation on a solvent basis results in the Issuer of the Treasury Notes becoming a mere holding company without material operational activities or such reorganisation on a solvent basis would lead to a change of business as indicated in sub-paragraph (h) hereabove).

then, in each and every such case, any holder of a Treasury Note may, by written notice to both the Issuer and the Domiciliary Agent (such notice being sent in accordance with section “*Notice*” of the Terms and Conditions), cause such Treasury Note to become immediately due and payable as from the date of such notice (the ***Early Redemption Date***) at an amount (the ***Early Redemption Amount***) determined as follows:

- If such defaulted Treasury Note is a Discount Treasury Note or Zero Coupon Treasury Note, at an amount calculated as in the item ‘Issue Price’ under *1. Discount Treasury Notes*, or *4. Zero Coupon Treasury Notes* whereby “P” would be the Early Redemption Amount and “D” would be the number of days between the Early Redemption Date, included, and the Maturity Date of the Treasury Note (excluded).
- If such defaulted Treasury Note is a Fixed Rate or Floating Rate Treasury Note, at its Nominal Value plus accrued interest.

## **Change of Control**

In the event that a Change of Control occurs, any holder of a Treasury Note may cause such Treasury Note to become due and payable on the Change of Control Early Redemption Date at a Change of Control Early Redemption Amount, by delivering to the Issuer (with a copy to the Domiciliary Agent and to each Dealer) a written notice by registered letter, at any time during the Change of Control Exercise Period. Such notice shall be

irrevocable, and the relevant holder of a Treasury Note shall undertake to hold the Treasury Note up to the date of effective redemption of the Treasury Note.

Within 10 Business Days following a Change of Control, the Issuer shall give notice thereof to the holders of the Treasury Notes in accordance with *article "Notifications"* (the ***Change of Control Notice***). Such notice shall be irrevocable. The Change of Control Notice shall contain, at least, the following informations:

- (i) to the fullest extent permitted by applicable law, all information material to the holders of Treasury Notes concerning the Change of Control ;
- (ii) a statement informing the holders of Treasury Notes of their entitlement to exercise their rights to require the redemption of their Treasury Notes.

For the purposes of this article:

a ***Change of Control*** shall occur when Belgian public law entities do not longer own, directly or indirectly, at least 75% of the shares of the Issuer.

***Change of Control Early Redemption Amount*** shall be determined as follows:

- If such Treasury Note is a Discount Treasury Note or Zero Coupon Treasury Note, at an amount calculated as in the item 'Issue Price' under *1. Discount Treasury Notes*, or *4. Zero Coupon Treasury Notes* whereby "P" would be the Change of Control Early Redemption Amount and "D" would be the number of days between the Change of Control Early Redemption Date, included, and the Maturity Date of the Treasury Note (excluded).
- If such Treasury Note is a Fixed Rate or Floating Rate Treasury Note, at its Nominal Value plus accrued interest.

***Change of Control Early Redemption Date*** means the fourteenth Business Day after the expiry of the Change of Control Exercise Period.

***Change of Control Exercise Period*** means, 60 (sixty) calendars days following the date on which a Change of Control Notice is delivered to the holders of the Treasury Notes

## Status

The Treasury Notes shall represent direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* among themselves and with all other present and future unsubordinated and unsecured obligations of the Issuer (save for those preferred by mandatory provisions of law).

## Negative Pledge

So long as any Treasury Note remain outstanding, the Issuer will not create or permit to subsist any Encumbrance upon the whole or any part of its present or future undertakings, receivables, assets or revenues to secure any Relevant Indebtedness of any person without at the same time or prior thereto securing the Treasury Notes equally and rateably therewith.

For the purpose of this Condition:

**Relevant Indebtedness** means any indebtedness which is in the form of or represented by any bond, note, debenture or similar financial instruments.

**Encumbrance** means any mortgage, charge, pledge, lien, or other form of encumbrance or security interest, other than arising by operation of law.

## Repurchase and Cancellation

The Issuer may at any time purchase Treasury Notes, provided that such purchase is made by the Domiciliary Agent acting for the Issuer and provided that such Treasury Notes are cancelled, without prejudice to the right of the Issuer to issue new Treasury Notes in accordance with these Terms and Conditions.

## Secondary market

Whenever an investor wishes to sell a Treasury Note before its Maturity Date, the Dealer shall try, on a best effort basis and without any commitment whatsoever on its part, to find one or more purchasers for such Treasury Note.

Each investor is allowed to sell one or several Treasury Notes it owns provided that such sale may not result in an investor holding Treasury Notes in an amount less than the Minimum Amount.

With regard to Treasury Notes denominated in a Foreign Currency, article 2, §2 of the royal decree of 14 June 1994 fixing the rules applicable to holding on an account dematerialised securities which are denominated in a foreign currency or in currency units other than euro (published in the Official Gazette of 17 June 1994), as amended from time to time, stipulates that no transaction may occur on a value date falling two Business Days or less before an Interest Payment or before the Maturity Date.

## Notices

### 1. To the holders of Treasury Notes

Any notice to holders of Treasury Notes shall be validly given if:

- (i) made by (a) direct mail to the holder of a Treasury Note having a securities account or to the Custodian or (b) by a notice through the intermediary of the Clearing Operator; or
- (ii) if published in two leading financial Belgian newspapers having general circulation in Belgium (which are expected to be *L'Echo* and *De Tijd*) or, if this is not practicable, in one or more other leading French and Dutch language newspapers with general circulation in Belgium.

The notice under paragraph (i) above shall be deemed to have been made upon delivery thereof to, for the purpose of option (a), holder of a Treasury Note having a securities account or to the Custodian or, for the purpose of option (b), to the Clearing Operator.

The notice under paragraph (ii) above shall be deemed to have been given on the date of publication or, if published on more than one date or on different dates, on the first date on which such publication shall have been made.

## 2. To the Issuer or to the Domiciliary Agent

Notices to the Issuer or to the Domiciliary Agent will be made to their respective registered offices by registered mail or by fax (immediately confirmed by registered mail) and addressed for the attention of or to the person designated by that party for that purpose, as set out under section Contact details on page 65 of the Information Memorandum.

A notice sent by registered mail is deemed to have been made upon delivery or 3 Business Days after being sent in a correctly addressed envelope.

### **Governing Law and Jurisdiction**

The Treasury Notes shall be governed by and construed in accordance with the laws of the Kingdom of Belgium.

The Belgian competent Courts of Brussels have exclusive jurisdiction to settle any dispute arising out of or in connection with the Treasury Notes.

### **Reimbursement**

Any principal due to the holder of a Treasury Note on a Maturity Date, as appropriate, shall be credited, on the basis of the amounts of the securities booked on its securities' accounts with its Custodian, on its cash account with its Custodian, after deduction of withholding tax, if any.

### **Delivery and Payment**

The Treasury Notes shall, in accordance with the rules of the Clearing System, be created and delivered by the Clearing Operator by way of book entry on the securities account of the purchasers of the Treasury Notes with their Custodian against payment of the Issue Price.

**Clearing System** means the securities settlement system recognised or approved in accordance with Articles 3 to 12 of the Law of 2 January 1991 on the market of public debt securities and the monetary policy instruments as amended from time to time, the Law of 6 August 1993 as amended from time to time and its implementing decrees as amended from time to time, the Law of 15 July 1998 as amended from time to time and its implementing decrees as amended from time to time and the Law of 2 October 2002 on supervision of the financial industry and financial services as amended from time to time. The securities settlement system operated by the NBB was recognised as such by a Royal Decree of 14 June 1994.

**Clearing Operator** means the entity entitled by law to operate the Clearing System and with whom the Issuer and the Domiciliary Agent have concluded an agreement for the provision of services relating to the issuance of dematerialised treasury notes (*overeenkomst van diensverlening inzake de uitgifte van gedematerialiseerde thesaurie- en depositobewijzen/convention de services relatifs à l'émission de billets de trésorerie dématérialisés et de certificats de dépôt dématérialisés*) (the **Clearing Agreement**), currently the NBB. Note: the rights and obligations of the NBB should be transferred by operation of Article 38 of the law of 15 July 1998 amending certain statutory provisions in relation to financial instruments and clearing systems.

**Custodian** means any direct or indirect participant in the Clearing System with whom a holder of Treasury Notes may have a securities account in which its ownership of Treasury Notes is evidenced by book-entry. Participants in the Clearing System of NBB include most Belgian banks and stock brokers, Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**), Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and several banks established in a Member State of the European Union.

**NBB** means the National Bank of Belgium (*Nationale Bank van België N.V./Banque Nationale de Belgique S.A.*), having its registered office at Boulevard de Berlaimont 14, 1000 Brussels, Belgium.

## **Taxation, Grossing-up**

All payments of principal and interest in respect of the Treasury Notes will be made without deduction or withholding for, or because of, any present or future taxes or duties of whatever nature imposed or levied by, or on behalf of the Kingdom of Belgium, or any political subdivision thereof or any authority or agency therein or thereof having power to tax, provided the holder of a Treasury Note is an Exempted Investor (as defined below) and holds such Treasury Note through an X-Account or Exempt Account, on which the payments are credited, unless such deduction or withholding is required by subsequent legislation.

If, as a direct or indirect result of any amendment to or any change in the laws or regulations of the Kingdom of Belgium or any of its political subdivisions thereof or any authority or agency thereof or therein or in the interpretation or administration of any such laws or regulations or if the issuer does no longer comply with the conditions imposed by these laws, regulations, interpretations or administration related to the exemption of the withholding tax, after the issuance of any Treasury Note, a deduction or withholding for or on account of any tax were required to be made from payments of interest or principal to be made by or on behalf of the Issuer in respect of such Treasury Note held by Investor who, under the provisions

referred above as they were in effect on the Issue Date of such Treasury Notes, were holding the securities on an X-account, then the Issuer shall pay such Additional Amount in respect of such Treasury Notes as is necessary in order for the net amount received by the Investor after such deduction or withholding to be equal to the amount which it would have received absent such deduction or withholding. The Issuer has no obligation to pay such Additional Amount for any tax in any other circumstance.

If the holder of Treasury Notes holds the Treasury Notes on an N-Account, all payments of principal and interest in respect of the Notes will be made after deduction of Belgian withholding tax by the Clearing Operator, as appropriate. In such case, no Additional Amounts (as defined below) shall be payable by the Issuer as described above. In the case of a deduction or withholding, the Issuer will not pay such additional amount (*Additional Amount*) as may be necessary to the effect that the net amounts received by the holders of Treasury Notes after such deduction or withholding shall equal the respective amounts which would have been receivable under the Terms and Conditions of the Treasury Notes by the holders of Treasury Notes in the absence of such deduction or withholding.

At the date of this Information Memorandum, no stamp duty (*Taxe sur les opérations de bourse/Taks op de Beursverrichtingen*) is due in respect of the Treasury Notes.

***Without prejudice to the foregoing, the investor shall bear any tax, duty, charge or fiscal liability which may arise in connection with its acquisition, holding or disposal of the Treasury Notes.***

***Exempt Accounts*** or ***X-Accounts*** are securities accounts opened with a Custodian in the name of persons or institutions defined in Article 4 of the royal decree of 26 May 1994 relating to the levy and the remuneration in accordance with chapter I of the law of 6 October 1993 relating to transactions in certain securities, as amended from time to time.

***Non-Exempt Accounts*** or ***N-Accounts*** are securities accounts opened with a Custodian in the name of persons or institutions that are not Exempted Investors.

***Exempted Investor*** means a person or institution mentioned in Article 4 of the royal decree of 26 May 1994 relating to the levy and the remuneration in accordance with chapter I of the law of 6 October 1993 relating to transactions in certain securities, as amended from time to time.

#### **Early redemption for tax reasons**

If, as described hereabove, as a direct or indirect result of any amendment to or any change in the laws or regulations of the Kingdom of Belgium or any of its political subdivisions thereof or any authority or agency thereof or therein or in the interpretation or administration of any such laws or regulations

or if the Issuer does no longer comply with the conditions imposed by these laws, regulations, interpretations or administration related to the exemption of the withholding tax, after the issuance of any Treasury Note, the Issuer, as the case may be, would, on the occasion of the next payment due in respect of the Treasury Notes, be requested to pay any Additional Amount to the holders of Treasury Notes being X-account holders, the Issuer may, at its option, at any time on giving not more than 30 days nor less than 15 days' notice prior to the redemption date to the holders of Treasury Notes (which notice will be irrevocable), redeem all Treasury Notes which would be subject to such new treatment.

Prior to this notice, the Issuer shall deliver to the Domiciliary Agent a relevant certificate duly signed by the Issuer stating that it is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer to redeem have occurred.

For the purpose of this article the redemption amount shall be determined in the same manner as the Early Redemption Amount, as described under section "*Events of default*" of the Terms and Conditions.

## TAXATION

*The information provided below does not purport to be a complete summary of Belgian tax laws and practices currently applicable. This summary is based on Belgian tax laws and practice in effect on the date of this Information Memorandum, which are subject to change, potentially with retrospective effect. Potential investors should consult with their own professional adviser.*

### 1. DESCRIPTION OF THE BELGIAN TAXATION SYSTEM

#### 1.1. Withholding tax

Under current Belgian withholding tax legislation, all payments by or on behalf of the Issuer of interest are generally subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 25%. In this regard, “interest” means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a realisation of debt securities between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However, the Treasury Notes will be cleared in the clearing system of the National Bank of Belgium and shall benefit from the application of the law of 6 August 1993 on the transactions on certain securities, as amended, and the royal decrees of 26 May 1994 and 14 June 1994, all as amended from time to time.

Hence, the withholding tax regime in Belgium in relation to the Treasury Notes will be governed by the following principles:

#### *X-Accounts and N-Accounts*

Treasury Notes shall be booked on the securities account of the investor(s) with its (their) Custodian, which securities account will be either an X-Account or an N-Account

**Exempt Accounts** or **X-Accounts** are securities accounts opened in the name of persons or institutions defined in article 4 of the royal decree of 26 May 1994, as amended (see section *1.1.c. Exempted Investors* below for the list of these persons and institutions) benefiting from an exemption from withholding tax.

Each person or institution qualifying to hold such an Exempt Account shall upon the opening of such an account provide its Custodian with a certificate – established in a form approved by the Belgian Minister of Finance – stating that it belongs to one of the categories as set out below. It shall immediately inform its Custodian of any changes in the information contained in the certificate.

These identification requirements do not apply to Treasury Notes held by Exempted Investors through Euroclear or Clearstream, Luxembourg or their sub-participants outside of Belgium, provided that these institutions or sub-participants only hold X-Accounts and are able to identify their accountholders.

In the event that a person or institution ceases to be an Exempted Investor, its securities account will become an N-Account.

**Non-exempt Accounts** or **N-Accounts** are securities accounts opened in the name of persons or institutions that do not qualify to hold an X-Account and for which withholding tax applies.



### *Payments of principal and interest and transfers of Treasury Notes*

All payments of principal and interest in respect of the Treasury Notes will be made:

- without withholding tax if the Treasury Note(s) is (are) held on an X-Account;
- after deduction of a withholding tax if the Treasury Note(s) is (are) held on a N-Account.

In addition, transfers of Treasury Note(s) between an X-Account and an N-Account give rise to certain adjustment payments on account of withholding tax :

- a transfer from an N-Account (to an X-Account or N-Account) gives rise to the payment by the transferor non-Exempted Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- a transfer (from an X-Account or N-Account) to an N-Account gives rise to the refund by the NBB to the transferee non-Exempted Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- transfers of Treasury Note(s) between two X-Accounts do not give rise to any adjustment on account of withholding tax.

### *Exempted Investors*

The following persons or institutions (as defined in article 4 of the Royal Decree of 26 May 1994, as amended from time to time) are entitled to hold Treasury Notes in an Exempt Account:

- (a) Belgian resident companies subject to Belgian corporate income tax;
- (b) state-linked organisations of social security or assimilated ;
- (c) mutual investment funds approved for pension savings scheme;
- (d) non-resident individual investors and non-resident legal entities who have not allocated Treasury Notes to the exercise of a professional activity in Belgium;
- (e) non-resident companies subject to non-resident corporate income tax, whether or not they have allocated Treasury Notes to a permanent establishment in Belgium;
- (f) the Belgian State, for its investments exempt from withholding tax, pursuant to article 265 of the Belgian Income Tax Code;
- (g) foreign mutual investment funds, which form an undivided estate managed by a management company for the account of the participants, provided that the participation certificates are not offered publicly in Belgium and are not traded in Belgium;
- (h) Belgian resident companies not referred to under (a) and whose exclusive or principal activity is granting loans;

## **1.2. Income tax**

### *Belgian Resident Individuals*

For natural persons who are subject to the Belgian personal income tax and who hold the Treasury Notes as a private investment, payment of the 25% withholding tax fully discharges them from their personal income tax liability with respect to these interest payments (“*précompte mobilier libératoire*” / “*bevrijdende roerende voorheffing*”). This means that they do not have to declare the interest obtained on the Treasury Notes in their personal income tax return, provided withholding tax was levied on these interest payments.

Belgian natural persons may nevertheless elect to declare interest in respect of the Treasury Notes in their personal income tax return. Where the beneficiary opts to declare them, interest payments will normally be taxed at a flat rate of 25% (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is more beneficial). If the interest payment is declared, the withholding tax retained may be credited.

Belgian resident individuals are not liable to income tax on capital gains realised upon the disposal of the Treasury Notes, unless the capital gains are realised outside the scope of the normal management of one's private estate or unless and to the extent the capital gains qualify as interest (as defined in section 1.1 "Withholding Tax"). Capital losses realised upon the disposal of the Treasury Notes held as non-professional investment are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Treasury Notes as a private investment.

#### *Belgian Resident Corporations*

Holders of Treasury Notes that are residents of Belgium and subject to the Belgian ordinary corporate income tax regime, are liable to corporate income tax on the income of the Treasury Notes and capital gains realised upon the disposal of the Treasury Notes. Capital losses realised upon the disposal of the Treasury Notes are generally tax deductible.

#### *Belgian Resident Legal Entities*

For holders of Treasury Notes that are residents of Belgium and subject to Belgian legal entities income tax, the 25% withholding tax on interest will constitute the final tax in their hands. If no withholding tax was levied due to the fact that they hold the Treasury Notes through an X-Account in the Clearing System or with a Custodian, they will have to declare such interest and pay spontaneously the applicable withholding tax to the Treasury.

Belgian legal entities are not liable to income tax on capital gains realised upon the disposal of the Treasury Notes unless and to the extent the capital gains qualify as interest (as defined in section 1.1 "Withholding Tax"). Capital losses are in principle not tax deductible.

#### *Non-Residents of Belgium*

Holders of Treasury Notes that are non-residents of Belgium for Belgian tax purposes and are not holding the Treasury Notes through a Belgian establishment and do not invest the Treasury Notes in the course of their Belgian professional activity will not incur or become liable for any Belgian tax on income or capital gains provided that they qualify as Exempted Investors and that they hold their Treasury Notes in an X-Account.

### **1.3. Stamp duties**

Article 126-1-9° of the Code of Miscellaneous Taxes and Duties exempts all transactions involving Treasury Notes from the Belgian Tax on Stock Exchange Transactions (*taks op beursverrichtingen* / *taxe sur les opérations de bourse*).

## **2. EU SAVINGS DIRECTIVE**

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State (hereinafter “**Disclosure of Information Method**”), except that Austria and Luxembourg will instead impose a withholding system (hereinafter “**Source Tax**”) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. Luxembourg recently announced that it will switch to the Disclosure of Information Method as from 1 January 2015. A number of non-EU countries and territories (including Switzerland) have adopted similar measures (Disclosure of Information Method or Source Tax). The European Commission has proposed certain amendments to the Savings Directive, which may, if adopted, amend or broaden the scope of the requirements described above.

### **2.1. Individuals not resident in Belgium**

Interest paid or collected through Belgium on the Treasury Notes and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

### **2.2. Individuals resident in Belgium**

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

IF THE INTEREST RECEIVED BY AN INDIVIDUAL RESIDENT IN BELGIUM HAS BEEN SUBJECT TO A SOURCE TAX, SUCH SOURCE TAX DOES NOT LIBERATE THE BELGIAN INDIVIDUAL FROM DECLARING THE INTEREST INCOME IN ITS PERSONAL INCOME TAX DECLARATION. THE SOURCE TAX WILL BE CREDITED AGAINST THE PERSONAL INCOME TAX. IF THE SOURCE TAX WITHHELD EXCEEDS THE PERSONAL INCOME TAX DUE, THE EXCESS AMOUNT WILL BE REIMBURSED, PROVIDED IT REACHES A MINIMUM OF EURO 2.5.

## SELLING RESTRICTIONS

### 1. General

The Issuer and each Dealer represent, warrant and agree, and each Additional Dealer appointed under the Programme is required to represent, warrant and agree, that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Treasury Notes and it will not directly or indirectly offer, sell, resell, re-offer or deliver Treasury Notes or distribute any Disclosure Document, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

Potential purchasers will undertake to comply with all applicable laws and regulations of such jurisdictions and will accept responsibility accordingly.

More specifically, but without limitation, potential purchasers are hereby informed that:

### 2. Belgium

The Information Memorandum has not been, and will not be, notified to the Financial Services and Markets Authority in accordance with the Belgian Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (as amended or replaced from time to time, the **Prospectus Law**). Accordingly, the Treasury Notes may not be distributed, offered, sold or resold, transferred or delivered in Belgium by way of an offer of securities to the public, as defined in Article 3 §1 of the Prospectus Law, save in those circumstances set out in Article 3 §2 of the Prospectus Law.

In addition, (i) the Treasury Notes are to be kept at all times on a securities account with a Custodian, and (ii) no issuance or transfer of Treasury Notes may result in any investor holding Treasury Notes less than the minimum amount stipulated by or established in accordance with Article 4 of the Law and/or stipulated by or established in accordance with Article 6 of the Royal Decree.

### 3. Public Offer Selling Restriction Under the Prospectus Directive (European Economic Area)

In relation to each Member State of the European Economic Area which has implemented -the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Treasury Notes to the public in that Relevant Member State.

The expression **Prospectus Directive** means Directive 2003/71/EC (and each and all amendments thereto, including the 2010 PD Amending Directive, to the extent implemented to the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

### 4. United States of America

The Treasury Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and, upon and subject to the relevant legislation and regulations, the Treasury Notes may not be offered or sold within the United States. The Issuer and each Dealer represents and agrees that it has offered and sold, and will offer and sell, Treasury Notes only outside the United States in accordance with Regulation S under the Securities Act (**Regulation S**). Accordingly, the Issuer and each Dealer represents and agrees that neither it, nor its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed

selling efforts with respect to the Treasury Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

## **5. The United Kingdom**

The Issuer and each Dealer represent, warrant and agree that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Treasury Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Treasury Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the *FSMA*) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Treasury Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Treasury Notes in, from or otherwise involving the United Kingdom.

## **6. Japan**

The Issuer and each Dealer acknowledge that the Treasury Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the *Financial Instruments and Exchange Act*) and, accordingly, the Issuer and each Dealer undertake that it will not offer or sell any Treasury Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For these purposes “Japanese Person” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

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## **INVESTOR PRESENTATION MAY 2014**





cvba

# Investor Presentation

May 2014

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# Executive Summary

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- Established in 1922, TMVW has become Flanders second largest drinking water company and now further expands to become a multi-utility company for the public sector.
- TMVW is entrusted by its partners-shareholders with a number of government public service tasks: drinking water, sewerage, road infrastructure, management of sport infrastructures and other services (5 business units).
- TMVW is a 100% public company, fully owned by public entities mostly municipalities, majority from Flanders and small minority from Wallonia. TMVW is a 'pure' inter-municipality, meaning that TMVW does not have private shareholders.
- TMVW is currently governed by the Belgian law of the 22<sup>nd</sup> of December, 1986 concerning the inter-municipalities. Following a cooperation agreement between the Flemish Region, the Walloon Region and the Brussels-Capital Region the Belgium law of the 22<sup>nd</sup> of December 1986 will cease to exist. This means that TMVW will have to conform to the Flemish Decree of Inter-municipal Cooperation (DIC) in the near future.
- TMVW has a legal monopolistic position in its activities and has predictable cashflows.
- TMVW serves 90 public entities, mostly Flemish public entities. Its turnover and net profit were respectively 326,1 mio € and 10,1 mio € for 2013.
- The company is of strategic importance to the Flemish Region (Aa3/AA-) due to its role in water supply and wastewater sewerage.
- After having established a multi-term Treasury Notes programme in 2008, TMVW started issuing commercial paper, followed by a first long term notes placement in 2011 (€ 50m), a second in 2012 (€ 79.5m) and a third in 2013 (€ 90m). Today, TMVW wants to continue its financial strategy of diversifying its funding sources towards long term notes issues.

# Key investment highlights

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## 100% public ownership

- TMVW is 100% owned by public entities
- Biggest shareholders: Cities of Ghent and Bruges

## Low risk activities

- 91% of turnover comes from regulated activities (drinking water and sewerage activities)
- 93% of non-current assets are from regulated activities

## High solvency

- Solvency is 59%

## Predictable cash flows

- Turnover 2013: € 326 mio
- EBITDA: € 73 mio
- EBITDA-margin: 22%

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  - b) Capex program
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4. Conclusions

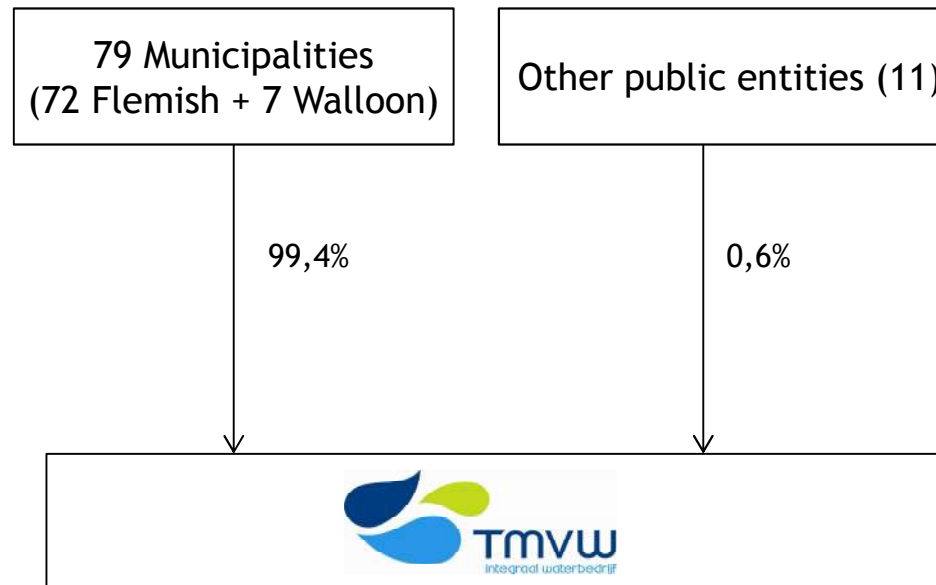
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# 1. Ownership structure



# Ownership structure

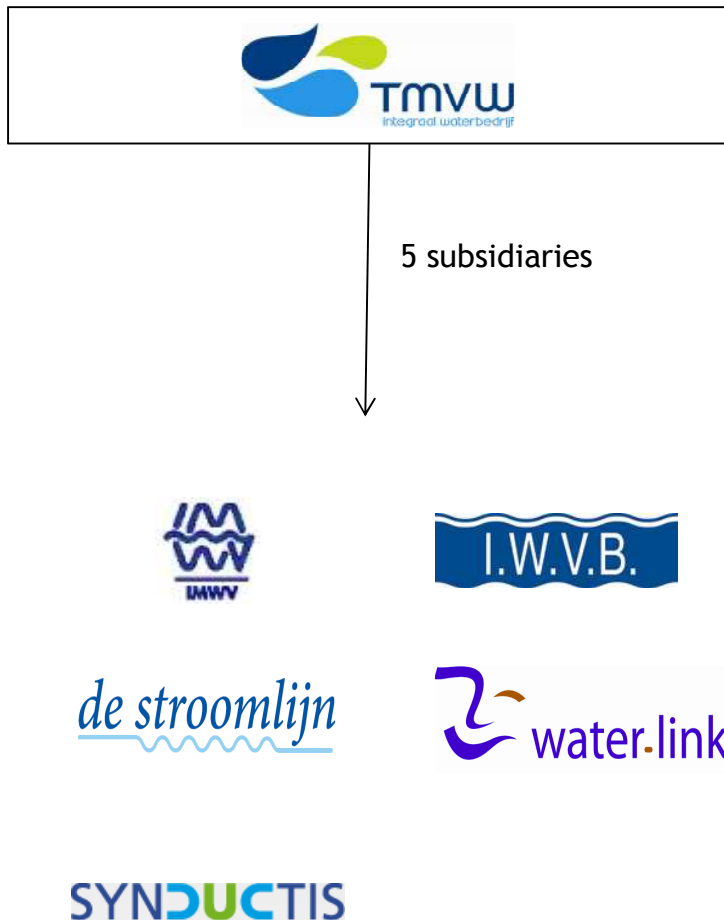
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- TMVW is 100% owned by public entities (mostly municipalities)
- Strong public involvement within the context of water distribution and sewerage management
- The expiry date of TMVW is the 22<sup>nd</sup> of December 2041 and is extendable
- At the end of the mandate expiry of TMVW or when a partner exits, the involved partner(s) are obliged to take over from TMVW their relevant assets & liabilities (incl. financial debt), personnel, public service obligations etc (cf article 23 of the Law on inter-municipalities of 1986). Until today no partner of TMVW did an early exit.

# Ownership structure (2)

## Subsidiaries



- **IMWV (37%)** is an inter-municipality (16 municipalities). It is a drinking water distribution company. As a company, IMWV joined the business unit drinking water of TMVW. This means TMVW performs all drinking water activities in the municipalities of IMWV.

- **IWVB (49%)** is an inter-municipality. It was joined by 13 municipalities and TMVW. It is a drinking water distribution company. TMVW is responsible for the management, operations, investments and financing (if wanted by the communities).

- **De Stroomlijn (33%)** is a call center operated jointly by Eandis and TMVW. It has some 200 staff members (FTE) at three sites: Mechelen, Gentbrugge and Ypres. The Gentbrugge contingent is dedicated exclusively to being the 'front office', or first-line help desk, or Aquafoon. The 'back office', or second-line help desk, function is handled exclusively by employees of the customer department of TMVW.

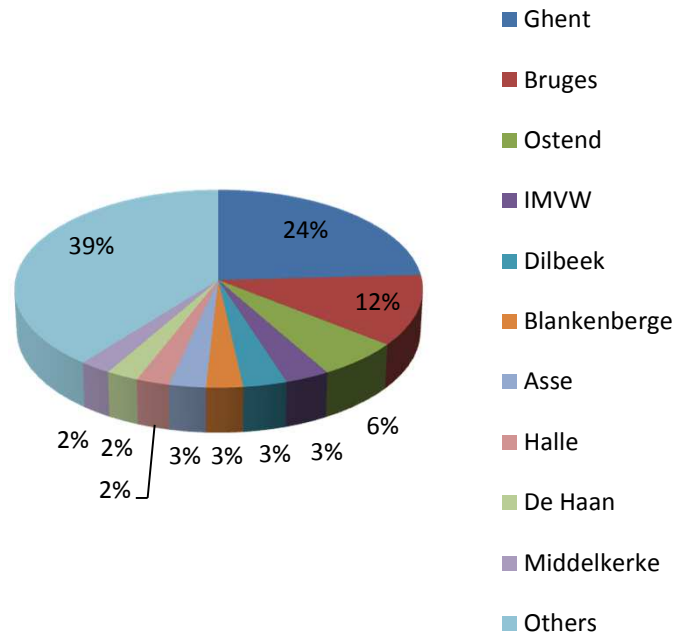
- **Water-link (50%)** is a joint venture between AWW and TMVW. It is the platform for closer cooperation between AWW and TMVW.

- **Synductis (45%)** is a partnership between several utility companies. The aim of the partnership is to reduce the nuisance as a result of large utility projects on the public domain.

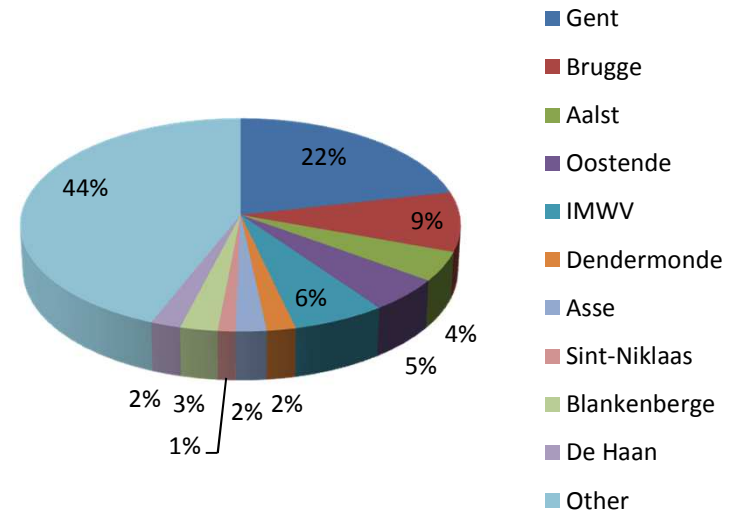


# Ownership structure (3)

Shareholders - Capital (€)



Shareholders - Voting power



- The cities of Ghent and Bruges are the biggest shareholders of TMVW.
- The 10 biggest shareholders own 61% of the capital and have 56% of the voting power.

# Governance

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## Principle

- Each public entity who has joined TMVW is represented in the governing bodies of TMVW.

## Governing bodies of TMVW

- General Meeting: all shareholders are represented and have voting rights.
- Board of directors: all authorities not specifically either by law or by articles of association for the General Meeting or the Executive Committees. The Board is presided by a chairman.
- There are several Executive Committees:
  - A Supply Executive Committee responsible for the investments and the exploitation relating to the production and transportation-infrastructure
  - 8 Regional Executive Committees each responsible for the services relating to the drinking water distribution, the sewerage activities and the road infrastructure on its territory. Specially, each Regional Executive Committee has the following authorities with regard to its region: investments in new facilities, maintenance and modification operations with regard to existing facilities, market consultations and allocation method, regulations and the use of regional budgets to promote its activities
  - The Secondary Services Executive Committee responsible for the investments and the exploitation relating to the sport infrastructure
  - The Executive Committee responsible for the services relating to the additional services.

# Governance (2)

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## From federal to Flemish supervision

- TMVW is currently governed by the Belgium law of the 22<sup>nd</sup> of December 1986 concerning the inter-municipalities. However, the Flemish Region, the Walloon Region and the Brussels-Capital Region have finalised a cooperation agreement regarding the regional cross-border inter-municipal organisations.
- With the adoption of the Cooperation Agreement the concept of regional cross-border inter-municipal organisations as governed by the the Belgium law of the 22<sup>nd</sup> of December 1986 will cease to exist.
- Pursuant to the information available, the cooperation agreement sets out the following:
  - The applicable law is determined by the Region in which the majority of the shareholders is located. In practice, this means for TMVW the Decree of Inter-municipal Cooperation (DIC).
  - Within one year of the entry into force of this cooperation agreement (probably 1 July 2014), TMVW will have to comply with the requirements regarding the organisation and operation set therein. In addition, an opportunity will be given to the Walloon municipalities to withdraw their participation in the organisation.
  - The administrative supervision is exercised by the Flemish Region. However all deliberations are to be remitted to the Walloon Region.

# Governance (3)

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## From federal to Flemish supervision (2)

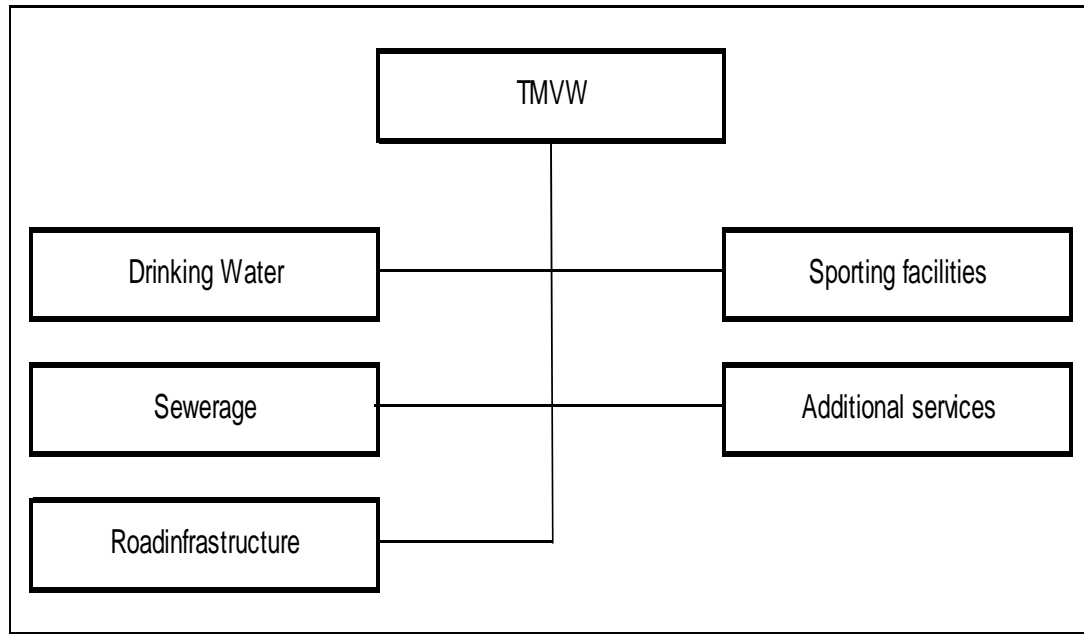
- The differences between the Decree of Inter-municipal Cooperation (DIC) and the the Belgium law of the 22<sup>nd</sup> of December 1986 regarding the inter-municipal organisations relate to the legal forms, its members, the lifetime of the organisation, the necessary conditions regarding the entry and exit of members as well as the aspect of administrative supervision.
- The impact of the change in supervision is being currently analyzed and aligned with the new Flemish supervisor.

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## 2. Company overview



# Company overview (1)



## Activities:

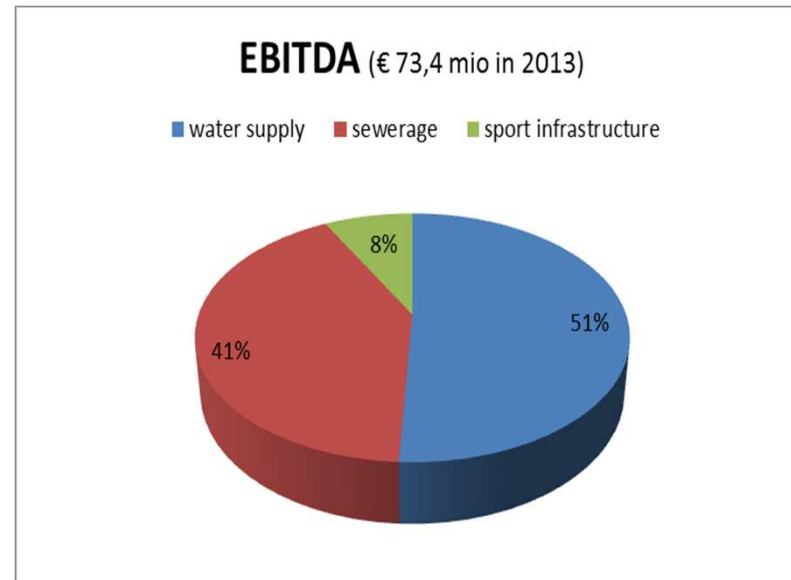
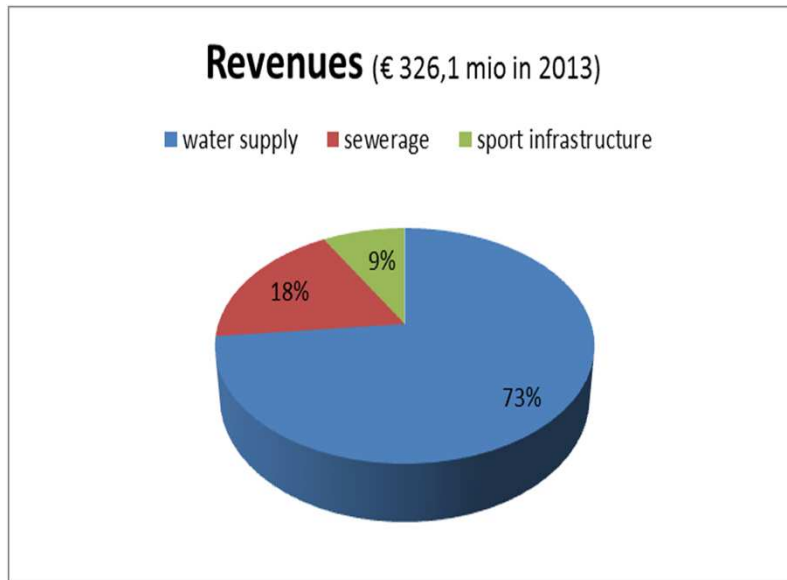
- operation, development & maintenance of distribution networks for drinking water (73 % of turnover 2013)
- operation, development & maintenance of distribution networks for sewerage client services for sewerage (18 % of turnover 2013)
- operation, development & maintenance of sport infrastructure (9 % of turnover 2013)
- operation, development & maintenance of road infrastructure (new in 2012 - less than 1% of turnover 2013)
- additional services for partners (collective buying of road salt, computers, paper, ...) (new in 2012 - less than 1% of turnover 2013)

## Legal:

- TMVW is a cooperative company with limited liability.
- There are 5 business units, each belonging to the same legal entity. Each business unit has its own shares.
- Municipalities can enter to each business unit of their choice.
- The Articles of TMVW impose that each business unit has its own P&L account and its own appropriation.
- The financing of TMVW is done on TMVW as a whole.

# Company overview (2)

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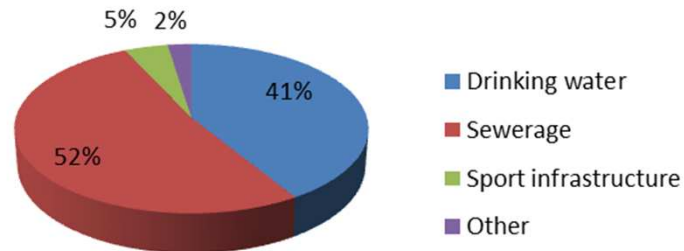
- In terms of sales, water supply is still the most important activity, in terms of EBITDA en EBITDA-margin sewerage gains importance. High EBITDA in sewerage is a condition for the investment-program.
- The activity sporting facilities grows fast, in terms of EBITDA, it is, however, not a great contributor. Financial interventions from the municipalities are required. Through VAT-optimization, financing and scale effects TMVW can offer shareholders-value for the municipalities.

# Company overview (3)

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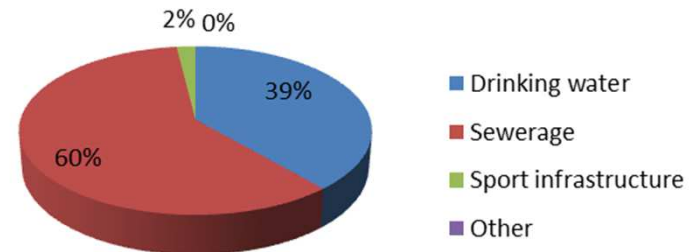
## Non-current Assets

(2.131,5 million EUR in 2013)



## Shareholders Equity

(1.409,1 million EUR in 2013)

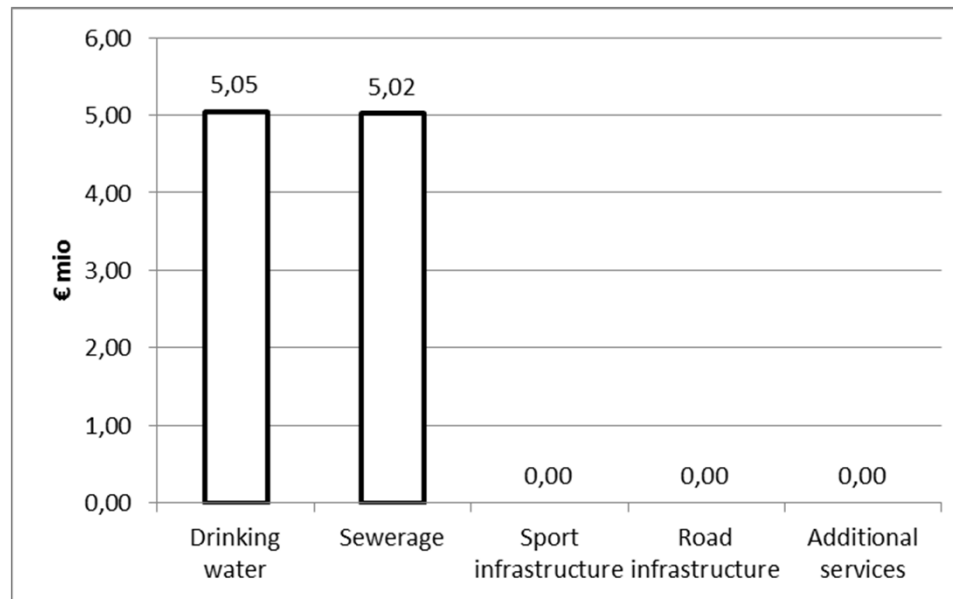


- Intangibles, PPE and financial fixed assets represent ca 90% of balance sheet total. Assets allocated to sewerage and drinking water have been subject of a revaluation similar to the energy sector several years ago. Especially on the assets on drinking water there was a significant under-evaluation in the bookvalue (€ 417m) due to short depreciation periods. The sewerage assets underwent also a revaluation (€ 224m). A detailed study of Deloitte made this clear.
- Shareholders equity rose in a significant way. This is principally coming from Sewerage. When entering TMVW - as from 2005 - the sewerage assets from the municipalities were valued on a economical base (DCF-valuation) and remunerated with shares and to a lesser extend with cash (articles of TMVW on contributions in kind).



# Company overview (4)

Net-income (2013 - in mio €)



## Financial objectives

- Drinking water
  - Reasonable prices
  - Investment capacity (with no financial interventions from the municipalities)
  - Reasonable financial return for the shareholders (dividends)
- Sewerage
  - Reasonable prices
  - Investment capacity
  - Profits are retained (investment capacity)
- Sport infrastructure
  - Reasonable prices
  - Low financial interventions from the municipalities (enforceable by the Articles)
  - No financial return for the shareholders
- Road infrastructure
  - Low financial interventions from the municipalities (enforceable by the Articles)
  - No financial return for the shareholders
- Additional services
  - Through scale effects better prices for the municipalities

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## a. Drinking water



# Drinking water

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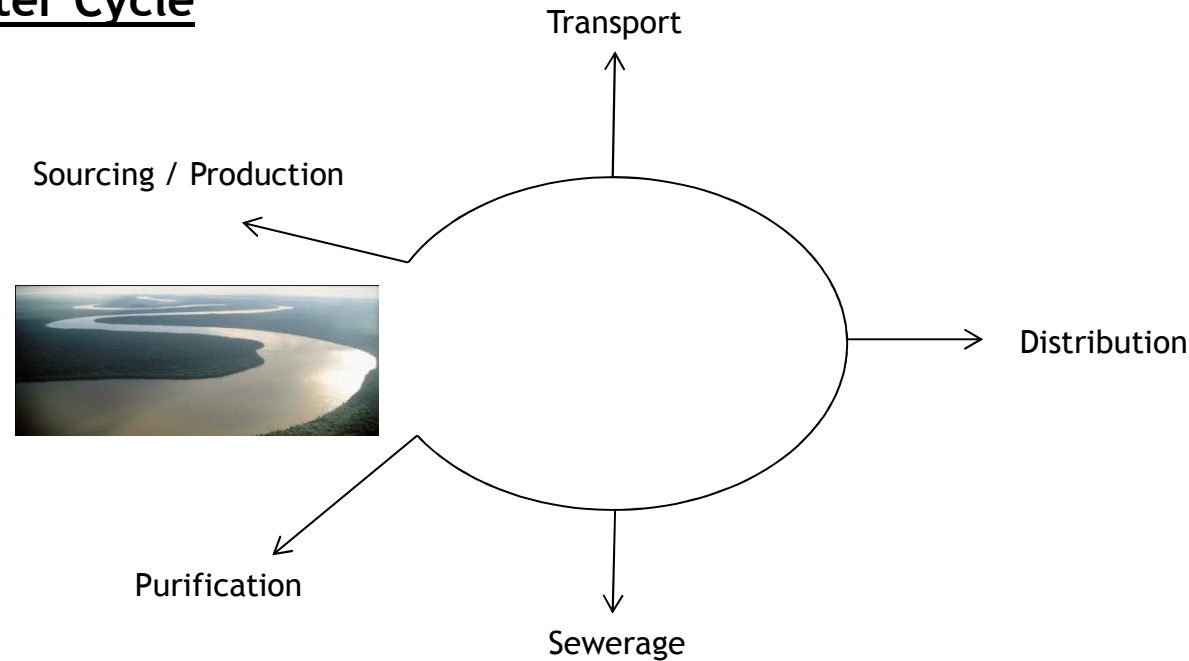
## Regulations relating to drinking water supply

- In Belgium, the municipalities, the regions and the Belgian central government all enjoy powers with regard to the organization of the drinking water supply. Those powers are divided by law:
  - **Federal government:**
    - price control: before raising prices an application must be submitted to a price index commission. The price index commission advises the Minister of economy, who takes a final stance. As a result of the sixth state reform those powers will transfer to the Flemish region.
    - product norms: there are series of specifications and standards for building products which come into contact with drinking water.
  - **Flemish region:** coordinates the regulatory tasks and establishes the framework within which drinking water supply must take place without involving itself in how this is achieved. Under the provisions of the Drinking Water Decree of 2002 the Flemish Government has the power to act as regulator for various aspects relating to water intended for human use.
  - **Municipalities:** responsible for organizing the drinking water supply in their area and may decide for themselves on how to do this.

# Drinking water (2)

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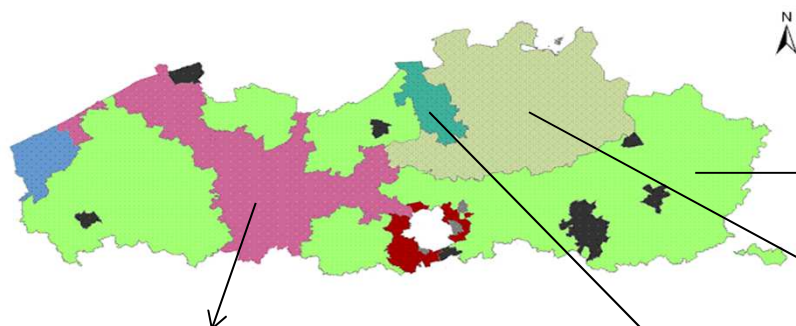
## Drinking Water Cycle



- Activities of the drinking water cycle, role of TMVW:
  - The division Drinking Water is accountable for the activities Production, Sourcing, Transport and Distribution
  - TMVW has also a division Sewerage
  - For the activity Purification TMVW has a contract with Aquafin.
- Legally the integrated waterbill comprises all the activities of the cycle. The company who is responsible for the distribution of drinking water does the billing.

# Drinking water (3)

## Peers (Flanders)



De Watergroep	2011	2012
Sales (total - all activities))	425.455.131	439.509.830
Number of distributionclients	1.180.891	1.217.929
Production (m³)	138.247.514	121.523.944
Water purchased (m³)	24.136.432	42.080.378
Watersale (m³)		
Length of infrastructure (km)	30.662	30.987
Personnel (total - all activities)	1.477	1.475

TMVW	2011	2012
Sales (total - all activities)	301.071.654	317.747.354
Number of distributionclients	565.299	573.420
Production (m³)	9.763.177	9.965.005
Water purchased (m³)	75.300.417	75.040.370
Watersale (m³)	83.435.233	83.364.868
Length of infrastructure (km)	11.454	11.545
Personnel (total - all activities)	746	774

PIDPA	2011	2012
Sales (total - all activities)	187.175.505	192.618.528
Number of distributionclients	503.644	509.524
Production (m³)	63.925.457	63.432.789
Water purchased (m³)	3.434.021	3.097.989
Watersale (m³)	58.925.104	58.667.932
Length of infrastructure (km)	12.731	12.794
Personnel (total - all activities)	699	693

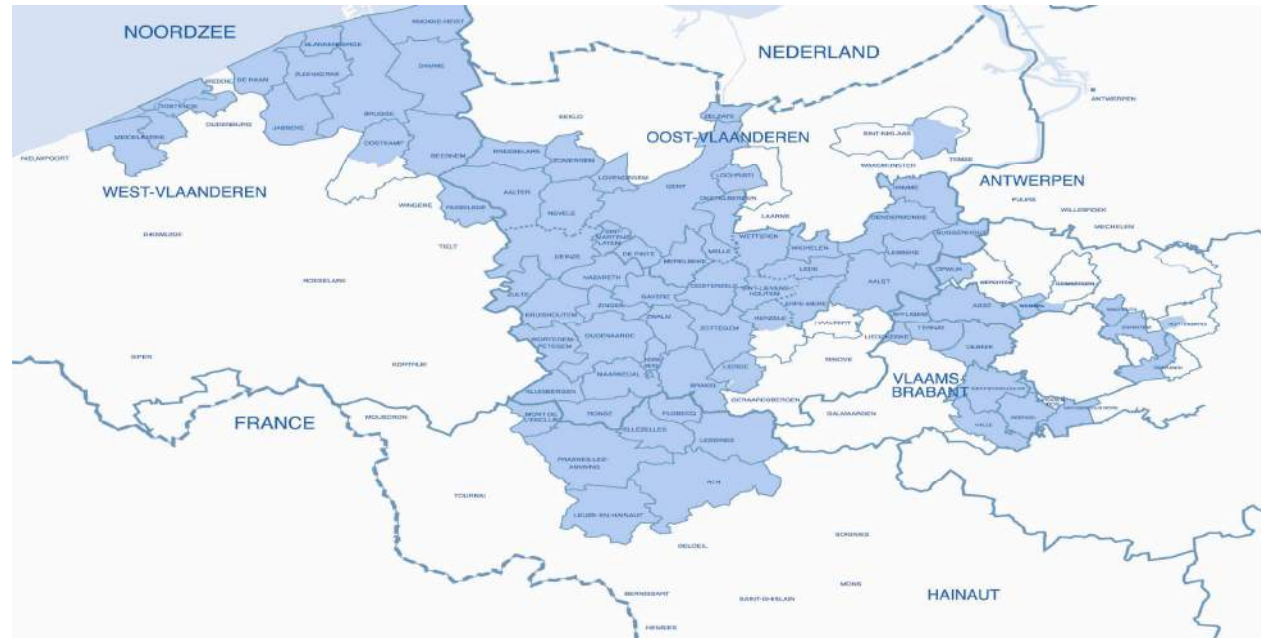
- TMVW is in terms of customers number two of the Flemish Region
- TMVW has in comparison with its peers little own production capacity and is more a distribution company using its network

AWW	2011	2012
Sales (total - all activities)	173.240.320	176.598.348
Number of distributionclients	175.644	177.685
Production (m³)	138.186.150	139.842.573
Water purchased (m³)		
Watersale (m³)	135.143.980	135.430.356
Length of infrastructure (km)	2.450	
Personnel (total - all activities)	472	464

# Drinking water (4)

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## TMVW

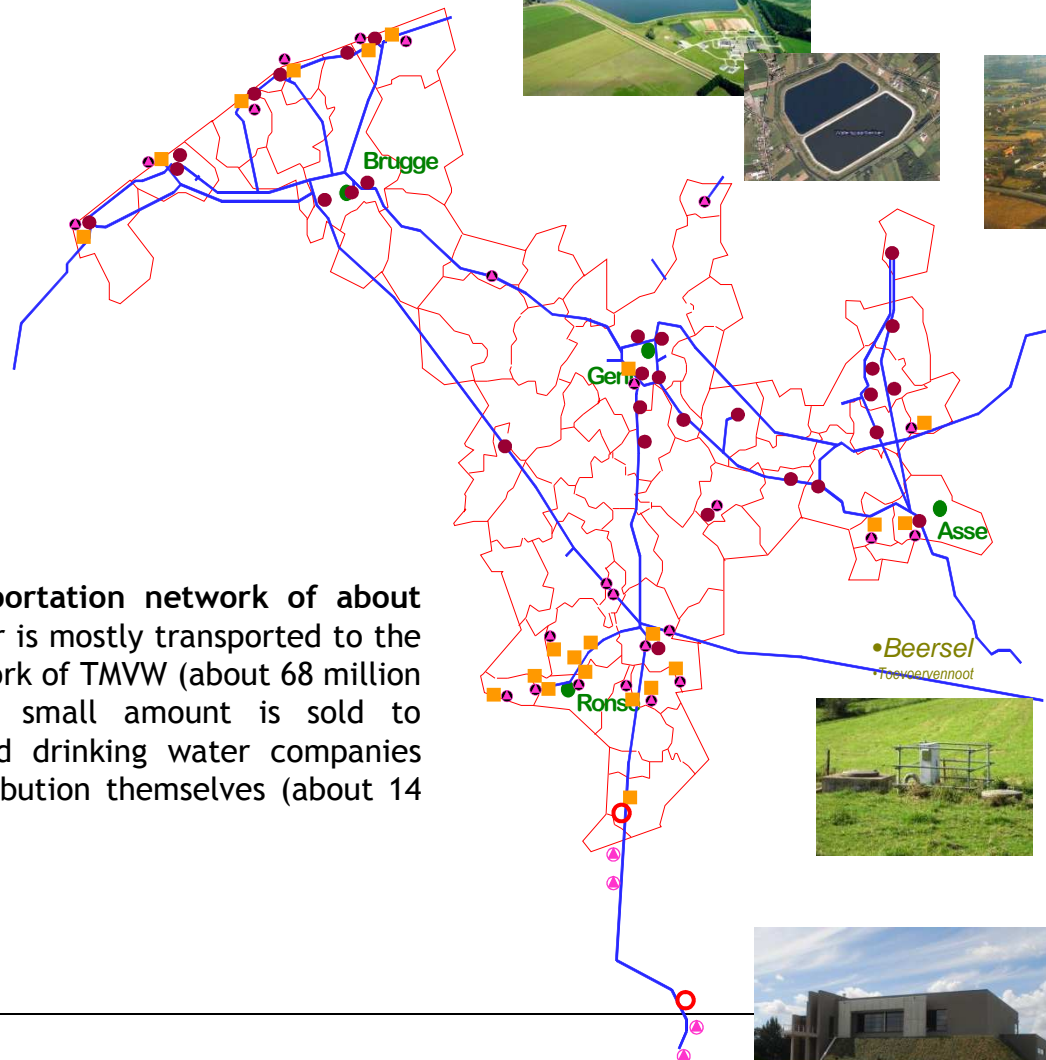


- The business unit Drinking water comprises three major activities (i) Production and Sourcing, (ii) Transport and (iii) Distribution (including purification)
- For the activity Production, Sourcing and Transport, TMVW is present in the Walloon and Flemish regions, for the activity Distribution only in the Flemish region

# Drinking water (5)

## Production, Sourcing and Transport

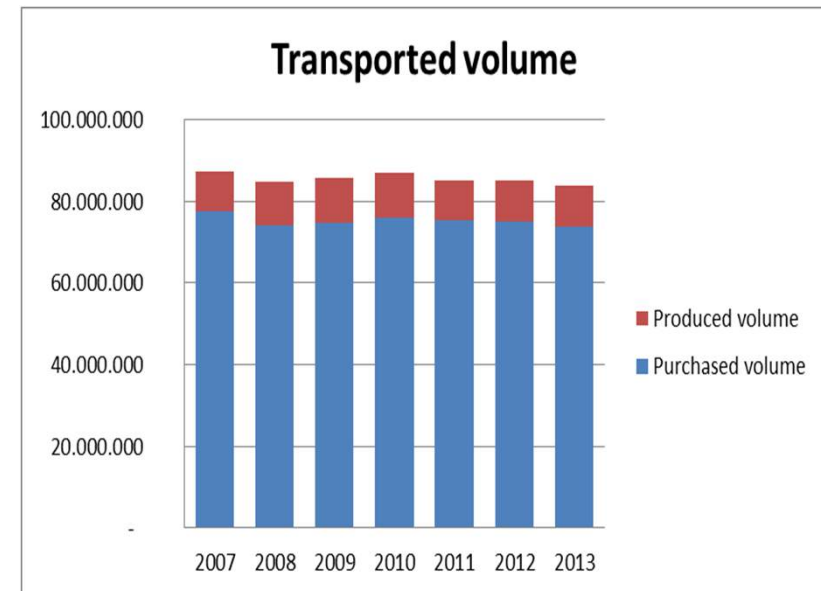
- Through a transportation network of about 628 km the water is mostly transported to the distribution network of TMVW (about 68 million m<sup>3</sup> in 2013). A small amount is sold to municipalities and drinking water companies that do the distribution themselves (about 14 million m<sup>3</sup>)



# Drinking water (6)

## Production, Sourcing and Transport (2)

- The majority of the drinking water is purchased from other drinking water companies:
  - Production (12%)
    - Mainvault (Walloon region): 9,4 mio m<sup>3</sup>
    - Beersel (Flemish region): 0,5 mio m<sup>3</sup>
    - Oudenaarde (Flemish region): 0,2 mio m<sup>3</sup>
  - Purchased (88%)
    - AWW (Flemish region): 39,2 mio m<sup>3</sup>
    - Vivaqua (Walloon region): 32,5 mio m<sup>3</sup>
    - Evides (Netherlands): 2,0 mio m<sup>3</sup>
    - Others: 0,2 mio m<sup>3</sup>



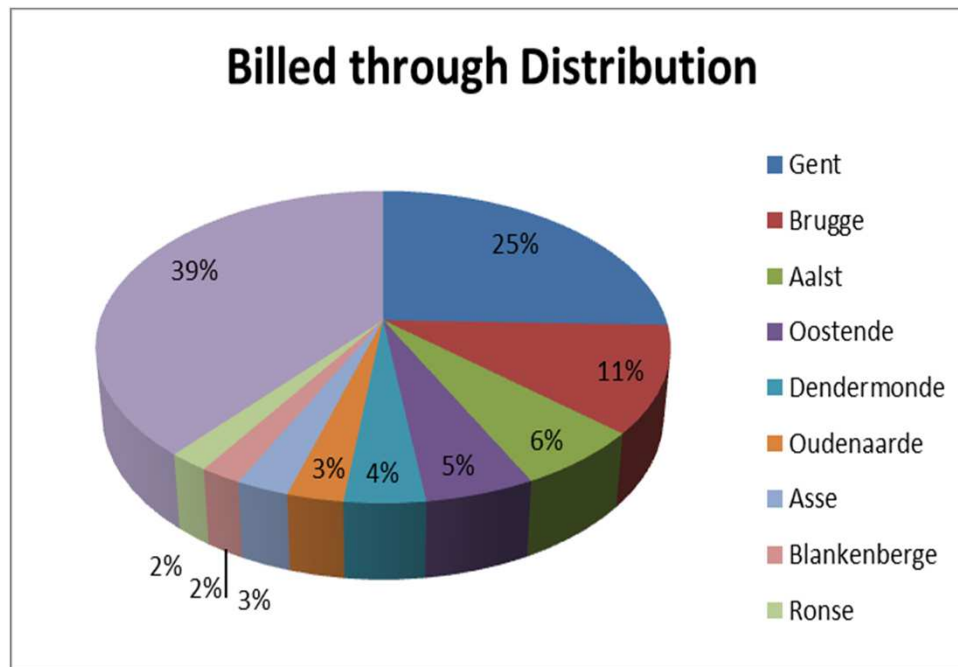
*The transported (and sold) volumes are stable*



# Drinking water (7)

## Distribution

- Distribution activity in the Flemish region: 57 municipalities
- Charged amount of drinking water through the distribution network: 54,6 mio m<sup>3</sup>
- Number of customers: 582 272
- Number of residents: 1 181 469



### Customers profile

- Mostly households
- Very defensive: low exposure to cyclical customers (industry)
- Largest customers:
  - Syral: 1,2 mio m<sup>3</sup>
  - Coca Cola: 0,5 mio m<sup>3</sup>
  - Electrabel: 0,5 mio m<sup>3</sup>
  - All others: less

# Drinking water (8)

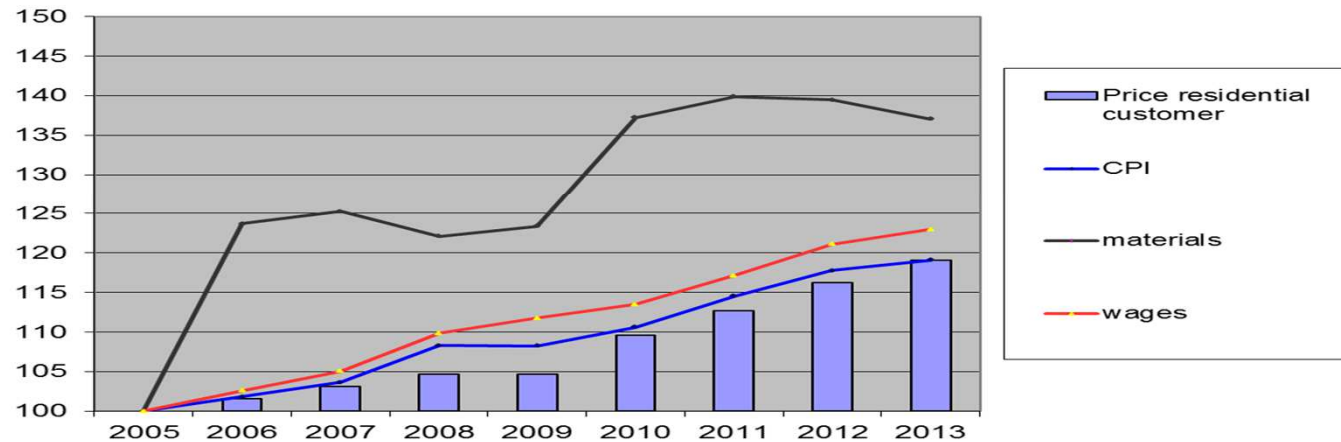
## Distribution (2)

- Distribution network: 10 955 km



- Drinking water prices: evolution in line with the inflation

**Evolution of the drinking water price for a typical residential customer versus representative cost indices (2005 = 100)**



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## b. Sewerage



# Sewerage

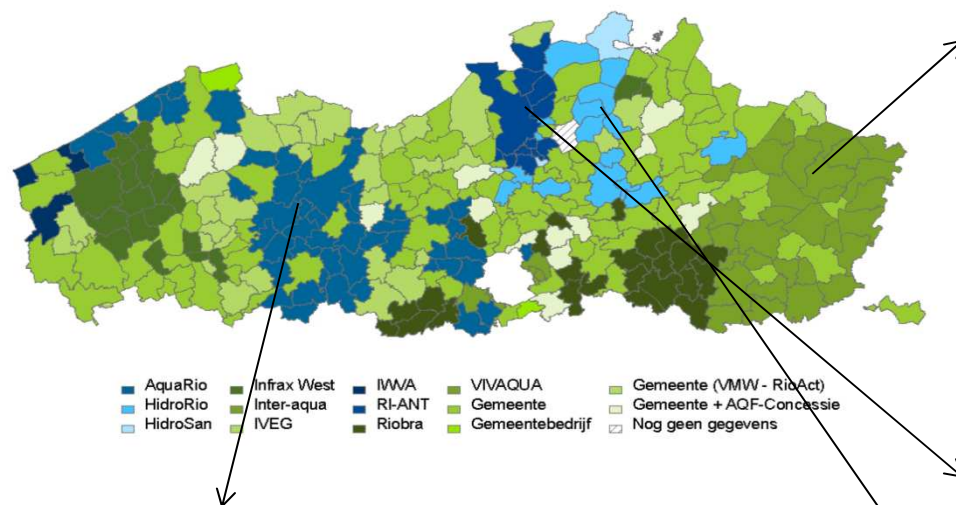
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## Regulations relating to wastewater treatment

- On the 1<sup>st</sup> of January 2005 the Flemish Region gave the drinking water companies the responsibility for treating the water they supply and were authorized to levy a reasonable contribution to the cost involved in this wastewater treatment obligation.
- There is no federal price control on the contribution to the cost involved in the wastewater treatment (<> supply of drinking water).
- The municipalities are responsible for the collection of wastewater in their area. The municipality is responsible for laying and managing the sewers for transporting wastewater to the collectors, from where it has to be led to the wastewater treatment station. The municipalities can obtain subsidies for investment in their sewer network from the Flemish Government. The municipality enjoys complete freedom of choice as how it wishes to carry out its responsibility to provide sewerage services. One of the possibilities is joining an inter-municipality.
- For the treatment of the collected wastewater the drinking water companies have an agreement with Aquafin. Aquafin was set up in 1991 to take charge of the design, construction and outsourcing of supra-municipal public wastewater treatment. The Flemish Government is the sole shareholder of Aquafin.

# Sewerage (2)

## Peers (Flanders)



TMVW (brandname: AquaRio)	2011	2012
Sales (total - all activities)	301.071.654	317.747.354
Number of sewerage clients	506.580	512.919
Number of residents	1.077.805	1.092.146
Number of municipalities	51	51

Infrax (Brandnames: Riobra, Inter-Aqua, Infrax-West and IVEG)	2011	2012
Sales (total - all activities) (*)	209.783.657	209.783.657
Number of sewerage clients	NA	NA
Number of residents	1.206.267	1.220.258
Number of municipalities	82	82

(\*) sales of RioBra, IVEG, inter-Aqua and Infrax-West

De Watergroep (brandnames Rio-Act and RioP)	2011	2012
Sales (total - all activities)	425.455.131	439.509.830
Number of sewerage clients	NA	NA
Number of residents	893.219	896.458
Number of municipalities (*)	48	48

(\*) 14 municipalities did a complete handover, the others appeal VMW ad hoc

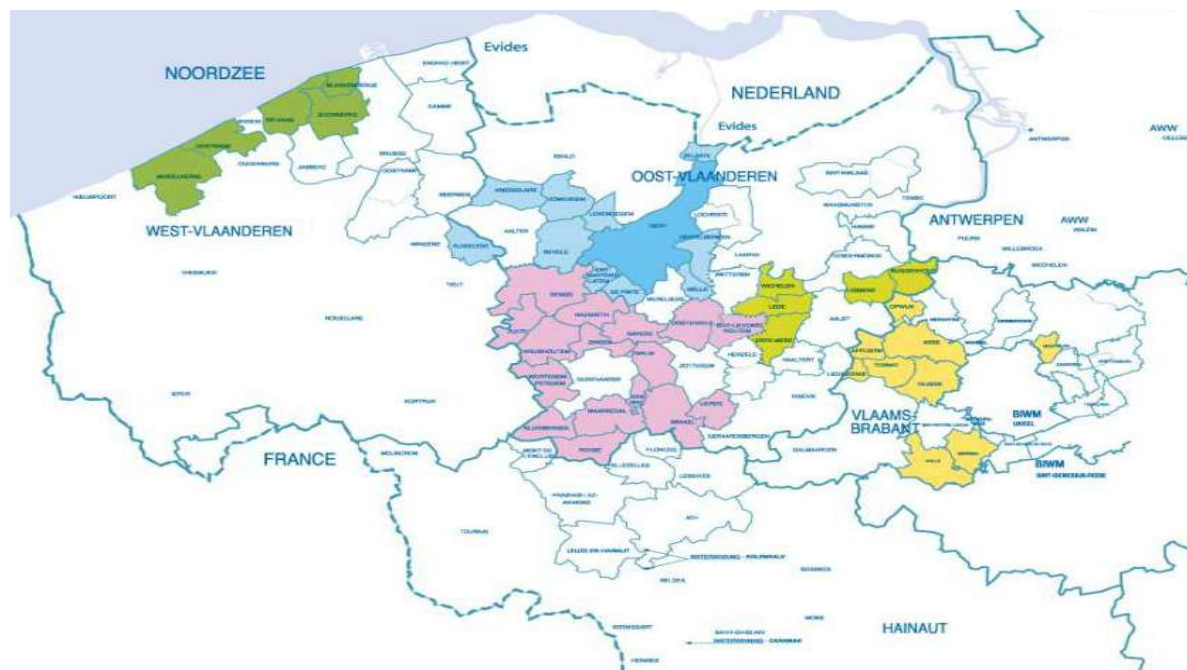
AWW (brandname Ri-ANT)	2011	2012
Sales (total - all activities)	173.240.320	176.598.348
Number of sewerage clients	223.823	NA
Number of residents	728.008	747.305
Number of municipalities	13	13

PIDPA (brandnames: HidroRio, HidroSan, HidroGem and HidriBA)	2011	2012
Sales (total - all activities)	187.175.505	187.175.505
Number of sewerage clients	176.213	NA
Number of residents	514.908	524.606
Number of municipalities	29	29
Length of sewerinfrastructure	2.298	2.352

- Landscape more fragmented than drinking water distribution
- Still some municipalities who chose to do the collection themselves
- In terms of residents TMVW is number 2 of the Flemish Region

# Sewerage (3)

## TMVW

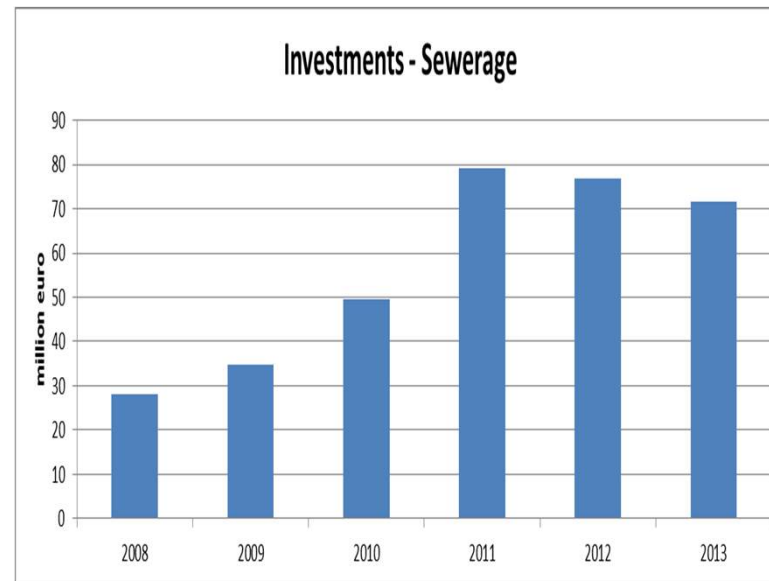
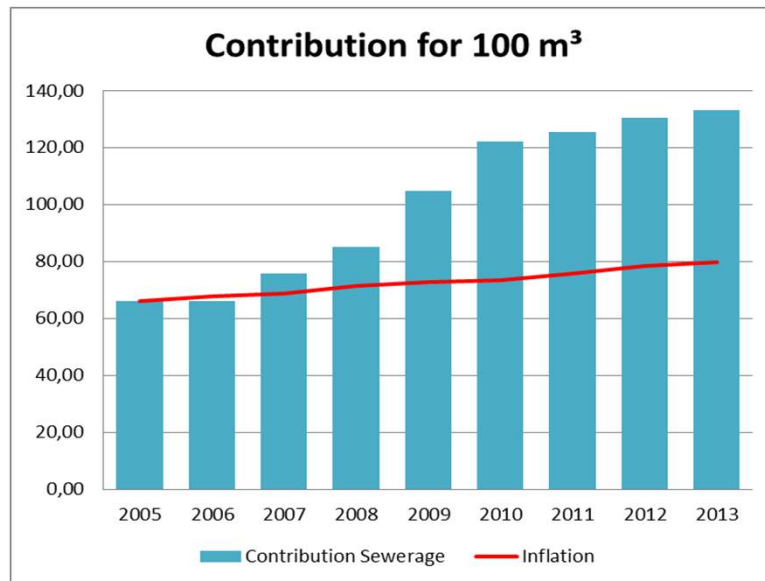


- The business unit Sewerage started in 2005 and operates in 51 municipalities (in the Flemish region).
- The operational area has big similarities with the business unit Drinking water distribution.
- Number of customers: 521 402.

# Sewerage (4)

## TMVW (2)

- The contribution for the sewerage is integrated in the price for drinking water as from the 1<sup>st</sup> of January 2005 (cf. Drinking Water Decree)
- Volumes of drinking water supply are relatively stable (cf. drinking water), prices have risen substantially
- High investment levels (2,4 times EBITDA in 2013)





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## c. Management of sport infrastructure





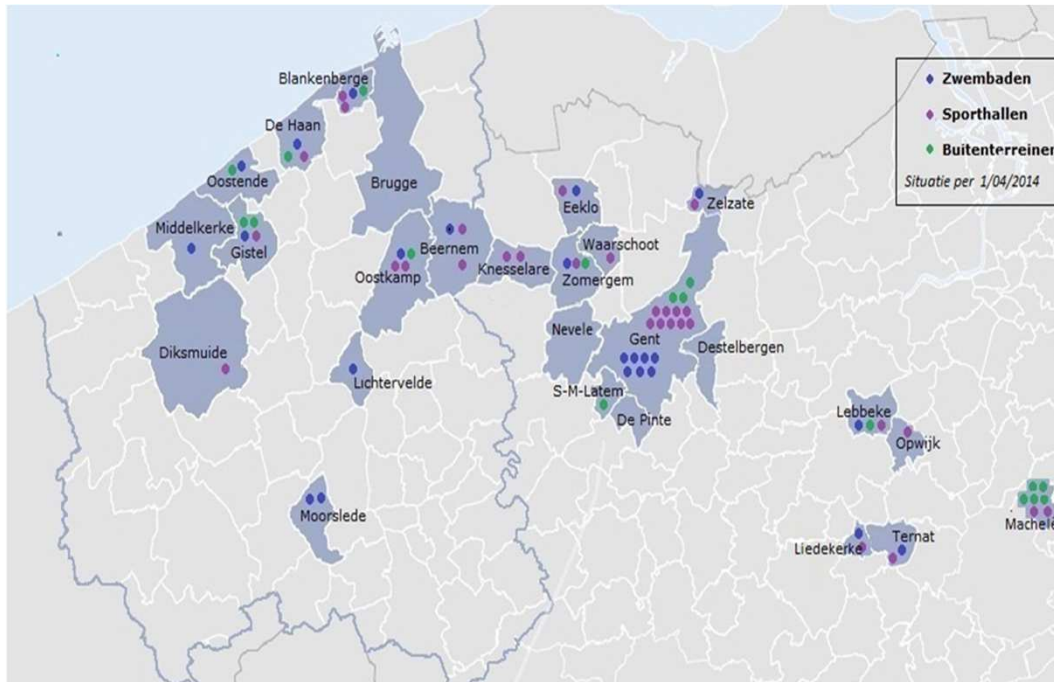
# Management of sport infrastructure

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## Regulations relating to the management of sport infrastructure

- The Flemish Region enjoys legal powers, especially through environmental legislation VLAREM, soil legislation VLAREBO and waste legislation VLAREMA. Internal audits by the environmental and prevention controllers are annually done to insure the compliance of all legal requirements.
- The municipalities are free to establish sport facilities and to organize sports lessons and sports activities in their area and may decide for themselves on how to do this.
- Prices can be set by the municipality or by the organization who does the exploitation on their behalf. As prices are general fairly low the municipalities still have to budget financial interventions in order to match the difference between the receipts and the costs. With the financial interventions taken into account the business unit can present break even results. The financial interventions are guaranteed - and if needed enforceable - through the articles of TMVW.
- Through exploitation by TMVW the municipality enjoys VAT-optimizations.

# Management of sport infrastructure (2)



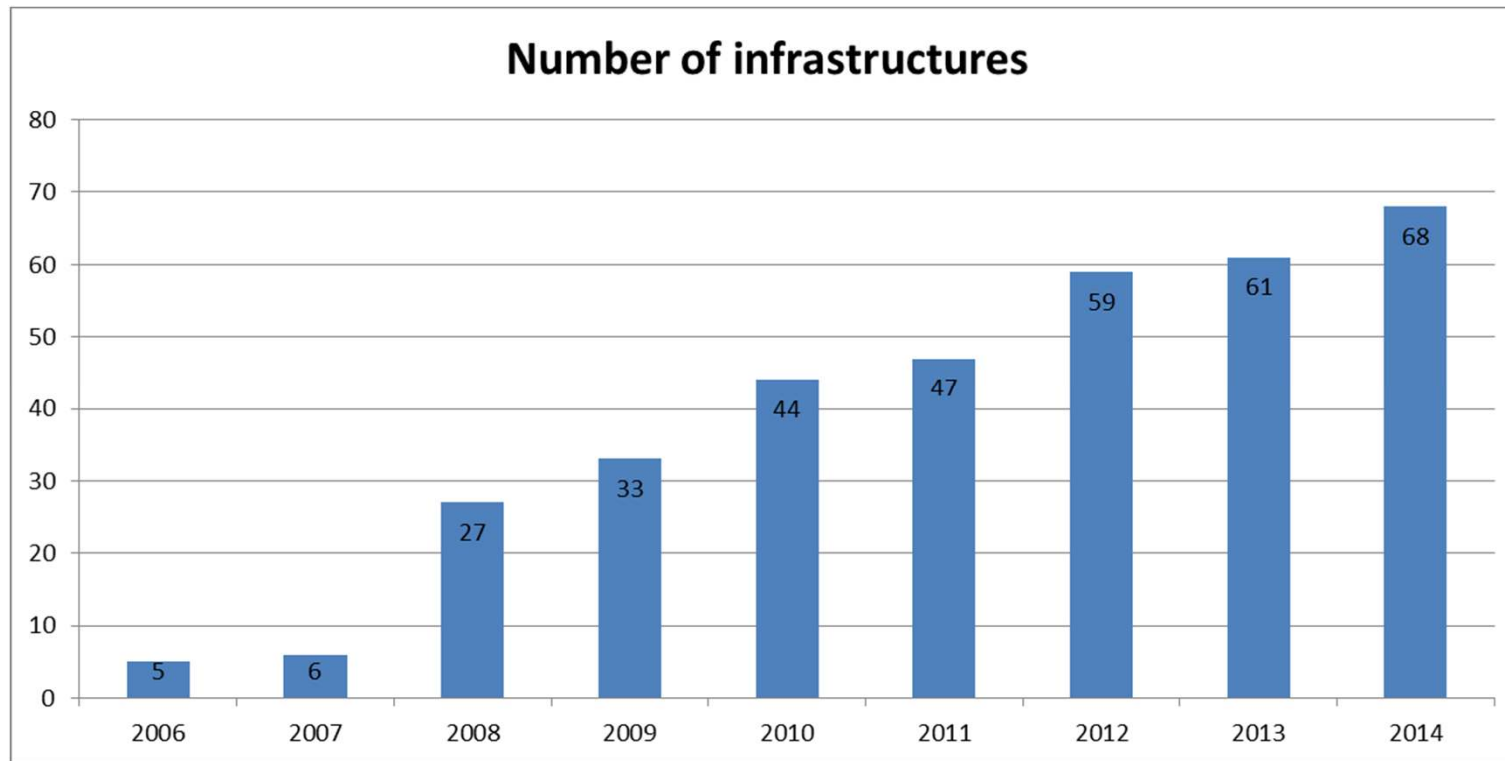
- The business unit started in 2006 and operates in 28 municipalities (in the Flemish region)
- 68 infrastructures under management (situation on 01/04/2014):
  - Swimming pools: 23
  - Indoor/outdoor: 45
- Several infrastructures under construction

- In the Flemish region there are no public initiatives or peer companies of the same scale as the business unit of TMVW.
- Through VAT-optimization, financing and scale effects TMVW can offer shareholders value for the municipalities.

# Management of sport infrastructures (3)

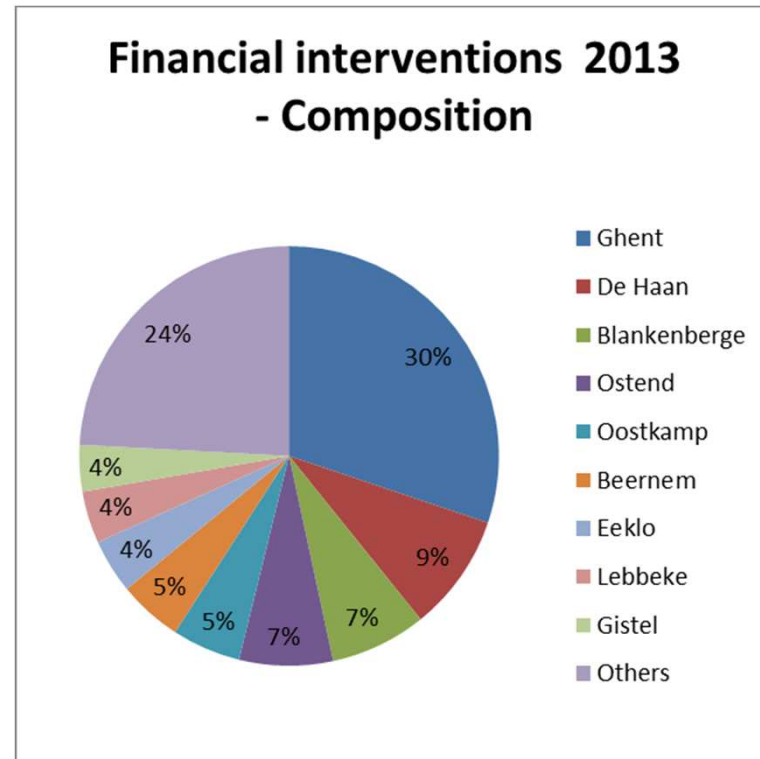
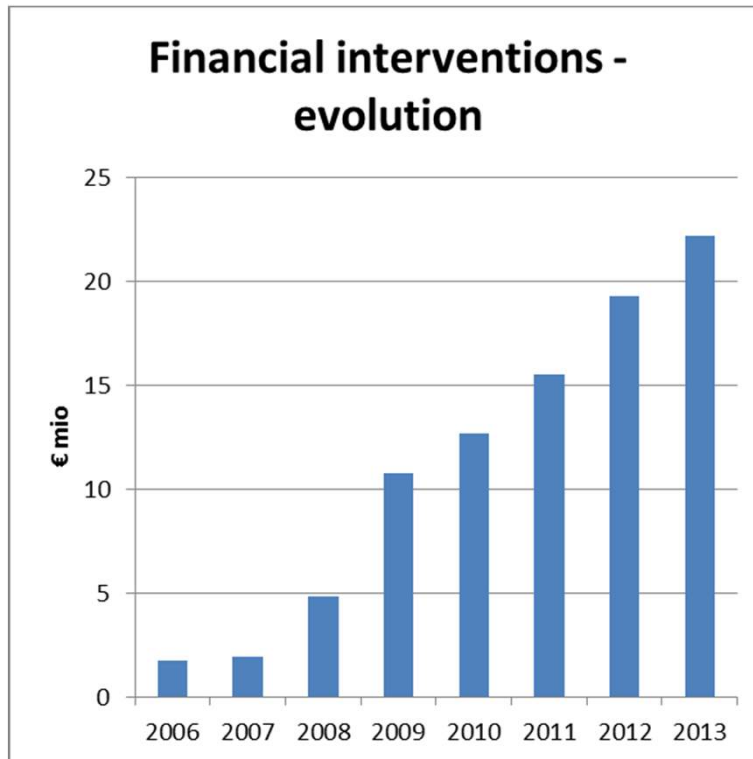
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- Strong organic growth of infrastructures under management (situation on 01/01/2014).



# Management of sport infrastructures (4)

- Financial interventions from municipalities are an important source of income (2013: 80% of sales)



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## d. Road infrastructure



# Management of road infrastructure

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## Regulations relating to the management of road infrastructure

- The municipalities are responsible for the municipal roads in their area.
- A municipality enjoys freedom of choice as how it wishes to carry out its responsibility, in terms of security the municipality stays accountable.
- As there are no toll roads, financial interventions from municipalities are the sole source of income. With the financial interventions taken into account the business unit can present break even results. The financial interventions are guaranteed - and if needed enforceable - through the articles of TMVW.
- Through financing, scale effects and synergies with drinking water and sewerage infrastructure projects TMVW can offer shareholders value for the municipalities.



# Management of road infrastructure (2)

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- The development, maintenance and financing of municipal road infrastructure.
- 11 municipalities (Flemish region) have chosen TMVW as their partner.
- 2012 was the year of start-up, financial impact on accounts 2012 and 2013 is minimal.

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## e. Additional services (collective buying)





# Additional services (collective buying)

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## Regulations relating to collective buying

- Procurement rules govern the way that public money is spent.
- From its utility background TMVW has a lot of experience with complex, large purchases in general and procurement rules in particular.

## Business unit

- The business unit is founded on experience with some municipalities: e.g. collective buying of road salt, green energy generated by solar cell panels and multiple projects in different domains.
- Through scale effects and synergies TMVW can offer shareholders value for the municipalities.
- All services will be charged to the partners. This is not a capital-intensive activity.
- 25 partners (situation in april 2014, among the partners especially municipalities and public social services centres)
- 2012 was year of start up, financial impact on accounts 2012 and 2013 is minimal.



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## 3. Financial overview

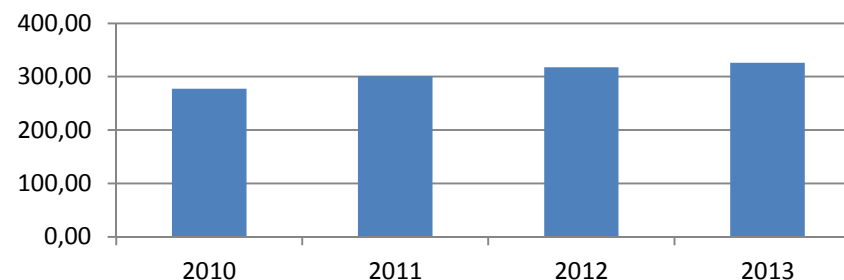


# Financial highlights

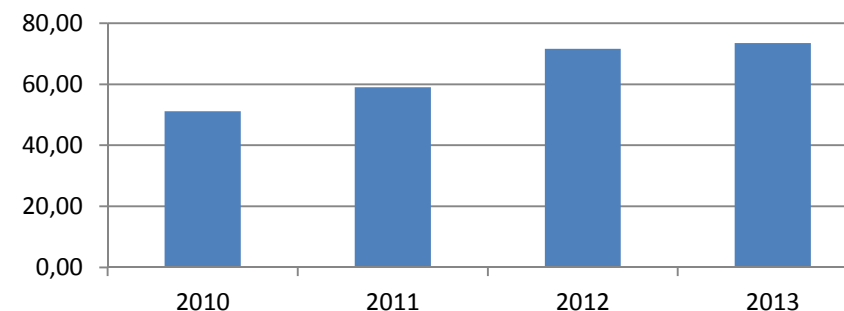
	2010	2011	2012	2013
<b>Income statement</b>				
Turnover	277,29	301,07	317,75	326,10
EBITDA	51,12	58,97	71,56	73,43
EBIT	20,44	24,20	29,16	30,04
Net-income	14,36	15,29	15,63	10,07
<b>Balance sheet</b>				
Non-current assets	1.112,53	1.237,39	1.367,61	2.131,46
Intangibles	7,24	11,26	11,78	11,77
Property, plant and equipment	1.095,71	1.213,78	1.344,30	2.108,11
Financial fixed assets	9,58	12,35	11,53	11,57
Current assets	182,96	182,80	215,56	240,90
<b>Total assets</b>	<b>1.295,49</b>	<b>1.420,20</b>	<b>1.583,17</b>	<b>2.372,36</b>
Shareholders Equity	709,09	739,54	761,89	1.409,14
Non-current liabilities	370,49	426,08	572,82	730,29
Current liabilities	215,91	254,58	248,46	232,93
<b>Total liabilities</b>	<b>1.295,49</b>	<b>1.420,20</b>	<b>1.583,17</b>	<b>2.372,36</b>

All figures are audited, BeGAAP and non-consolidated

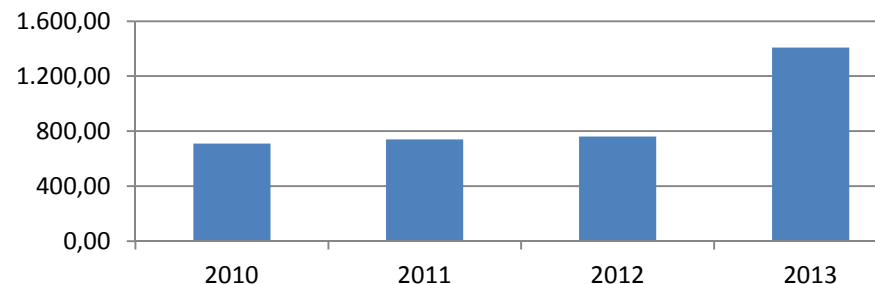
## Turnover



## EBITDA



## Shareholders Equity



# Financial highlights (2)

## Figures 2013 by division (in million EUR)

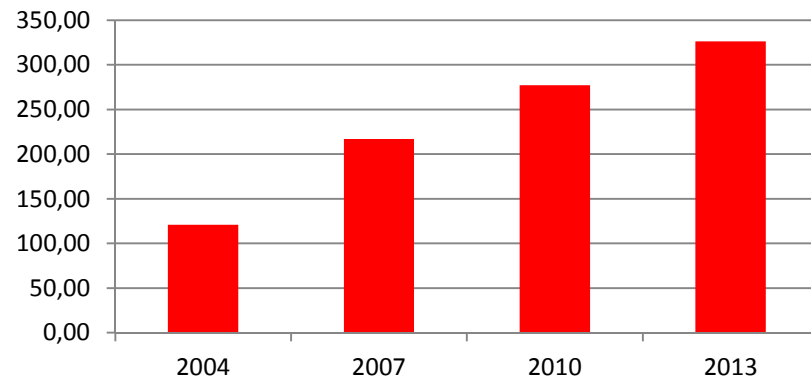
	Drinking water	Sewerage	Sport infrastructure	Road infrastructure	Additional services	Other	Total
Net-income	5,0	5,0	0,0	0,0	0,0	0,0	10,1
Intangibles and PP&E	866,4	1.104,6	96,6	4,9	0,0	47,4	2.119,9
Shareholders Equity	543,2	838,5	27,3	0,1	0,0	0,0	1.409,1

- Net-income:
  - Drinking water: net-income mostly distributed (98% in 2013)
  - Sewerage: net-income fully retained
  - Sports infrastructure: the financial interventions lead to a break even
  - Road infrastructure: the financial interventions lead to a break even
  - Additional services: the financial interventions lead to a break even
- Non-current Assets (intangibles and PP&E) account for 90% of the balance sheet:
  - In Drinking water all the assets used belong to TMVW.
  - In Sewerage TMVW has a right of use of all the assets belonging to the municipality at the time of entering TMVW. All assets established after the entry belong to TMVW. Afterwards TMVW for the activity Sewerage 33 of the 51 municipalities took the opportunity to sell also their naked ownership, TMVW is in this case full owner of all the assets.
  - In the management of Sport infrastructure TMVW has a right of use of all the assets of the municipality when entering TMVW. All assets established after the entry belong to TMVW.
  - In the management of Road infrastructure TMVW has a right of use of all the assets of the municipality when entering TMVW. All assets established after the entry belong to TMVW.
  - No specific assets for the activity Additional services
- Shareholders equity: high solvency (59% end of 2013)

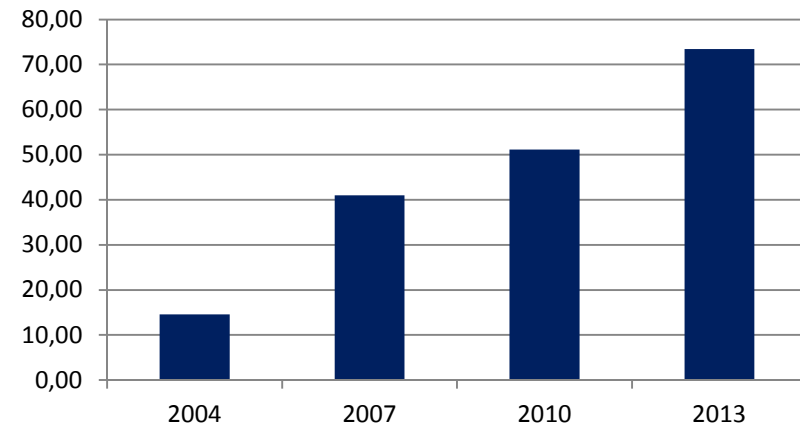
# Financial highlights (3)

## 10 year perspective (€ mio)

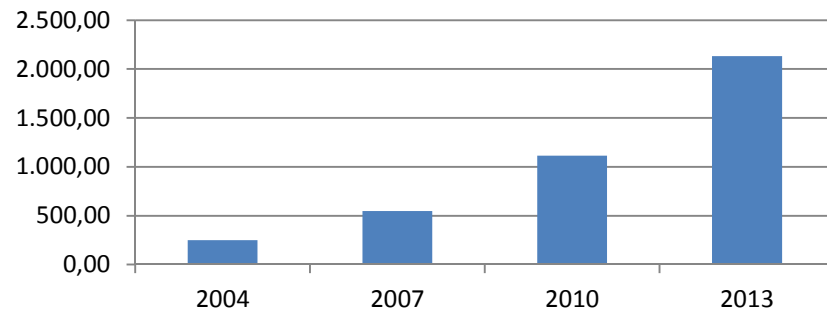
### Turnover



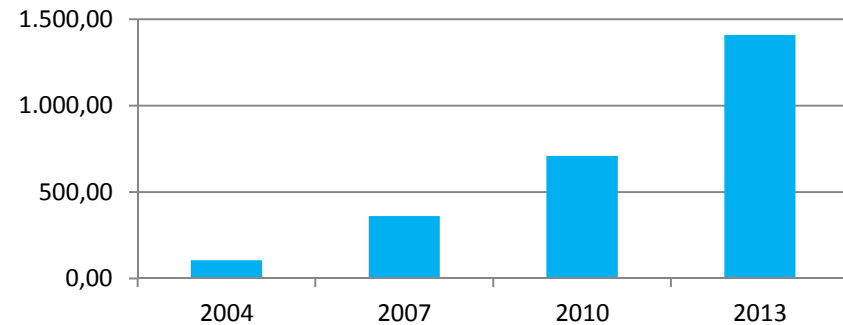
### EBITDA



### Non-current assets



### Shareholders Equity

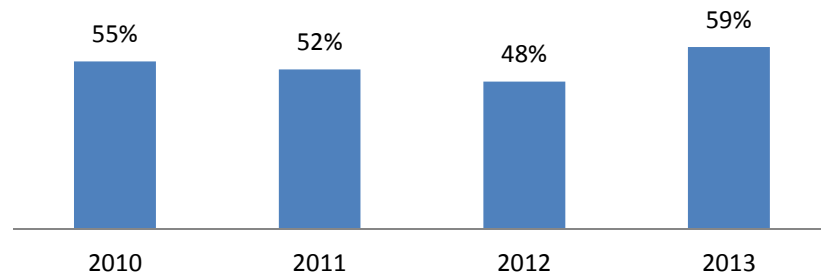


# Financial highlights (4)

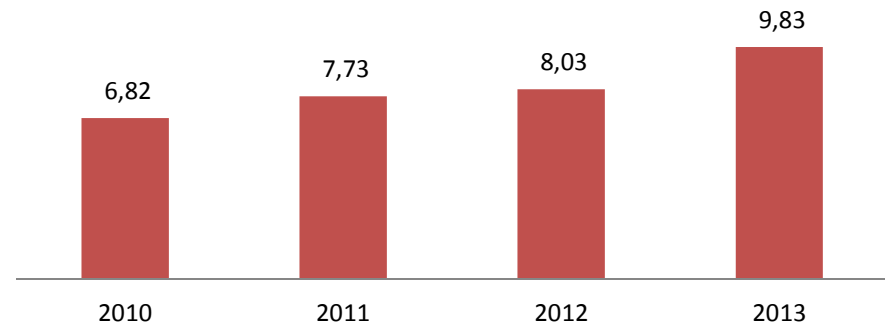
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## Ratios

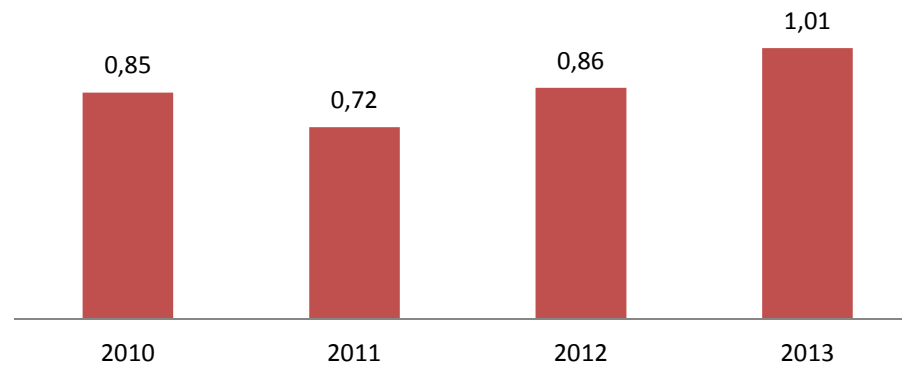
### Solvency



### net financial debt / EBITDA



### Current ratio



# Financial highlights (5)

## Audited consolidated statements

TMVW also presents consolidated accounts. These differ little from the non consolidated accounts.

The consolidated accounts include all subsidiaries

	2010	2011	2012	2013
<b><i>Income statement</i></b>				
Turnover	277,29	308,67	325,00	345,82
Profit of the consolidated companies	13,12	15,13	14,41	9,52
Share in the result of companies consolidated	0,42	0,50	-0,24	-0,95
<b>Share of the group in the result</b>	<b>13,54</b>	<b>15,63</b>	<b>14,17</b>	<b>8,57</b>
<b><i>Balance sheet</i></b>				
Non-current assets	1.112,25	1.251,97	1.381,64	2.145,89
Intangibles	7,24	11,26	11,78	11,77
Property, plant and equipment	1.095,71	1.231,63	1.361,60	2.125,77
Financial fixed assets	9,30	9,08	8,26	8,35
Current assets	182,96	185,73	217,53	252,60
<b>Total assets</b>	<b>1.295,21</b>	<b>1.437,70</b>	<b>1.599,17</b>	<b>2.398,49</b>
Shareholders Equity	713,74	744,77	766,57	1.414,01
Non-current liabilities	370,49	440,58	587,30	746,33
Current liabilities	210,98	252,35	245,30	238,15
<b>Total liabilities</b>	<b>1.295,21</b>	<b>1.437,70</b>	<b>1.599,17</b>	<b>2.398,49</b>

# Capex program

- Capex TMVW shows upward trend in all of its activities but will lower (in million EUR)

	2008	2009	2010	2011	2012	2013	2014 Exp	2015 Exp	2016 Exp
Drinking water	32,9	24,1	28,3	56,2	60,5	46,6	53,8	59,5	49,6
Sewerage	28,2	34,7	49,7	79,1	76,9	71,5	64,9	47,5	47,5
Sport infrastructure	0,4	2,8	5,8	8,7	17,2	33,4	13,6	29,2	28,4
Road infrastructure					0,9	4,1	5,2	4,9	6,5
Overhead services	1,8	3,3	8,7	9,7	11,3	9,4	4,4	3,4	3,5
	63,3	64,9	92,5	153,7	166,8	165,0	141,9	144,5	135,5

- Capex is projected at levels between € 135 and € 145 million from 2014 to 2016:

- Drinking water:
  - Lead connections-program: all drinking water supplied by TMVW meets the legal criteria. Still some infrastructure contains lead. Out of precaution TMVW has a current program to remove this lead: about € 80 million between 2012 and 2018.
  - Aqueduct: Aqueduct is an ambitious program to decrease the reliance from TMVW of (expensive) Walloon water. The investments involved amount about € 53 million between 2012 and 2018.
- Sewerage: realization of the European directive - about € 50 million to € 60 million per year between 2014 and 2016.
- Sports infrastructure: about € 14 million in 2014 and up to € 30 million per year in 2015 and 2016

- Financing needs 2014: € 110,0 million



# Financial debt

## Overview Financial Debt & Equity

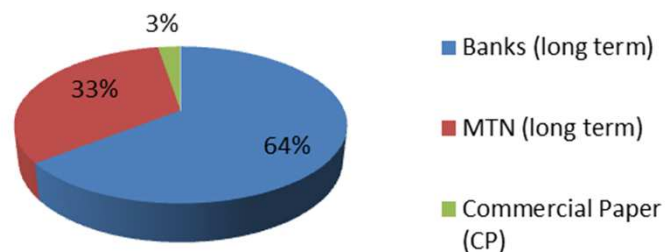
(in millions of EUR)	31/12/2011	31/12/2012	31/12/2013
<b>Long term financial debt</b>	<b>313,9</b>	<b>477,0</b>	<b>648,0</b>
- Bank loans	263,9	347,5	428,5
- MTN debt	50	129,5	219,5
<b>Short term financial debt</b>	<b>49</b>	<b>27,0</b>	<b>17,5</b>
- Straight loans	1,5	0,0	0,0
- Commercial Paper	47,5	27,0	17,5
<b>Total</b>	<b>362,9</b>	<b>504,0</b>	<b>665,5</b>
<b>Leverage in %</b> ((long term+short financial debt) / equity)	<b>49%</b>	<b>66%</b>	<b>47%</b>
<b>Solvency in %</b> (equity / total assets)	<b>52%</b>	<b>48%</b>	<b>59%</b>
<b>Growth net financial debt / Investments</b>	<b>74%</b>	<b>75%</b>	<b>94%</b>

TMWV has strong credit metrics

# Financial debt (2)

## Type of Financial Debt (December 31, 2013)

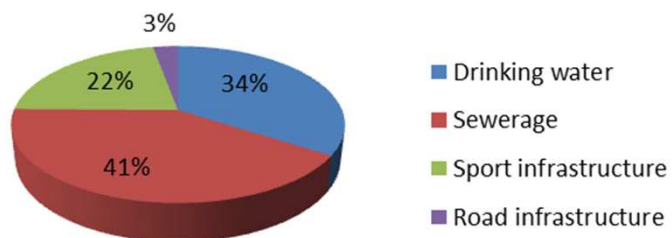
### Composition



- Bank debt: outstanding to 3 different financial institutions
- Weighted average cost of long term debt: 4%
- The average maturity of the long term debt is 16 years
- Mostly fixed rates

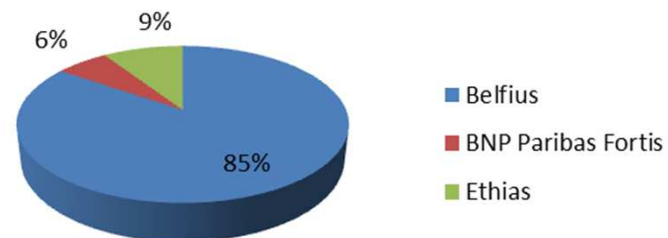
## Financial Debt by division (December 31, 2013)

### Composition



## Bank debt (December 31, 2013)

### Composition



# Financial debt (3)

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## Liquidity facilities as on December 31, 2013

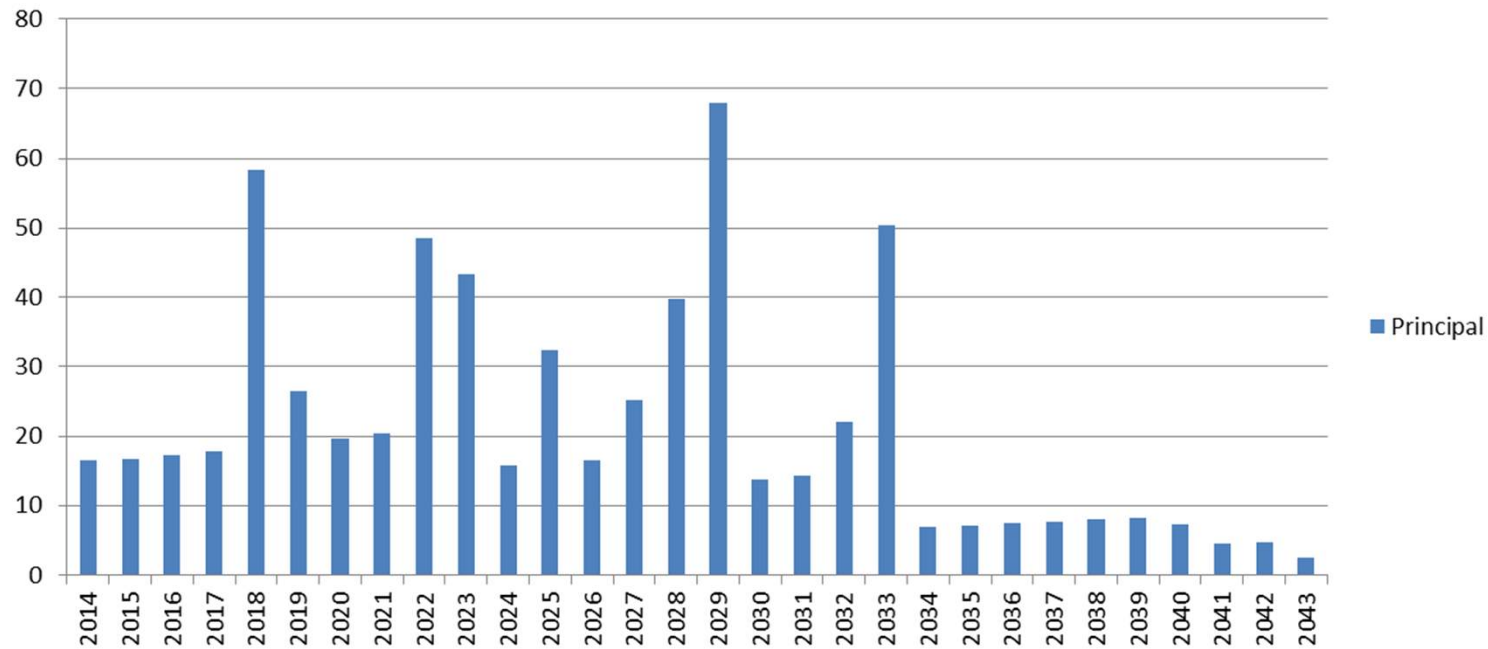
<b>Belgian Treasury Notes Programme</b>	<ul style="list-style-type: none"> <li>* Total programme amount: 400 million EUR</li> <li>* Outstanding amount: 237,0 million EUR composed of                             <ul style="list-style-type: none"> <li>* 17,5 million EUR short term notes (commercial paper)</li> <li>* 219,5 million EUR medium term notes</li> </ul> </li> </ul>
<b>Short Term committed credit lines</b>	<ul style="list-style-type: none"> <li>* Total size facilities: 15,0 million EUR</li> <li>* Outstanding: 0,0 million EUR</li> <li>* Undrawn: 15,0 million EUR</li> </ul>
<b>Long Term committed credit lines</b>	<ul style="list-style-type: none"> <li>* Total size facility: 440,0 million EUR (Belfius, BNP Paribas and KBC)</li> <li>* Outstanding: 248,0 million EUR</li> <li>* Undrawn: 192,0 million EUR</li> </ul>
<b>Cash &amp; Cash Equivalents</b>	27,5 million EUR

TMVW has adequate access to liquidity
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# Financial debt (4)

TMVW has a well balanced maturity profile

**Maturity Profile (in million EUR)**



- Future funding:
  - Preference for longer maturities
  - Focus on diversification

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## 9. Conclusions



# Conclusions

## Key investment considerations

Active in regulated business and predictable cash flow generation



100% public company, legal monopolistic business & low risk activities



Strategic importance to the public partners (municipalities) and the Flemish Region



Solid balance sheet structure, conservative capital structure



Legal regulatory environment for water distribution and sewerage



Proven track record in establishing new business units



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# Appendices

# Regulatory framework

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## Overview Belgian Federal State

Belgium is a federal country comprising

- 3 regions (Flanders, Wallonia, Brussels Capital)



- 3 communities (Dutch, French, German speaking)



- In Flanders the responsibilities of region and community are combined as if a single entity