Fluxys Belgium SA/NV

(Incorporated as a limited liability company (naamloze vennootschap/société anonyme) in Belgium)

EUR 300,000,000 1.750 per cent fixed rate bonds due 5 October 2027
Gross actuarial yield: 1.795 per cent. (on an annual basis)
Issue Price: 99.591 per cent. - ISIN Code: BE0002292614 - Common Code: 169463603
(the "**10Y Bonds**")

EUR 50,000,000 2.375 per cent fixed rate bonds due 5 October 2032
Gross actuarial yield: 2.385 per cent. (on an annual basis)
Issue Price: 99.875 per cent. - ISIN Code: BE0002293620 - Common Code: 169463573
(the "**15Y Bonds**",
and, together with the 10Y Bonds, for an aggregate nominal amount of EUR 350,000,000, the "**Bonds**" and each a "**Series**")

Application will be made for the Bonds to be admitted to trading on the regulated market of Euronext Brussels on or about the Issue Date.

Issue Date: 5 October 2017

Before making any investment decision, potential investors are invited to read the Prospectus in its entirety and in particular Part I (*Risk Factors*) on page 9 to 21 of the Prospectus. Copies of the Prospectus can be obtained at the registered seat of the Issuer, the registered seat of each of the Joint Bookrunners and on the website of the Issuer (www.fluxys.com/Belgium). These Bonds constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on an annual basis and to reimburse the nominal amount on the Maturity Date. In case of bankruptcy of or default by the Issuer, investors may not recover the amounts they are entitled to and risk losing their investment partially or entirely.

The Bonds are not intended to be offered, sold or otherwise made available and will not be offered, sold or otherwise made available to "consumers" (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit économique*). The Bonds may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 ("**Eligible Investors**"), holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the Securities Settlement System. Eligible Investors are entitled to the gross actuarial yield. Payments of interest to Eligible Investors are not subject to Belgian withholding tax. Please refer to Part X (*Taxation*) for more information on the Belgian tax regime.

Joint Coordinators

BELFIUS BANK | **Crédit Agricole CIB**

Joint Bookrunners

BELFIUS BANK | **Crédit Agricole CIB**

Commerzbank | **Mizuho Securities**

NatWest Markets

Listing Prospectus dated 28 September 2017

Pascal DE BUCK
Chairman of the Executive Board
CEO

AUTHORISED SIGNATORY

Fluxys Belgium SA/NV, a limited liability company (*naamloze vennootschap/société anonyme*) incorporated under Belgian law, having its registered office at avenue des Arts 31, 1000 Brussels, Belgium registered with the Crossroads Bank for Enterprises under number 0402.954.628, commercial court of Brussels (the "**Issuer**") intends to issue the Bonds for an aggregate principal amount of €350,000,000. The 10Y Bonds will bear interest at the rate of 1.750 per cent. per annum and the 15Y Bonds will bear interest at the rate of 2.375 per cent. per annum (each an "**Interest**"). Interest on the Bonds is payable annually in arrear on the Interest Payment Dates (as defined below) falling on, or nearest to 5 October in each year. The first payment of Interest will occur on 5 October 2018. The 10Y Bonds will mature on 5 October 2027 and the 15Y Bonds will mature on 5 October 2032 (each a "**Maturity Date**"). All references in this Prospectus to "**Issuer Group**" refer to the Issuer together with its subsidiaries (within the meaning of Article 6 of the Belgian Companies Code). All references to "**Fluxys Group**" refer to Fluxys SA/NV together with its subsidiaries (within the meaning of Article 6 of the Belgian Companies Code).

Belfius Bank SA/NV (having its registered office at boulevard Pachéco 44, 1000 Brussels, Belgium) ("**Belfius**") and Crédit Agricole Corporate and Investment Bank (having its registered office at 12, Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France) ("**Crédit Agricole**") are acting as joint coordinators (together the "**Joint Coordinators**" and each a "**Joint Coordinator**") and Belfius, Commerzbank Aktiengesellschaft (having its registered office at Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany), Crédit Agricole, Mizuho International plc (having its registered office at Mizuho House, 30 Old Bailey, London EC4M 7AU, United Kingdom) and The Royal Bank of Scotland plc (trading as NatWest Markets) (250 Bishopsgate, London EC2M 4AA, United Kingdom) are acting as joint bookrunners (together the "**Joint Bookrunners**" and each a "**Joint Bookrunner**") for the purpose of the offer of the Bonds (the "**Offer**").

The denomination of the Bonds shall be €100,000 and integral multiples thereof (the "**Denomination**"). The Issuer and the Bonds do not have a credit rating.

This listing prospectus dated 28 September 2017 (the "**Prospectus**") was approved on 28 September 2017 by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten*/*Autorité des services et marchés financiers*) (the "**FSMA**") in its capacity as competent authority under Article 23 of the Belgian Law dated 16 June 2006 concerning the public offer of investment securities and the admission of investment securities to trading on a regulated market, as amended (the "**Prospectus Law**"). The approval cannot be considered as a judgment as to the opportunity or the quality of the transaction, nor on the situation of the Issuer and the FSMA gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer, in line with the provisions of Article 23 of the Prospectus Law. References in this Prospectus to the Bonds being "listed" (and all related references) shall mean that the Bonds will be listed and admitted to trading on the regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on market in financial instruments, as amended. Prior to the Offer referred to in this Prospectus, there has been no public market for the Bonds.

The Prospectus is a prospectus for the purposes of Article 5(3) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended from time to time (the "**Prospectus Directive**") and the Prospectus Law. This Prospectus has been prepared in accordance with the Prospectus Law and Commission Regulation (EC) 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended from time to time (the "**Prospectus Regulation**").

The Prospectus intends to provide the information with regard to the Issuer and the Bonds, which according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the rights attaching to the Bonds and of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Bonds will be issued in dematerialised form (*gedematerialiseerd/dématérialisé*) in accordance with Article 468 of the Belgian Companies Code (*Wetboek van Vennootschappen/Code des Sociétés*) (the "**Belgian Companies Code**") and cannot be physically delivered. The Bonds will be represented exclusively by book-entries in the records of the securities settlement system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**Securities Settlement System**"). Access to the Securities Settlement System is available through those of its Securities Settlement System participants whose membership extends to securities such as the Bonds. Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). Accordingly, the Bonds will be eligible for clearance through and will therefore be accepted by Euroclear and Clearstream, Luxembourg. Investors, who are not Securities Settlement System participants, can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Unless otherwise stated, capitalised terms used in this Prospectus have the meanings set forth in this Prospectus. Where reference is made to the "**Terms and conditions of the Bonds**" or to the "**Conditions**", reference is made to the Terms and Conditions of the Bonds as set out in Part IV (*Terms and conditions of the Bonds*).

An investment in the Bonds involves risks. Potential investors should take note of Part I (*Risk Factors*) on page 9 to 21 of the Prospectus to understand which factors may affect the Issuer's ability to fulfil its obligations under the Bonds.

RESPONSIBLE PERSON

The Issuer, having its registered office at avenue des Arts, 31, 1040 Brussels, Belgium, (the "**Responsible Person**") accepts responsibility for the Prospectus and any supplements of the Prospectus.

To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

OFFER OF THE BONDS

This Prospectus has been prepared in connection with the listing and admission to trading of the Bonds on the regulated market of Euronext Brussels.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer and the Joint Bookrunners do not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Bookrunners which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see Part III (*Documents Incorporated by Reference*) of the Prospectus) and each supplement. This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of the Prospectus.

For a description of further restrictions on offers and sales of Bonds and distribution of this Prospectus, see Part XI (*Subscription and Sale*) of the Prospectus.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus and any information or representation not so contained or inconsistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Bookrunners. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that:

- the information contained in this Prospectus is true subsequent to the date of the Prospectus or otherwise that there has been no change in the affairs of the Issuer or its subsidiaries since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented;
- that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or its subsidiaries since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented; or
- that the information contained in it or any other information supplied in connection with the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Upon the occurrence of any event set out in Article 34, §1 of the Prospectus Law, the Issuer will publish a supplement to the Prospectus (please refer to "Warning" on page 6 of the Prospectus for more information with respect to the publication of supplements to the Prospectus).

Market data and other statistical information used in the Prospectus have been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, it is able to ascertain from information published by the relevant independent source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Joint Bookrunners and the Issuer expressly do not undertake to review the condition (financial or otherwise) of the Issuer and its subsidiaries during the life of the Bonds.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Bookrunners that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating a purchase of the Bonds should make its own independent investigation of the financial conditions and affairs, and its own appraisal of the creditworthiness of the Issuer.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds constitutes an offer or invitation by or on behalf of the Issuer or the Joint Bookrunners to any person to subscribe for or purchase any Bonds.

Neither the Joint Bookrunners nor any of their affiliates have authorised the whole or any part of the Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in the Prospectus. To the fullest extent permitted by law, the Joint Bookrunners accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Joint Bookrunners or on their behalf in connection with the Issuer or the issue, listing and private placement of the Bonds. The Joint Bookrunners accordingly disclaim all liability, whether arising in tort or in contract or in any other event, in relation to the information contained or incorporated by reference in this Prospectus or any other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States. The Bonds are being offered and sold solely outside the United States to non-U.S. persons in reliance on *Regulation S* under the Securities Act ("**Regulation S**"). Subject to certain exceptions, the Bonds 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).

The Bonds are not intended to be offered, sold or otherwise made available to and will not be offered, sold or otherwise made available to "consumers" (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic law (*Wetboek economisch recht/Code de droit économique*).

The Bonds may not be a suitable investment for all investors. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds including Bonds where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understanding thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

The Bonds may be held only by, and transferred only to, Eligible Investors holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the Securities Settlement System.

For a further description of certain restrictions on the offering and sale of the Bonds and on the distribution of this document, please refer to Part XI (*Subscription and Sale*) of the Prospectus.

In connection with the issue of the Bonds, Belfius Bank SA/NV (the "**Stabilisation Manager**") (or person(s) acting on behalf of the Stabilisation Manager) may over allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over allotment must be conducted by the Stabilisation Manager (or person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

All references in this document to "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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

WARNING

The Prospectus has been prepared to provide information on the listing of the Bonds on Euronext Brussels. When potential investors make a decision to invest in the Bonds, they should base this decision on their own research of the Issuer and the terms and conditions of the Bonds set out in Part IV (*Terms and Conditions of the Bonds*) of the Prospectus, including, but not limited to, the associated benefits and risks. The investors must themselves assess, with their own advisors if necessary, whether the Bonds are suitable for them, considering their personal income and financial situation. In case of any doubt about the risk involved in purchasing the Bonds, investors should abstain from investing in the Bonds.

The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Potential investors are urged to consult their own advisor, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Bonds.

Pursuant to Article 34 of the Prospectus Law, the Issuer will, in the event of important new developments, material errors or inaccuracies that could affect the assessment of the Bonds, and which occur or are identified between the time of the approval of the Prospectus and the time at which trading on the regulated market of Euronext Brussels commences, have to publish a supplement to the Prospectus containing this information. This supplement will (i) need to be approved by the FSMA and (ii) be published in compliance with at least the same conditions applicable to the Prospectus, and will be published on the websites of the Issuer, the Joint Bookrunners and the website of the FSMA. The Issuer must ensure that any such supplement is published as soon as possible after the occurrence of such new significant factor.

FURTHER INFORMATION

For more information about the Issuer, please contact:

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1000 Brussels
Belgium
Tel.: + 32 2 282 72 90
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PART I – RISK FACTORS

The Issuer believes that the risks described below may affect the Issuer's ability to fulfil its respective obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for purposes of assessing the market risks associated with the Bonds are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds 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 sequence in which the risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. Prospective investors should also read the detailed information set out elsewhere in this Prospectus or incorporated by reference in this Prospectus and reach their own views prior to making any investment decision and consult with their own professional advisors if they consider it necessary.

Terms defined in the Conditions shall have the same meaning where used below.

1 RISK FACTORS IN RELATION TO THE ISSUER

1.1 The Issuer operates in a highly regulated sector

The transmission, storage and LNG terminal activities of the Issuer are regulated by the Federal Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines (the "**Gas Act**"). The Gas Act provides for a system of regulated access to the transmission (border-to-border and domestic) and storage of natural gas and to the LNG terminal's activities. The regulated activities are supervised by the federal regulator, the Commission for Electricity and Gas Regulation ("**CREG**"). The CREG determines the tariff methodology for the natural gas transmission system, the natural gas storage facilities and the LNG terminal activities and approves the Issuer's tariffs proposal for such activities.

The Gas Act also contains a certification procedure for operators of the transmission system, natural gas storage facilities and LNG terminalling facilities in order to verify compliance by the operators with ownership unbundling requirements, i.e. the separation of network operators from energy suppliers and producers. The Issuer is certified as a fully ownership unbundled transmission system operator by the CREG (following a favourable opinion from the European Commission).

The Issuer's business, financial condition and net income is sensitive to and may be materially affected by regulatory decisions which are based on estimated data, historical data, assumptions and efficiency goals which may fail to acknowledge costs which the Issuer cannot avoid incurring and, consequently, deviate from actual values or costs made. In addition, changes in the value of the parameters or in the regulatory methodology used will impact the revenue levels of the Issuer and therefore will impact its cash flows, results operations and financial position.

(a) The regulatory framework includes a number of features that may adversely affect the Issuer's ability to meet its debt service obligations.

(i) Pursuant to Article 8, §4ter of the Gas Act, the CREG monitors the continuing compliance of the natural gas transmission system operator ("**TSO**") with the general ownership unbundling requirements as laid down in Articles 8/3 to 8/6 and 15/1§2 of the Gas Act. The CREG may open a certification procedure upon the request or notification by the TSO or when it becomes aware that certain changes are planned in the competences or influence exerted over the TSO, which may lead to a breach of the above mentioned general ownership unbundling requirements, or where it has reasons to believe that such a breach may have occurred, e.g. in case of a change of control of the TSO. A certification procedure can also be opened by the CREG upon a reasoned request from the European Commission.

(ii) Pursuant to Article 8, §7 of the Gas Act, after deliberation within the Council of Ministers and after having received an opinion from the CREG, the federal Energy Minister may revoke the appointment of the Issuer as a certified TSO if (i) the TSO substantially fails to comply with its obligations under the Gas Act or implementing decrees, (ii) in case of non-compliance with the general ownership unbundling requirements as referred to above (including where the TSO has failed to obtain the required certification), or (iii) in case of a significant change in the shareholding of the TSO that may jeopardise its independence.

(iii) The tariff methodology as established in accordance with the provisions of the Gas Act, is based on a "cost plus" model allowing the Issuer to cover its costs and to generate a return. The CREG could nevertheless reject some of the Issuer's expenditure. The Issuer is remunerated for its regulated activities on the basis of a return on invested capital. The CREG controls the Issuer's regulated activities by means of ex-ante decisions (approval of budgets and tariffs) and ex-post decisions (approval of variances and their purpose). If the CREG would reject the Issuer's expenditure, this could have a negative impact on the Issuer's financial situation and results.

(iv) Changes in the tariffs following ex-post deviations from reference amounts could impact the Issuer's profitability. If regulatory assets are booked, this should be reflected in an increase of tariffs. This may be difficult under certain market conditions and thus could have a negative impact on the financial situation and the results of the Issuer.

(v) The tariff model of Fluxys LNG is different from the transmission business in so far as it is partially based on a fair rate of return granted on the extension investments only. Historical investments are regulated on the traditional cost plus regulatory principle. Fluxys LNG's fair return and financial situation is exposed to the evolution of the future market demand. However this should not impact the debt servicing capacity of the Issuer. The revenues servicing the debt of the Issuer are generated by the Issuer through the regulated transmission and storage tariffs and are not secured through the fair return of Fluxys LNG incurred through its terminalling tariffs. The terminalling tariffs are designed to serve the debt and fairly remunerate the equity of Fluxys LNG only.

(b) Any modification of the regulatory framework applicable to the Issuer could have a material impact on the Issuer's business operations, results and financial position.

Effective 1 January 2015, the CREG approved a new tariff methodology for transmission, storage and LNG terminal activities for the regulatory period starting on 1 January 2016 and ending on 31 December 2019. According to the new tariff methodology, the revaluation surpluses included in the regulated asset base ("**RAB**") can no longer be recovered through the tariffs when assets are decommissioned. This risk is however mitigated by the fact that the Issuer depreciates the asset value including the revaluation.

For more information in relation to the applicable regulatory framework, please refer to Section 5 (*Legal Framework)* of Part VI (*Description of the* Issuer) of the Prospectus.

(c) In July 2017, the Belgian government announced a corporate tax reform. Among other things, the changes announced aim to gradually reduce the nominal rate of corporate income tax. This reduction of the nominal rate, once substantially enacted, is expected to result in a reduction of deferred taxes liabilities. The impact on the Fluxys Group's net income is however expected to be limited as the benefit of the reduction in the tax rate will go to the regulated tariffs.

(d) The Issuer publishes its financial statements under the international accounting standards within the meaning of the IAS Regulation 1606/2002 ("**IFRS**"). The financial statements are based on the current IFRS standards. Future changes in the accounting treatment could impact the financial statements. This should however not alter the debt servicing capacity of the Issuer.

1.2 Market risk

New market mechanisms are driving customers increasingly to book, on a short-term basis, the exact capacities they require at a given moment. Accordingly, for transmission and storage hardly any long-term contracts are concluded, but instead mainly short-term contracts (day-ahead or even within-day contracts). This increases the risk of investments no longer being covered by guaranteed long-term revenues. In addition, the future phase-out of low calorific gas ("**L-gas**") production in the Netherlands and the associated conversion of the Belgian and French L-gas markets to high calorific gas ("**H-gas**") may mean fewer bookings for transit capacity in Belgium as there are a number of ways of supplying these markets via alternative routes.

This shift is also being exacerbated by heightened competition on transit routes and lower consumption due to greater energy efficiency. The Issuer addresses this risk by monitoring the market closely and so grasping the opportunities presented by an increasing volatile market, by organising targeted marketing campaigns involving, for example, the development of innovative products, by offering competitive tariffs and by conducting an adequate depreciation policy.

The Issuer can however not exclude that any of these risks would materialise and if they do, this may have an adverse effect on the Issuer's results, operations and financial position.

1.3 Counterparty risk

The Issuer enters into agreements with multiple parties, such as suppliers, partners, investors, contractors, financial institutions but also with other members of the Fluxys Group. The counterparties of the Issuer may experience credit or other financial difficulties that could result in their overall inability or a delay in their ability to supply or pay the necessary goods and services.

The Issuer systematically assesses its counterparties' level of solvency and systematically monitors receivables. The Issuer's policy regarding counterparty risks requires that the Issuer submits potential customers and suppliers to a detailed preliminary financial analysis (liquidity, solvency, profitability, reputation and risks). The Fluxys Group uses internal and external information, such as official analyses from rating agencies (Moody's, Standard & Poor's and Fitch). These rating agencies assess entities in relation to risk and award them a credit score. The Fluxys Group also uses databases containing general, financial and market information to complement its own evaluation of potential customers and suppliers. In addition, for most of its activities, the Fluxys Group is allowed to contractually require guarantees (either bank guarantees, parent company guarantees or cash deposits) from counterparties. The Fluxys Group thereby reduces its exposure to credit risk in terms of counterparty default.

Cash surpluses belonging to the Issuer are deposited with Fluxys SA/NV within the framework of a cash pooling agreement. Fluxys SA/NV invests the cash surpluses with prominent financial institutions or in the form of financial instruments issued by companies with a strong investment grade credit rating, or in financial instruments issued by companies in which a creditworthy authority is the majority shareholder or which are underwritten by a creditworthy EU Member State, or in loans to

Fluxys SA/NV subsidiaries. Fluxys SA/NV monitors its subsidiaries including the Issuer to reduce and control counterparty risk in respect of its subsidiaries.

Generally however, the counterparty default risk cannot be ruled out completely. In case such risk would materialise, this could have a negative impact on the Issuer's financial situation.

1.4 Refinancing risk

The Issuer is subject to a refinancing risk. Disruptions in the capital and/or credit markets or the Issuer's financial condition or business, or changes to the applicable legal or regulatory framework, or changes to sanctions imposed by governmental authorities (which could trigger an event of default or cross-default under the Issuer's existing financings), could adversely affect the Issuer's ability to draw on its existing bank credit facilities, enter into new bank credit facilities, access other funding sources or to refinance any maturing indebtedness.

The non-availability of funding which could (i) hinder the Issuer in funding contemplated projects, (ii) delay the completion of its projects and (iii) increase the cost of debt due to higher bank margins, may have an impact on its results and cash flows in case the Issuer would not be allowed to (fully) include the cost increases in and recuperate them through the regulated tariffs, but also, on the contrary, if such increases can be recovered, as this may deteriorate the competitiveness of the tariffs. For more information in relation to the maturities and the financing arrangements of the Issuer Group, please refer to page 140 to 142 of the Issuer's annual report (in English) for the year ended 31 December 2016, which is incorporated by reference in the Prospectus. For more information in relation to certain key metrics of the Issuer Group (including the Total Debt Outstanding), please refer to Section 3 (*Key Credit Metrics*) of Part VIII (*Selected financial information*) of the Prospectus.

1.5 Risks of incidents on and damage to the integrity of the grid

The Issuer's main activities are the transmission and storage of natural gas and terminalling of liquefied natural gas at Zeebrugge. Given the nature of the product that the Issuer transports, the Issuer operates a comprehensive safety and security policy. The law and Technical Codes impose specific safety requirements on the design, construction, operation, maintenance, development and decommissioning of gas transmission infrastructure.

1.5.1 Risks linked to the operation of Seveso sites

The Issuer and Fluxys LNG operated two Seveso sites in 2016: the LNG terminal in Zeebrugge and the underground storage facility in Loenhout. The industrial activity performed on the sites involves a dangerous substance and specific legislation is applicable to mitigate the risks. In accordance with Seveso legislation, the Issuer and Fluxys LNG pursue a proactive risk-management policy covering well-being at work, industrial safety and the environment. The Federal Public Service Employment, Labour and Social Dialogue also conducts specific inspections at both sites in conjunction with the Flemish government's Environment, Nature and Energy Department. The Issuer can however not fully exclude that accidents on its sites happen in the future.

1.5.2 Damage to infrastructure caused by third parties

Serious pipeline incidents arise generally from damage caused by third parties. To avoid such damage, anyone planning or wanting to carry out work in the vicinity of natural gas transmission infrastructure is legally obliged to notify the Issuer in advance. The Issuer then confirms whether or not any natural gas transmission infrastructure is located in the vicinity of the works. If this is the case, the applicant is sent all relevant information and details of further procedures to be followed to carry out the work safely. The Issuer also plays an active role in initiatives to keep the notification requirement threshold as low as possible. This, along with the careful action taken by all of our employees, meant that neither in 2016 nor during the first six months of 2017 damage caused by third parties involved the leakage of gas or the interruption of our services. The Issuer can however not assure that notifications will always be made.

1.5.3 Damage to infrastructure caused by the Issuer's works

Damage may also be caused when the Issuer is carrying out works to commission or repair infrastructure. All incidents or near-incidents are investigated thoroughly and remedial action is taken in a timely manner to prevent such incidents from recurring. Notwithstanding these measures, the Issuer cannot assure that the infrastructure will not be damaged by future works.

1.5.4 Corrosion

Where possible the pipelines are systematically inspected internally using intelligent pipeline integrity gauges and externally using electrical measurements. The underground pipelines are covered with an external coating to prevent corrosion. The Issuer also uses a cathodic protection system to provide additional electrical protection in case of coating errors.

Despite all measure taken to mitigate incidents and damage, one or more risks may nevertheless materialise (please refer to risk factor 1.8 (*The Issuer's insurance coverage may not prevent it from incurring liabilities)* for more information on the insurance coverage of such incidents and damage). The Issuer may for instance be exposed to potential claims resulting in significant liabilities, may be required to obtain additional permits to exercise its activities or may suffer severe reputation damage. It cannot be excluded that a serious accident could have adverse negative consequences on the financial situation of the Issuer.

1.6 Disruptions, fluctuations or a breakdown of the transmission and ICT and ICS systems may negatively impact the operations and the financial results of the Issuer

The activities of the Issuer and Fluxys LNG are increasingly dependent over time on the availability of ICT and industrial control systems ("**ICS**"). These systems may suffer failures caused by events beyond the Issuer's control. The Issuer has taken measures to gear the availability of its IT systems to its needs. For example, for several systems such as those used to manage natural gas flows on the network, back-up facilities are in place which can be activated to ensure continued supply in the event of disruption.

The Issuer liaises with the Belgian authorities to assess any threats to the Issuer and also the measures to be taken in such cases. In addition, the Issuer is focusing on the security of its computer systems and the fight against cyber crime to stave off any hacking attempts which could compromise its activities.

Despite all measures taken, it is impossible to rule out all eventualities. Transmission disruption or breakdowns may be caused by operational hazard or unforeseen events resulting in a disruption of gas transmission services for which the Issuer could be held responsible. This may in turn affect the Issuer's operations and financial results.

1.7 Dependence on licenses and authorisations

The Issuer and its subsidiaries, participations and joint ventures are dependent on licences, authorisations, exemptions and/or dispensations in order to operate their business. These licences, authorisations, exemptions and/or dispensations may be subject to amendments and/or additional conditions being imposed on the Issuer and its subsidiaries, participations and joint ventures. The imposing of additional conditions and/or revoking of licences, TSO appointment etc. may cause operational problems and delays in ongoing projects and operations which could, in turn, have a material adverse effect on the business operations, the results and the financial position of the Issuer.

1.8 The Issuer's insurance coverage may not prevent it from incurring liabilities

The Issuer assesses the likelihood of the main risks connected with its activities and estimates the potential financial impact they could have if they would materialise. Depending on the possibilities and the market conditions, the Fluxys Group mainly covers these risks via the insurance market. In some cases, risks are partially reinsured by Flux Re, a wholly-owned subsidiary of the Issuer, or are partially self-retained, for example by applying appropriate deductibles.

The fact that Flux Re is fully consolidated in the Fluxys Group accounts means that the costs engendered by any incidents occurring and covered by the Fluxys Group insurance policy are booked to the consolidated result. Flux Re also reinsures certain risks other companies in the Fluxys Group are facing. Where appropriate, compensation in the event of these parties suffering an accident will affect the Issuer 's IFRS consolidated result.

The comprehensive cover is in line with European best practices in the field and includes the various areas in which risks may occur:

- protection of facilities against various types of 'material damage' and in specific cases also additional cover for 'operating losses';
- protection against liability towards third parties by means of comprehensive, multi-level cover;
- staff programme: mandatory insurance cover (statutory insurance against work-related accidents) and staff healthcare programme;
- protection of the vehicle fleet by means of appropriate insurance.

Within the framework of its policy in connection with the risks associated with its commercial activities, for most of its activities the Issuer can request a contractual guarantee from its counterparties in the form of a bank guarantee, a guarantee issued by a creditworthy parent company or a cash deposit if they do not meet the set creditworthiness requirements. The Issuer closely monitors the commercial debts owed to it and systematically assesses the financial capacity of its counterparties. The risk of default is therefore limited but the Issuer cannot rule out such a risk completely or, by extension, a potential negative impact on its financial situation.

1.9 Internal controls may not be effective

A system of internal control of financial reporting has been set up to prevent fraud and to ensure that the Issuer's financial reports are as accurate as possible. The Issuer regularly assesses the quality and effectiveness of these internal control procedures. However, internal controls may not prevent or detect all inaccuracies due to the inherent limitations of the system, such as the possibility of human error, circumvention or avoidance of checks, or fraud. Internal controls can provide only a reasonable level of assurance that financial statements have been prepared and presented accurately. Failure to pick up shortcomings or inaccuracies through internal controls may impact the Issuer's operations and financial results and may result in the Issuer failing to comply with its on-going disclosure obligations.

1.10 Legal proceedings may result in increased financial liabilities for the Issuer

In the normal course of its activities, the Issuer is involved in a number of disputes with third parties. Where necessary, legal proceedings are pursued. The Issuer also has an insurance cover for any civil liability obligations vis-à-vis third parties and where necessary, provisions are accounted for in the books of the Issuer. However, it cannot be excluded that future litigations may have adverse consequences on the financial situation of the Issuer.

2 RISK FACTORS IN RELATION TO THE BONDS

2.1 The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

2.2 The Bonds are unsecured obligations of the Issuer and the Issuer may incur additional indebtedness

The right of the holders of the Bonds (the "**Bondholders**") to receive payment on the Bonds is unsecured. In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Issuer, the holders of secured indebtedness will be repaid first with the proceeds from the enforcement of such security.

The Bonds do not limit the amount of indebtedness which the Issuer or its subsidiaries may incur, except that if a guarantee or security is provided by the Issuer or its subsidiaries in respect of any Relevant Debt of the Issuer, the Issuer will be required to grant the same or similar guarantees or security for the benefit of the Bondholders pursuant to Condition 2 (*Negative Pledge*).

2.3 The Conditions may be modified and defaults may be waived by the defined majorities of the meetings of Bondholders

Condition 9 (*Meeting of Bondholders and Modifications*) contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

2.4 The Issuer may not be able to repay the Bonds

The Issuer may not be able to repay the Bonds at their maturity. The Issuer's ability to repay the Bonds will depend on his respective financial condition at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that the Issuer may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness. The Issuer's failure to repay the Bonds may result in an event of default under the terms of other outstanding indebtedness. The Issuer may also be required to repay all or part of the Bonds upon the occurrence of an Event of Default (as defined in Condition 8 (*Events of Default*)). If the Bondholders were to request repayment of their Bonds upon the occurrence of an Event of Default (as defined in Condition 8 (*Events of Default*)), the Issuer cannot assure that he will be able to pay the required amount in full. For more information in relation to the maturities and the financing arrangements of the Issuer Group, please refer to page 140 and 141 of the Issuer's annual report (in English) for the year ended 31 December 2016, which is incorporated by reference in the Prospectus. For more information in relation to certain key metrics of the Issuer Group (including the Total Debt Outstanding), please refer to Section 3 (*Key Credit Metrics*) of Part VIII (*Selected financial information*) of the Prospectus.

2.5 The Issuer and the Bonds do not have a credit rating

The Issuer and the Bonds do not have a credit rating at the time of the Offer. The Issuer currently does not intend to request a credit rating for itself or the Bonds at a later date. This may impact the trading price of the Bonds. There is no guarantee that the price of the Bonds and the other Conditions at the time of the Offer, or at a later date, will cover the credit risk related to the Bonds and the Issuer.

2.6 The transfer of the Bonds, any payments made in respect of the Bonds and all communications with the Issuer will occur through the Securities Settlement System

The Bonds will be issued in dematerialised form under the Belgian Companies Code and cannot be physically delivered. The Bonds will be represented exclusively by book-entries in the records of the Securities Settlement System. Access to the Securities Settlement System is available through its Securities Settlement System participants whose membership extends to securities such as the Bonds. Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*) and Euroclear and Clearstream, Luxembourg. Transfers of the Bonds will be effected between the Securities Settlement System participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System participants through which they hold their Bonds. The Issuer and Belfius Bank SA/NV as domiciliary, paying, calculation and listing agent (the "**Agent**") will have no responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

A Bondholder must rely on the procedures of the Securities Settlement System to receive payment under the Bonds. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Bonds within the Securities Settlement System.

2.7 The Agent is not required to segregate amount due in respect of the Bonds

The Conditions of the Bonds and the Agency Agreement provide that the Agent will debit the relevant account of the Issuer to pay the Bondholders. The Agent will, simultaneously upon receipt of the relevant amounts into its account, pay any amounts due and payable in respect of the relevant Bonds to the Bondholders directly or through the Securities Settlement System. The Agent is not required to segregate any such amounts received in respect of the Bonds from its other assets. In the event that the Agent would be subject to insolvency proceedings at any time when it held any such amounts, Bondholders would no longer have a claim against the Issuer because the Conditions provide that the payment obligations of the Issuer will be discharged by payment of the amount due and payable to the Agent. The Bondholders would be required to claim such amounts from the Agent in accordance with applicable Belgian insolvency laws. The Agent does not assume any fiduciary duty or other obligations to the Bondholders.

Belfius Bank SA/NV will act as agent in relation to the Bonds. The Agent will act in its capacity in accordance with the terms and conditions of the Bonds and the Agency Agreement in good faith. However, Bondholders should be aware that the Agent assumes no fiduciary duty or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or enhance the interests of the Bondholders.

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

2.8 Potential conflicts of interest - The Issuer, the Agent and the Joint Bookrunners may engage in transactions adversely affecting the interests of the Bondholders

The Agent and the Joint Bookrunners may have conflicts of interests which could have an adverse effect on the interests of the Bondholders. Potential investors should be aware that the Issuer is involved in a general business relationship or/and in specific transactions with the Agent, or/and each of the Joint Bookrunners and that they might have conflicts of interests which could have an adverse effect to the interests of the Bondholders. Potential investors should also be aware that the Agent and each of the Joint Bookrunners may hold from time to time debt securities or/and other financial instruments of the Issuer.

Within the framework of normal business relationship with its banks, the Issuer or any subsidiary could enter into or has entered into loan agreements and other facilities with any of the Joint Bookrunners (via bilateral transactions or/and syndicated loans together with other banks). The terms and conditions of these debt financings may differ from the Conditions and certain terms and conditions of such debt financings could be or are more restrictive than the Conditions of the Bonds. The terms and conditions of such debt financings may contain financial covenants, different from or not included in the Conditions of the Bonds. In addition, as part of these debt financings, the lenders may have or have the benefit of certain guarantees or security, whereas the Bondholders will not have the benefit from similar guarantees. This may result in the Bondholders being subordinated to the lenders under such debt financings.

The Bondholders should be aware of the fact that the Agent and the Joint Bookrunners, when they act as lenders to the Issuer or the Issuer Group (or when they act in any other capacity whatsoever), have no fiduciary duties or other duties of any nature whatsoever vis-à-vis the Bondholders and that they are under no obligation to take into account the interests of the Bondholders.

The Joint Bookrunners and their affiliates have engaged in, or may engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

These diverging interests may manifest themselves amongst other things in case of an event of default for any of the credit facilities granted by the Joint Bookrunners before the maturity of the Bonds or in case of a mandatory early repayment and may have a negative impact on the repayment capacity of the Issuer. It is not excluded that these credit facilities will be repaid before the maturity of the Bonds. The Joint Bookrunners do not have any obligation to take into account the interests of the Bondholders when exercising their rights as lender under the aforementioned credit facilities. Any full or partial repayment of credit facilities granted by the Joint Bookrunners will, at that time, have a favourable impact on the exposure of the Joint Bookrunners vis-à-vis the Issuer.

2.9 The Bonds may be early redeemed

The Bonds may be redeemed, prior to maturity, at their nominal amount together with interest accrued until the date fixed for redemption in the following circumstances:

(i) upon the occurrence of an Event of Default (as defined in Condition 8 (*Events of Default*));

(ii) pursuant to certain changes in tax law or regulations set out in Condition 4 (b) (*Redemption for taxation reasons*);

(iii) upon the occurrence of an Early Redemption Event as set out in Condition 4 (c) (*Redemption at the option of the Bondholders following a Change of Control*); or

(iv) at the option of the Issuer during the Early Redemption Period as set out in Condition 4 (d) (*Redemption at the option of the Issuer during the Early Redemption Period*).

In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the Bonds. Please refer to risk factor 2.10 for more information on an early redemption at the option of the Issuer during the Early Redemption Period and to risk factor 2.11 for more information on an early redemption for in the event of a change of control.

2.10 The Bonds may be redeemed prior to maturity during the Early Redemption Period

The Issuer may, subject to the Conditions, redeem all, but not part, of the Bonds outstanding from and including 3 months before the Maturity Date to but excluding the Maturity Date (the "**Early Redemption Period**"). During the Early Redemption Period, the market value of the Bonds outstanding generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the Early Redemption Period. Potential investors should consider reinvestment risk in light of other investments available at that time.

2.11 The Bonds may be redeemed prior to maturity in the event of a Change of Control

Each Bondholder of a Series will have the right to require the Issuer to repurchase all or any part of such holder's Bonds of a Series at their nominal amount together with, if applicable, interest accrued to (but excluding) the Put Settlement Date upon the occurrence of an Early Redemption Event (each term as defined in the Conditions) in accordance with the Conditions (the "**Change of Control Put**").

The Change of Control Put is subject to the approval of the Issuer's shareholders. In the event that the shareholders of the Issuer do not approve the Change of Control Put, the Change of Control Put will be ineffective.

In the event that the Change of Control Put right is exercised by holders of Bonds of a Series of at least 85 per cent. of the aggregate nominal amount of the Bonds of that Series, the Issuer may, at its option, redeem all (but not less than all) of the Bonds of that Series then outstanding pursuant to Condition 4 (c). However, Bondholders should be aware that, in the event that (i) holders of 85 per cent. or more of the aggregate nominal amount of the Bonds of a Series exercise their option under Condition 4 (c), but the Issuer does not elect to redeem the remaining outstanding Bonds of that Series, or (ii) holders of a significant proportion, but less than 85 per cent. of the aggregate nominal amount of the Bonds of that Series exercise their option under Condition 4 (c), Bonds of that Series in respect of which the Change of Control Put is not exercised may be illiquid and difficult to trade.

Potential investors should be aware that the Change of Control Put can only be exercised upon the occurrence of an Early Redemption Event as defined in the Conditions, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer. Bondholders deciding to exercise the Change of Control shall have to do this through the bank or other financial intermediary through which the Bondholder holds the Bonds (the "**Financial Intermediary**") and are advised to check when such Financial Intermediary requires to receive instructions and Put Option Notices (as defined in the Conditions) from Bondholders in order to meet the deadlines and for such exercise to be effective. The fees and/or costs, if any, of the relevant Financial Intermediary shall be borne by the relevant Bondholders.

Potential investors should be aware that if one or more of the conditions set out in Condition 4 (c) are not satisfied, they will not be able to exercise the Change of Control Put.

2.12 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 (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Bonds. The investors should consult their legal advisers to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

2.13 There may be no active trading market for the Bonds

The only manner for a Bondholder to convert his or her investment in the Bonds into cash before their maturity date is to sell them at the applicable market price at that moment. The price can be less than the nominal value of the Bonds. The Bonds are new securities that may not be widely traded and for which there is currently no active trading market. The Issuer has filed an application to have the Bonds listed on the regulated market of Euronext Brussels. If the Bonds are admitted to trading after their issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds. Therefore, investors may not be able to sell their Bonds easily or at all, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Bonds. Furthermore, it cannot be guaranteed that the listing once approved will be maintained.

2.14 The Bonds are exposed to market interest rate risk

The Bonds provide a fixed interest rate until the Maturity Date. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. The longer the maturity of bonds, the more exposed the bonds are to fluctuations in market interest rates. An increase in the market interest rates can result in the Bonds trading at prices lower than their nominal amount.

2.15 The market value of the Bonds may fluctuate

The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest, exchange rates and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Bonds are traded. The price at which a Bondholder will be able to sell the Bonds prior to maturity may be at a discount, which could be substantially lower than the issue price or the purchase price paid by such investor.

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

2.16 The Bonds may be exposed to exchange rate risks and exchange controls

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

Government and monetary authorities may impose 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 at all.

2.17 Changes in governing law and practices could modify certain Conditions

The Conditions are based on the laws of Belgium and interpretations thereof and the practices in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws, the official application, interpretation or the administrative practice after the date of this Prospectus.

2.18 The payments made under the Bonds may be subject to withholding tax

Eligible Investors are, in principle, exempt from Belgian withholding tax. Please refer to Part X (*Taxation*) for more information.

If the Issuer or any other person is however 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 Bonds, the Issuer 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.

Potential investors should be aware that neither the Issuer, the NBB nor any other person will be liable for or otherwise obliged to pay, and the relevant Bondholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Bonds, except as provided for in Condition 6 (*Taxation*).

2.19 Belgian insolvency laws may adversely affect a recovery by the holders of amounts payable under the Bonds

As long as the Issuer has its center of main interests (COMI, as defined in the Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings) in Belgium, it will, in principle, be subject to insolvency laws and proceedings in Belgium. The application of these insolvency laws may adversely affect the Bondholders' claim to obtain repayment (partial or in full) of the Bonds, e.g., as the result of a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the Bonds.

PART II – OVERVIEW

The following overview refers to certain provisions of the Terms of Conditions of the Bonds and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms used therein have the meaning giving to them in the Terms of Conditions of the Bonds.

Issuer:	Fluxys Belgium SA/NV.
Business of the Issuer:	The Issuer operates and commercialises the use of the natural gas transmission grid and storage infrastructure in Belgium and the Zeebrugge liquefied natural gas terminal.
Bonds:	EUR 300,000,000 1.750 per cent. fixed rate bonds due 5 October 2027 (the "**10Y Bonds**") and EUR 50,000,000 2.375 per cent. fixed rate bonds due 5 October 2032 (the "**15Y Bonds**", and together with the 10Y Bonds, the "**Bonds**" and each a "**Series**").
Joint Coordinators:	Belfius Bank SA/NV and Crédit Agricole Corporate and Investment Bank.
Joint Bookrunners:	Belfius Bank SA/NV, Crédit Agricole Corporate and Investment Bank, Commerzbank Aktiengesellschaft, Mizuho International plc and The Royal Bank of Scotland plc (trading as NatWest Markets).
Agent:	Belfius Bank SA/NV.
Issue Date:	5 October 2017.
Issue Price:	99.591 per cent. in respect of the 10Y Bonds and 99.875 per cent. in respect of the 15Y Bonds.
Form of the Bonds:	The Bonds will be issued in dematerialised form (*gedematerialiseerd/dématérialisé*) in accordance with Article 468 of the Belgian Companies Code (*Wetboek van Vennootschappen/Code des Sociétés*) (the "**Belgian Companies Code**") and cannot be physically delivered. The Bonds will be represented exclusively by book-entries in the records of the securities settlement system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**Securities Settlement System**"). The Bonds may be held only by, and transferred only to, Eligible Investors holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the Securities Settlement System.
Denomination:	EUR 100,000 and integral multiples thereof.
Status of the Bonds:	The Bonds will constitute direct, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. See Part IV (*Terms and Conditions of the Bonds*).
Distribution:	Distribution by way of private placement.
Currency:	The Bonds will be denominated in euro. Interest amounts and any amount payable on redemption will be in euro.

Maturity date:	The 10Y Bonds will mature on 5 October 2027. The 15Y Bonds will mature on 5 October 2032.
Interest:	Each 10Y Bond bears interest from and including the Issue Date per annum at the rate of 1.750 per cent. Each 15Y Bond bears interest from and including the Issue Date per annum at the rate of 2.375 per cent.
Early Redemption for Taxation Reasons:	Each Series of Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment, application or interpretation becomes effective on or after the date on which agreement is reached to issue the Series of Bonds and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, subject to certain exemptions set out in Part IV (*Terms and Conditions of the Bonds*).
Early Redemption following a Change of Control:	If an Early Redemption Event occurs, the holder of each Bond of a Series will have the option to require the Issuer to redeem all or any part of their Bonds of that Series on the Put Settlement Date at the Put Redemption Amount, subject to the conditions set out in Condition 4 (c). If, as a result of this Condition 4 (c), holders of Bonds of a Series submit Put Option Notices in respect of at least 85 per cent. of the aggregate nominal amount of the Bonds of that Series for the time being outstanding, the Issuer may, subject to the Conditions, redeem all (but not some only) of the Bonds of that Series then outstanding at the Put Redemption Amount.
Early Redemption during the Early Redemption Period:	The Issuer may, at its option, from and including 3 months before the Maturity Date to but excluding the Maturity Date, subject to having given not more than 30 nor less than 15 calendar days prior notice to the Bondholders (which notice shall be irrevocable), redeem the outstanding Bonds, in whole but not in part, at their nominal amount plus accrued interest up to but excluding the date fixed for redemption.
Cross Acceleration:	See Condition 8 (*Events of Default*) in Part IV (*Terms and Conditions of the Bonds*).
Negative Pledge:	See Condition 2 (*Negative Pledge*) in Part IV (*Terms and Conditions of the Bonds*).
Taxation:	All payments of principal and interest in respect of the Bonds will be made free and clear of withholding taxes of Belgium unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions (including the ICMA Standard EU Tax exemption Tax Language), pay such additional amounts as shall result in receipt by the Bondholder of such amounts as would have been received by it had no such withholding been required, all as described in Condition 6

	(*Taxation*) in Part IV (*Terms and Conditions of the Bonds*).
Governing law:	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by, and shall be construed in accordance with Belgian law.
Rating:	The Bonds will not be rated.
Settlement system:	The Bonds will be accepted for settlement through the Securities Settlement System, and are accordingly subject to the applicable Belgian clearing regulations and the rules of the Securities Settlement System.
Listing and admission to trading:	Application will be made to Euronext Brussels for the Bonds to be admitted to trading on the regulated market of Euronext Brussels.
Selling restrictions:	There are restrictions on the offer, sale and transfer of Bonds in the United States, the United Kingdom and on the offer, sale and transfer of Bonds to "consumers" within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit économique*). See Part XI (*Subscription and Sale*).
Risk Factors:	Prospective investors should carefully consider the information set out in Part I (*Risk Factors*) in conjunction with the other information contained or incorporated by reference in this Prospectus.
Use of proceeds:	The net proceeds from the issue of Bonds will be applied by the Issuer for general corporate purposes of the Fluxys Group, including the repayment of the Issuer's retail bond maturing in May 2018.
ISIN:	BE0002292614 in respect of the 10Y Bonds and BE0002293620 in respect of the 15Y Bonds.
Common Code:	169463603 in respect of the 10Y Bonds and 169463573 in respect of the 15Y Bonds.

PART III – DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the following documents:

(i) the annual report and audited consolidated financial statements of the Issuer for the year ended 31 December 2016 (in English, in French and in Dutch) consolidated in accordance with IFRS, together with the audit report thereon;

(ii) the annual report and audited consolidated financial statements of the Issuer for the year ended 31 December 2015 (in French and in Dutch) consolidated in accordance with IFRS, together with the audit report thereon; and

(iii) the unaudited consolidated financial statements for the first six months ended 30 June 2017 (in English), together with the limited review report thereon.

Such documents shall, in accordance with Article 30 §1 of the Prospectus Law, be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered offices of the Issuer and the website of the Issuer (www.fluxys.com/belgium).The Issuer confirms that it has obtained the approval from its auditors to incorporate the consolidated financial statements and the auditors' reports thereon for the financial years ended 31 December 2016 and 31 December 2015 and the limited review report thereon for the first six months ended 30 June 2017 in this Prospectus.

The tables below include references to the relevant pages of the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2016 (in English) and 31 December 2015 (in Dutch and French), as set out in the annual reports of the Issuer, and the consolidated financial statements of the Issuer for the first six months ended 30 June 2017 (in English) as set out in the half-yearly financial report of the Issuer.

Audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2015 in Dutch and in French.		
	French	**Dutch**
Consolidated balance sheet	p. 88-89	p. 88-89
Consolidated income statement	p. 90	p. 90
Consolidated statement of comprehensive income	p. 91	p. 91
Consolidated statement of changes in equity	p. 92	p. 92
Consolidated statement of cash flows	p. 93-94	p. 93-94
Notes	p. 95-192	p. 95-192
Statutory auditor's report	p. 193-195	p. 193-195

Audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2016 in English.			
	English	**French**	**Dutch**
Consolidated balance sheet	p. 76-77	p. 76-77	p. 76-77
Consolidated income statement	p. 78	p. 78	p. 78
Consolidated statement of comprehensive income	p. 79	p. 79	p. 79
Consolidated statement of changes in equity	p. 80	p. 80	p. 80
Consolidated statement of cash flows	p. 81-82	p. 81-82	p. 81-82
Notes	p. 83-169	p. 83-169	p. 83-169
Statutory auditor's report	p. 170-172	p. 170-172	p. 170-172

IFRS consolidated financial statements of the Issuer, limited review report and explanatory notes of the Issuer for the first six months ended 30 June 2017 in English.	
Consolidated condensed balance sheet	p. 14-15
Consolidated condensed income statement	p. 16
Consolidated condensed statement of comprehensive income	p. 17
Consolidated condensed statement of changes in equity	p. 18-19
Consolidated condensed statement of cash flows	p. 20-22
Notes	p. 23-49
Auditor's report of the consolidated interim financial information	p. 50-51

PART IV – TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the terms and conditions (the "**Conditions**") applying to the Bonds, save for the paragraphs in italics that shall be read as complementary information.*

*The issue of the 1.750 per cent. fixed rate bonds due 5 October 2027 for an amount of EUR 300,000,000 (the "**10Y Bonds**") and the 2.375 per cent. fixed rate bonds due 5 October 2032 for an amount of EUR 50,000,000 (the "**15Y Bonds**", and together with 10Y Bonds, the "**Bonds**", and each a "**Series**", which expression shall, in these Conditions unless otherwise indicated, include any further 10Y Bonds or 15Y Bonds (as the case may be) issued pursuant to Condition 10 and consolidated and forming a single series with the then outstanding 10Y Bonds or 15Y Bonds (as the case may be) (the "**Further Bonds**")) was (save in respect of any Further Bonds) authorised by the resolutions of the board of directors of Fluxys Belgium SA/NV (the "**Issuer**") passed on 20 September 2017. The Bonds are issued subject to and with the benefit of an agency agreement dated on or about 28 September 2017 entered into between the Issuer and Belfius Bank SA/NV acting as agent (the "**Agent**"), which expression shall include any successor as Agent under the Agency Agreement) (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and a service contract concerning the issue of dematerialised bonds entered into on or about 28 September 2017 between the Issuer, the National Bank of Belgium (the "**NBB**") and the Agent (such agreement as amended and/or supplemented and/or restated from time to time from time to time, the "**Clearing Services Agreement**"). The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. Copies of the Agency Agreement and the Clearing Services Agreement are available for inspection during normal business hours at the specified office of the Agent. The specified office of the Agent is at boulevard Pachéco 44, 1000 Brussels, Belgium. The Bondholders are bound by and deemed to have notice of all the provisions of the Agency Agreement and the Clearing Services Agreement applicable to them.*

1 FORM, DENOMINATION AND TITLE

(a) Form, Denomination and Title

The Bonds are issued in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code (*Code des sociétés/Wetboek van vennootschappen*) and cannot be physically delivered. The Bonds are accepted for settlement through the securities settlement system operated by the NBB or any successor thereto (the "**Securities Settlement System**"), and are accordingly subject to the applicable settlement regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the clearing and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the "**Securities Settlement System Regulations**"). The Bondholders will not be entitled to exchange the Bonds into bonds in bearer form. No definitive bearer certificates will be delivered. The Bonds will be represented by book entries in the records of the Securities Settlement System itself or participants or sub-participants of the Securities Settlement System.

The Securities Settlement System maintains securities accounts in the name of authorised participants only. Such participants include Euroclear and Clearstream, Luxembourg. Bondholders, unless they are participants, will not hold Bonds directly with the operator of the Securities Settlement System but will hold them in a securities account through a financial institution which is a participant in the Securities Settlement System or which holds them through another financial institution which is such a participant.

The Bonds are in nominal amounts of EUR 100,000 and integral multiples thereof (the "**Specified Denomination**").

The Bonds may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994, holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the Securities Settlement System.

Title to the Bonds is evidenced by book entries in the Bondholder's securities account with the NBB or with an approved participant or sub-participant of the Securities Settlement System. The person who is for the time being shown in the records of the Securities Settlement System or of an approved participant or sub-participant of the Securities Settlement System as the holder of a particular nominal amount of Bonds shall for all purposes be treated by the Issuer and the Agent as the holder of such nominal amount of Bonds, and the expressions "Bondholders" and "holders of Bonds" and related expressions shall be construed accordingly.

If at any time, the Bonds are transferred to another securities settlement system, not operated or not exclusively operated by the NBB, these provisions shall apply mutatis mutandis to such successor securities settlement system and successor securities settlement system operator or any additional securities settlement system and additional securities settlement system operator (any such securities settlement system, an "**Alternative Securities Settlement System**").

(b) Status

The Bonds constitute direct, unconditional, unsubordinated and (without prejudice to the negative pledge clause) unsecured obligations of the Issuer and rank and will at all times rank *pari passu*, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

2 NEGATIVE PLEDGE

(a) **Restriction:** So long as any Bond remains outstanding, the Issuer will not, and will ensure that none of its Material Subsidiaries will, create or have outstanding any mortgage, charge, lien (*voorrecht/privilège*) (other than a lien arising by operation of law), pledge or any other form of security interest (each, a "**Security Interest**") (other than a Permitted Security Interest), upon or with respect to the whole or any part of its present and future business, undertaking, assets or revenues to secure any Relevant Debt (as defined below) of the Issuer or its Material Subsidiaries, without at the same time or prior thereto according to the Bonds either (i) the same or substantially the same security as is created or subsisting to secure any such Relevant Debt, or (ii) such other security as shall be approved by an extraordinary resolution of the Bondholders.

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

"**Consolidated EBITDA**" means, at any time, the consolidated profits of the Issuer from ordinary activities and before Consolidated Net Interest Payable (without double counting):

(a) before taxation (including but not limited to corporate income taxes and deferred taxes);

(b) before deducting the depreciation of tangible fixed assets;

(c) before taking into account any items treated as exceptional or extraordinary items, (including, among others, gains and losses on disposals and restructuring costs) according to GAAP;

(d) adding the dividends received from non-consolidated companies and income from equity affiliates;

(e) before taking into account any unrealised exchange gains and losses (incurred in the ordinary course of business and not for speculative purposes) which are reported through the income statement;

(f) before taking into account amortisation (or impairment) of good-will, intangible fixed assets and other amortising assets (including stock and trade receivables);

(g) before taking into account provisions (both increases and decreases);

(h) before taking into account any effect of purchase accounting (for example in case of business combination leading to allocation of goodwill to reflect fair value of the assets),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the Group from ordinary activities before taxation.

"**Consolidated Interest Payable**" means, at any time, all interest and other financing charges (whether, in each case, paid or payable) incurred and payable by the Group.

"**Consolidated Interest Receivable**" means, at any time, all interest and other financing charges receivable by the Group.

"**Consolidated Net Interest Payable**" means Consolidated Interest Payable less Consolidated Interest Receivable.

"**EBITDA**" means, at any time, the profits of a member of the Group from ordinary activities and before Net Interest Payable (without double counting):

(a) before taxation (including but not limited to corporate income taxes and deferred taxes);

(b) before deducting the depreciation of tangible fixed assets;

(c) before taking into account any items treated as exceptional or extraordinary items, (including, among others, gains and losses on disposals and restructuring costs) according to GAAP;

(d) adding the dividends received from non-consolidated companies;

(e) before taking into account any unrealised exchange gains and losses (incurred in the ordinary course of business and not for speculative purposes) which are reported through the income statement;

(f) before taking into account amortisation (or impairment) of good-will, intangible fixed assets and other amortising assets (including stock and trade receivables);

(g) before taking into account provisions (both increases and decreases);

(h) before taking into account any effect of purchase accounting (for example in case of business combination leading to allocation of goodwill to reflect fair value of the assets),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the relevant member of the Group from ordinary activities before taxation.

"**GAAP**" means the generally accepted accounting principles in Belgium including international accounting standards within the meaning of the IAS Regulation 1606/2002 ("**IFRS**").

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**Interest Payable**" means, at any time, all interest and other financing charges (whether, in each case, paid or payable) incurred and payable by the relevant member of the Group.

"**Interest Receivable**" means, at any time, all interest and other financing charges receivable by the relevant member of the Group.

"**Material Subsidiary**" means a Subsidiary of the Issuer:

(i) having EBITDA equal to at least 10 per cent of the Consolidated EBITDA; or

(ii) whose total assets (excluding any intra-group items in such total assets) are at least equal to 10 per cent. of the consolidated total assets of the Issuer, as calculated by reference to the latest audited consolidated financial statements of the Issuer.

"**Net Interest Payable**" means Interest Payable less Interest Receivable.

"**Non-Group Entity**" means any investment or entity (which is not itself a member of the Group in which any member of the Group has an ownership interest).

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

"**Relevant Debt**" means any present or future indebtedness (whether being principal, premium, interest or other amounts), in the form of or evidenced by notes, bonds, debentures, loan stock, treasury notes, commercial paper or other transferable debt securities (*titres de créance négociables sur le marché des capitaux/schuldinstrumenten die op de kapitaalmarkt verhandelbaar zijn* in the sense of Article 2, 31°, b) of the Belgian law of 2 August 2002 on the supervision of the financial sector and on the financial services), whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market.

"**Subsidiary**" means, at any particular time, a subsidiary within the meaning of Article 6 of the Belgian Companies Code.

3 INTEREST

Each Bond bears interest on its outstanding nominal amount from (and including) the date on which the Bonds have been issued (the "**Issue Date**"). The 10Y Bonds bear interest at the rate of 1.750 per cent. per annum and the 15Y Bonds bear interest at the rate of 2.375 per cent. per annum (each an "**Interest Rate**").

Interest on the Bonds is payable annually in arrear on 5 October each year (each an "**Interest Payment Date**"), commencing with the Interest Payment Date falling on 5 October 2018.

Interest shall be calculated for the first period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and for each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date (each an "**Interest Period**").

The amount of interest payable in respect of any Bond shall be calculated by applying the Interest Rate to the nominal amount and by multiplying such product by the Day-Count Fraction.

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, the "**Day-Count Fraction**" used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year. Where interest is to be calculated in respect of a period which is longer than one Interest Period, the "Day-Count Fraction" used will be the sum of (a) the actual number of days in such period falling in the Interest Period (from and including the first such day to but excluding the last) in which it begins divided by the product of (1) the actual number of days in such Interest Period (from and including the first such day to but excluding the last) and (2) the number of Interest Periods in any year and (b) the actual number of days in such period falling in the next Interest Period (from and including the first such day to but excluding the last) divided by the product of (1) the actual number of days in such Interest Period (from and including the first such day to but excluding the last) and (2) the number of Interest Periods in any year.

4 REDEMPTION AND PURCHASE

(a) **Final Redemption:** Unless previously purchased, cancelled or redeemed as provided below, each 10Y Bond shall be finally redeemed at its nominal amount on 5 October 2027 and each 15Y Bond shall be finally redeemed at its nominal amount on 5 October 2032 (each such date being a "**Maturity Date**" for the relevant Bond) in each case together with interest accrued to the relevant Maturity Date (the "**Final Redemption Amount**"). The Bonds may only be redeemed prior to the Maturity Date in accordance with Condition 4 (b) (*Redemption for Taxation Reasons*), Condition 4 (c) (*Redemption at the option of the Bondholders following a Change of Control*) and Condition 4 (d) (*Redemption at the option of the Issuer during the Early Redemption Period*) below.

(b) **Redemption for Taxation Reasons:** Each Series may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Bondholders of that Series in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable) with a copy to the Agent (the "**Tax Redemption Notice**"), if

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) as a result of (i) any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or (ii) any change in the application or official interpretation of such laws or regulations, which change or amendment, application or interpretation becomes effective on or after the date on which agreement is reached to issue the Series, and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of that Series were then due. Prior to the giving of a Tax Redemption Notice, the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing confirming that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

No failure to exercise, nor any delay in exercising, any right by the Issuer under this Condition 4 (b) (*Redemption for Taxation Reasons*) shall operate as a waiver.

Bonds redeemed pursuant to this Condition, will be redeemed at their nominal amount together with interest accrued to the date fixed for redemption specified in the Tax Redemption Notice.

(c) **Redemption at the option of the Bondholders following a Change of Control:** If an Early Redemption Event occurs, the holder of each Bond of a Series will have the option to require the Issuer to redeem all or any part of their Bonds of that Series on the Put Settlement Date at the Put Redemption Amount.

If an Early Redemption Event occurs, promptly upon and in any event within 10 Business Days of the date of the occurrence of the Early Redemption Event, the Issuer shall give a Put Event Notice to the Bondholders.

In order to exercise the option contained in this Condition 4 (c), the holder of a Bond must during the Put Option Period, deliver to the Agent (with a copy to the Issuer) a Put Option Notice. A duly completed Put Option Notice is irrevocable and may not be withdrawn.

The Issuer shall redeem any Bond in respect of which a Put Option Notice was received on the Put Settlement Date at the Put Redemption Amount, unless previously redeemed or purchased. Payment in respect of any relevant Bond will be made to the euro bank account mentioned in the Put Option Notice as the account to which payment is to be made, on the Put Settlement Date.

If, as a result of this Condition 4 (c), holders of Bonds of a Series submit Put Option Notices in respect of at least 85 per cent. of the aggregate nominal amount of the Bonds of that Series for the time being outstanding, the Issuer may, within 15 Business Days of the end of the Put Option Period, by giving not less than 15 nor more than 30 days' notice to the Bondholders of that Series in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Bonds of that Series then outstanding at the Put Redemption Amount. Payment in respect of any such Bond of that Series shall be made as specified above.

The Issuer shall procure this Condition 4 (c) is approved by a resolution at its next annual shareholders' meeting and that an extract of such resolution is promptly filed with the clerk of the competent commercial court in accordance with Article 556 of the Belgian Companies Code, and shall forthwith provide the Agent with evidence thereof.

The Bondholders should be aware that exercising the option stipulated in this Condition 4 (c) may only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of a Change of Control, (i) the shareholders of the Issuer have approved this Condition 4 (c) in a general meeting and (ii) such resolutions have been filed with the clerk of the commercial court of Brussels. It is uncertain whether the shareholders of the Issuer will approve Condition 4 (c). If a Change of Control occurs prior to the approval of the shareholders and filing of the resolutions, Bondholders may not be entitled to exercise the option set out in Condition 4 (c).

In this Condition 4 (c):

"**Change of Control**" means a situation where any of the public authorities of the Kingdom of Belgium (including, but not limited to, regions (*gewesten/régions*), the communities (*gemeenschappen/communautés*), provinces, municipalities as well as syndicates of provinces and municipalities) do not hold, directly or indirectly, the majority of the issued share capital of the Issuer UNLESS (i) any of the public authorities of the Kingdom of Belgium (including, but not limited to, regions (*gewesten/régions*), the communities (*gemeenschappen/communautés*), provinces, municipalities as well as syndicates of provinces and municipalities) exercises, directly or indirectly, sole or joint control (within the meaning of articles 5 to 9 (inclusive) of the Belgian Companies Code) over the Issuer and (ii) the Belgian State or a political subdivision thereof holds a golden share in the Issuer or benefits from any similar protective mechanism in relation to the strategic assets of the Issuer.

"**Early Redemption Event**" means:

(i) the occurrence of a Change of Control when the Issuer is not Rated;

(ii) the occurrence of a Change of Control when the Issuer is Rated and, within the Rating Period, a Rating Downgrade to a non-investment grade rating category resulting from that Change of Control occurs.

"**Put Event Notice**" means a notice in accordance with Condition 11 (*Notices*) specifying the nature of the Early Redemption Event and the procedure for exercising the option contained in this Condition 4 (c).

"**Put Option Notice**" means a duly completed put option notice in the form obtainable from the Agent.

"**Put Option Period**" means, not less than 30 nor more than 60 days before the relevant Put Settlement Date.

"**Put Redemption Amount**" means, in respect of each Bond, 100 per cent. of the nominal amount of such Bond together with, if applicable, interest accrued to (but excluding) the Put Settlement Date.

"**Put Settlement Date**" means the 14th Business Day after the last day of the Put Option Period.

"**Rated**" means the Issuer having a credit rating assigned to it by a Rating Agency and such credit rating is not lower than investment grade (being rating (BBB-/Baa3, or their respective equivalents for the time being (and "**investment grade rating**")).

"**Rating Agency**" means Standard & Poor's Credit Market Services Europe Limited and its successors, Moody's Investor Service Ltd. and its successors and Fitch Ratings Ltd. and its successors or any other rating agency of comparable international standing registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

A "**Rating Downgrade**" shall be deemed to have occurred in relation to the Issuer if the rating assigned 15 days prior to the Rating Period (the "**Applicable Time**") to the Issuer by a Rating Agency is (i) withdrawn from having been an investment grade at the Applicable Time and is not within the Put Option Period reinstated to an investment grade rating by such Rating Agency or (ii) reduced from an investment grade rating to a non-investment grade rating (BB+/Ba1 or their respective equivalents for the time being or lower) at the Applicable Time and is not within the Put Option Period upgraded to an investment grade rating by such Rating Agency.

"**Rating Period**" means the period commencing on the date of a Change of Control, and ending 90 days after the date of the Change of Control (which period shall be extended following a Change of Control for so long as any Rating Agency has publicly announced within the period ending 90 days after the Change of Control that it is considering a possible Rating Downgrade, provided that the Rating Period shall not extend more than 90 days after the public announcement of such consideration).

(d) **Redemption at the option of the Issuer during the Early Redemption Period:** The Issuer may, at its option, from and including 3 months before the Maturity Date to but excluding the Maturity Date (the "**Early Redemption Period**"), subject to having given not more than 30 nor less than 15 calendar days prior notice to the Bondholders (which notice shall be irrevocable), redeem the outstanding Bonds, in whole but not in part, at their nominal amount plus accrued interest up to but excluding the date fixed for redemption.

(e) **Purchases:** The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price.

(f) **Cancellation:** All Bonds redeemed will be cancelled and may not be reissued or resold. Bonds purchased by or on behalf of the Issuer or its Subsidiaries may be cancelled, held or resold at the option of the Issuer or the relevant subsidiary.

5 PAYMENTS

(a) **Principal and interest**: Without prejudice to Article 474 of the Belgian Companies Code, all payments of principal or interest in respect of the Bonds shall be made through the Agent and the Securities Settlement System in accordance with the Securities Settlement System Regulations and the Clearing Services Agreement. The payment obligations of the Issuer under the Bonds will be discharged by payment to the NBB in respect of each amount so paid.

(b) **Payments**: Each payment in respect of the Bonds pursuant to Condition 5 (a) (*Principal and Interest*) will be made by transfer to a euro account maintained by the payee with a bank in a city where banks have access to the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET 2) System, or any successor thereto (the "**TARGET System**").

(c) **Payment subject to fiscal laws**: All payments in respect of the Bonds will be subject in all cases to (i) any applicable fiscal or other laws and regulations, without prejudice to the provisions of Condition 6 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(d) **No charges**: No commissions or expenses shall be charged by the Agent to the Bondholders in respect of any payments in respect of the Bonds.

(e) **Appointment of Agents**: The Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency with any of the Bondholders. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent and to appoint additional or other Agents, provided however, that the Issuer shall at all times maintain (i) a paying agent and (ii) a domiciliary agent which will at all times be a participant in the Securities Settlement System. Notice of any such change or any change of any specified office shall promptly be given to the Bondholders.

(f) **Fractions**: When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded up to the nearest unit if equal to or above 0.5 and rounded down to the nearest unit if below 0.5.

(g) **Non-Business Days:** If any date for payment in respect of any Bond is not a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Brussels and on which the TARGET System is open for the settlement of payments in euro (a "**Business Day**"), the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. For the purpose of calculating the interest payable under the Bonds, the Interest Payment Date shall not be adjusted.

6 TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of any Series shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Belgium (including any political subdivision or any authority therein or thereof having power to tax (the "**Taxes**"), unless such withholding or deduction of Taxes is required by law in respect of a Series. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Bondholders of that Series after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Bond:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is liable to such Taxes, in respect of such Bond by reason of his having some connection with the Kingdom of Belgium other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of the Bond; or

(b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non residence or other similar claim for exemption to any tax authority in the place where the relevant Bond is presented for payment; or

(c) **Payment to non Eligible Investors**: to, or to a third party on behalf of, a holder who on the date of acquisition of a Bond, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Bond but, for reasons within the Bondholder's control, either ceased to be an Eligible Investor or, at any relevant time on or after the date of acquisition of such Bond, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or

(d) **Conversion into registered securities**: to a Bondholder who is liable to such Taxes because the Bonds were upon his/her request converted into registered Bonds and could no longer be cleared through the Securities Settlement System.

As used in this Condition, "**Eligible Investor**" means those entities which are referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax and which hold the Bonds in an exempt account in the Securities Settlement System.

References in these Conditions to (i) "**principal**" shall be deemed to include any principal payable in respect of the Bonds, all Final Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 and 8 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all interest amounts and all other amounts payable pursuant to Condition 3 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

7 PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten (10) years (in the case of principal (or any other amount (other than interest) payable in respect of the Bonds)) or five (5) years (in the case of interest) from the appropriate Relevant Date in respect of them.

For purposes of this Condition, "**Relevant Date**" means, in respect of any Bond, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further presentation of the Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

8 EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs and is continuing, then any Bond may, by notice in writing given by the Bondholder to the Issuer at its registered office and to the Agent at its specified office, be declared immediately due and repayable at its nominal amount together with accrued interest (if any) to the date of payment, without further formality unless such event shall have been remedied prior to the receipt of such notice by the Agent:

(a) **Non-payment**: the Issuer fails to pay the principal of or interest on any of the Bonds when due and such failure continues for a period of 5 Business Days; or

(b) **Breach of other Covenants, agreements or undertakings**: the Issuer does not perform or comply with any one or more of its other covenants, obligations, agreements or undertakings under the Bonds or the Agency Agreement (other than any payment obligation set out in (a) above and any obligations set out in (d) below), which default is incapable of remedy or, if capable of remedy, is not remedied within 15 Business Days after notice of such default shall have been given by any Bondholder to the Issuer at its registered office; or

(c) **Cross-acceleration**: any other present or future indebtedness of the Issuer or any Material Subsidiary for or in respect of moneys borrowed equal to or exceeding EUR 50,000,000 or its equivalent in aggregate, becomes due and payable prior to its stated maturity following the acceleration of an event of default (howsoever described) by the relevant creditors; or

(d) **Suspension of trading or delisting**: the Bonds are delisted or suspended from trading on Euronext Brussels for a period of 30 consecutive Business Days for a reason attributable to the Issuer, unless the Issuer obtains an effective listing and admission to trading of the Bonds on another regulated market of the European Economic Area by the end of that period;

(e) **Unsatisfied judgment**: one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of an amount in excess of EUR 50,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(f) **Insolvency or judicial reorganisation**: the Issuer or any Material Subsidiary (i) is judicially determined or formally admitted to be insolvent or bankrupt or (ii) is unable to pay its debts as they fall due, (iii) stops, suspends or announces its intention to stop or suspend payment of all or a material part of (or of a particular type of) such debts or (iv) makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) such debts (or any particular debt, in each case which it will or might otherwise be unable to pay when due), (v) 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 (vi) a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) such debts of the Issuer or the relevant Material Subsidiary;

(g) **Winding-up or dissolution**: an order is made or an effective resolution passed for the winding-up, liquidation or dissolution of the Issuer or any Material Subsidiary, except for the purpose of and followed by a Permitted Reorganisation;

(h) **Change of business**: the Issuer formally announces that it will cease or ceases, to operate the Belgian natural gas transmission network, except for the purpose of and followed by a Permitted Reorganisation; or

(i) **Illegality**: it becomes illegal or unlawful for the Issuer to perform its obligations under the Bonds.

For purposes of this Condition, a "**Permitted Reorganisation**" means an amalgamation, reorganisation, merger, demerger, consolidation, restructuring whilst solvent, contribution, sale or other transfer whereby the Issuer is the surviving entity or whereby all or substantially all of the assets and undertakings of the Issuer or the relevant Material Subsidiary are vested in an Affiliate of the Issuer, validly organised and existing under the laws of Belgium provided, in the case of a Permitted Reorganisation of the Issuer, such Affiliate assumes or maintains liability as principal debtor in respect of the Bonds and continues to carry on the same or substantially the same business of the Issuer.

In this Condition:

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company; and

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.

9 MEETING OF BONDHOLDERS AND MODIFICATIONS

(a) **Meetings of Bondholders**:

The Agency Agreement contains provisions for convening meetings of holders of Bonds of a Series to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Conditions applicable to a Series. For the avoidance of doubt, any such modification shall always be subject to the consent of the Issuer. An "**Extraordinary Resolution**" means a resolution passed at a meeting of Bondholders of a Series duly convened and held in accordance with these Conditions and the Belgian Companies Code by a majority of at least 75 per cent. of the votes cast of the Bondholders of the relevant Series in accordance with Article 574 of the Belgian Companies Code.

All meetings of holders of a Series will be held in accordance with the Belgian Companies Code with respect to bondholders meetings. Such a meeting may be convened by the board of directors of the Issuer or its auditors and shall be convened by the Issuer upon the request in writing of Bondholders of a Series holding not less than one fifth of the aggregate nominal amount of the outstanding Bonds of that Series. A meeting of Bondholders will be entitled to exercise the powers set out in Article 568 of the Belgian Companies Code and generally (subject to the consent of the Issuer) to modify or waive any provision of the Conditions applicable to that Series (including any proposal (i) to modify the maturity of that Series or the dates on which interest is payable in respect of that Series, (ii) to reduce or cancel the nominal amount of, or interest on, that Series or (iii) to change the currency of payment of that Series or (iv) to modify the provisions concerning the quorum required) in accordance with the quorum and majority requirements set out in Article 574 of the Belgian Companies Code, and if required thereunder subject to validation by the court of appeal.

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

Convening notices for meetings of Bondholders of a Series shall be made in accordance with Article 570 of the Belgian Companies Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Belgisch Staatsblad/Moniteur Belge*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 11 (*Notices*).

The Agency Agreement provides that, if authorised by the Issuer, a resolution in writing signed by or on behalf of holders of Bonds of a Series of not less than 75 per cent. of the aggregate nominal amount of the Bonds of that Series shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of Bonds of that Series duly convened and held, provided that the terms of the proposed resolution have been notified in advance to those Bondholders through the relevant settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of Bonds of that Series.

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

10 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as a Series (or the same in all respects save for the amount and date of the first payment of interest thereon) (so that, for the avoidance of doubt, references in the conditions of such bonds to "Issue Date" shall be to the first issue date of the Bonds of that Series) and so that the same shall be consolidated and form a single series with such Bonds of that Series, and references in these Conditions to "Bonds" or "Series" shall be construed accordingly.

11 NOTICES

(a) **Notices to Bondholders**: Notices to be given to any Bondholder shall be valid if

(i) published on the website of the Issuer, and

(ii) delivered to the National Bank of Belgium for communication to the Bondholders via participants in the Securities Settlement System.

The Issuer shall also ensure that all notices are duly published in a manner which complies with all applicable laws and the rules and regulations of any stock exchange on which the Bonds are listed for the time being. Any notice shall be deemed to have been given on the date of the first publication.

In addition to the above communications and publications, with respect to notices for meetings of Bondholders, convening notices for such meetings shall be made in accordance with Article 570 of the Belgian Companies Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting, in the Belgian Official Gazette (*Moniteur belge/Belgisch Staatsblad*) and in a newspaper with national distribution.

(b) **Notices by Bondholders**: Notices to be given by any holder of the Bonds shall be given by registered mail with acknowledgement of receipt to the Issuer and the Agent. A notice will be deemed to be given on the date of receipt of the notice by the addressee.

(c) **Multiple notices**: If more than one notice of redemption is given pursuant to Condition 4 (*Redemption and Purchase*), the first of such notices to be given shall prevail.

12 GOVERNING LAW AND JURISDICTION

(a) **Governing Law**: The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and shall be construed in accordance with, Belgian law.

(b) **Jurisdiction**: The courts of Brussels (Belgium) will have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and, accordingly, any legal action or proceedings arising out or in connection with the Bonds ("**Proceedings**") may be brought in such courts.

PART V – CLEARING

The Bonds will be settled through the Securities Settlement System. The 10Y Bonds will have ISIN number BE0002292614 and Common Code 169463603 and the 15Y Bonds will have ISIN number BE0002293620 and Common Code 169463573. The Bonds will accordingly be subject to the Securities Settlement System regulations.

The number of each Series of Bonds in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB (National Bank of Belgium, Boulevard de Berlaimont 14, B-1000 Brussels).

Access to the Securities Settlement System is available through the Securities Settlement System participants whose membership extends to securities such as the Bonds.

Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear and Clearstream, Luxembourg. Accordingly, the Bonds will be eligible for clearance through Euroclear and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Bonds will be effected between Securities Settlement System participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System participants through which they hold their Bonds.

Belfius Bank SA/NV will perform the obligations of domiciliary agent included in the Agency Agreement and the service contract concerning the issue of dematerialised bonds that will be entered into on or about 28 September 2017 by the NBB, the Issuer and the Agent (the **"Clearing Services Agreement"**). The Issuer and the Agent will not have any responsibility for the proper performance of the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

PART VI – DESCRIPTION OF THE ISSUER

1 GENERAL INFORMATION

Legal and commercial name

The legal name of the Issuer is "Fluxys Belgium". The Issuer operates under the commercial name "Fluxys Belgium".

Registered office and contact details

The registered office of the Issuer is located at avenue des Arts 31, 1040 Brussels, Belgium. The Issuer can be contacted at the telephone number +32 2 282 72 90. Additional information on the Issuer and its business can be obtained on the Issuer's website (www.fluxys.com/belgium).

Incorporation, amendments to the articles of association and duration

The Issuer was incorporated as "Distrigas" by deed of incorporation on 8 January 1929, published in the Annexes to the Belgian State Gazette on 30 January 1929 under number 1296. The articles of association have been amended several times and most recently on 12 May 2015. The articles of association can be consulted on the Issuer's website (www.fluxys.com/belgium). The articles of association are supplemented by a governance charter which lays down the governance of the Issuer. The governance charter can also be consulted on the Issuer's website.

The Issuer is incorporated for an unlimited duration.

Crossroads Bank of Enterprises

The Issuer is registered with the Crossroads Bank for Enterprises under number 0402.954.628, commercial court of Brussels.

Legal form

The Issuer was incorporated as a limited liability company (*naamloze vennootschap/société anonyme*) under Belgian law. As a result of the admission to trading on Euronext Brussels of 10.03 per cent. of its shares (7,046,400 shares), the Issuer qualifies as a "company that will be or has made a public call on savings" in accordance with Article 438 of the Belgian Companies Code and a "listed company" in accordance with Article 4 of the Belgian Companies Code.

Financial year

The Issuer's financial year begins on 1 January and ends on 31 December.

2 HISTORY AND DEVELOPMENT

The Issuer was incorporated in 1929, under the name of Distrigas. Distrigas was split in 2001 to create separate legal entities. The transport activities were kept within the Issuer and the trading activities were sold to a newly established company.

Following the demerger in 2001 , the shareholder structure of the Issuer subsequently changed as follows:

- On 16 November 2004, Belgian Shell sold its 16.67 per cent. shareholding to the other three shareholders Suez-Tractebel (the successor company of the merger between Tractebel and *Société Générale de Belgique),* Publigas and Fluxhold, proportionally to their existing shareholding, following the exercise of their pre-emption right.

- On 26 April 2005, Fluxhold was demerged and absorbed by Suez-Tractebel and Publigas. Following this transaction, only Suez-Tractebel (57.25 per cent.) and Publigas (31.25 per cent.) remained as shareholders (besides the shares listed on Euronext and the Golden Share).
- On 19 September 2008, Publigas purchased a 12.50 per cent. stake from Suez-Tractebel as a result of the commitments made by Suez-Tractebel in the framework of the merger with Gaz de France in 2007. Publigas thus became the largest shareholder of Fluxys holding 45.22 per cent. (12.50 per cent from Suez-Tractebel and 1.47 per cent. of the listed shares), while Suez-Tractebel held 44.75 per cent. of the shares.
- On 27 May 2009, Publigas purchased a further 6.25 per cent. stake from Suez-Tractebel, thereby gaining a controlling stake of 51.47 per cent., while the stake held by Suez was reduced to 38.50 per cent.
- On 21 December 2009, Suez-Tractebel sold its entire stake of 38.50 per cent. to its parent company Electrabel, a wholly owned subsidiary of GDF Suez.
- On 5 May 2010, Electrabel transferred its entire stake to Publigas, following legislative changes that limited the shareholding for producers and suppliers to 24.99 per cent.
- On 10 September 2010, Publigas sold its entire stake to Fluxys Holding, a newly incorporated and wholly owned subsidiary of Publigas (which subsequently changed its name into Fluxys G and thereafter Fluxys SA/NV). The Issuer became a 89.97 per cent. subsidiary of Fluxys SA/NV.

As at today, the direct shareholders of the Issuer are still the same. Fluxys SA/NV is still the controlling shareholder (see also Section 3 (*Major Shareholders*) below).

The indirect shareholders of the Issuer slightly changed. The *Caisse de depôt et placement du Quebec* (hereafter "**CDPQ**") became shareholder in 2010 for 10 per cent. and increased its stake in 2012 to 20 per cent. One year later, the Federal Holding and Investment Company (*Federale Participatie- en Investeringsmaatschappij/Société Fédérale de Participation et d'Investissement*, hereafter "**FHIC**") acquired 2.13 per cent. In recent years, the employees and management of the Fluxys Group also participated in Fluxys SA/NV. Subsequent capital increases in favour of the employees and management in 2013, 2015 and 2016 have slightly diluted the other shareholders over the years. As per 31 December 2016, the respective share distribution was 77.62 per cent. for Publigas, 19.94 per cent. for CDPQ, 2.13 per cent. for FHIC and 0.31 per cent. for employees and management.

3 MAJOR SHAREHOLDERS

As at the date of the Prospectus, the Issuer is directly controlled by Fluxys SA/NV, which owns 89.97 per cent. of the shares of the Issuer. Fluxys SA/NV is in turn directly controlled by Publigas, which owns 77.62 per cent. of the shares of Fluxys SA/NV. The other shares are listed on the regulated market of Euronext Brussels. The Belgian State owns one (golden) share. This share grants a veto right to the Belgian State in case the Issuer would want to divest any strategic assets which could form a threat or could adversely impact to the security of supply of Belgium.

The Issuer is indirectly controlled by Publigas (77.62 per cent.), the Belgian municipal holding company in the natural gas sector and was created in 1996 following the privatisation of the Federal Holding and Investment Company (*Société Nationale d'Investissement/Nationale Investeringsmaatschappij*).

Publigas brings together Belgium's intermunicipal energy companies:

- 55 per cent. of Publigas shares are held by the Flemish intermunicipal companies and Vlaamse Energieholding;
- 30 per cent. of Publigas shares are held by the Walloon intermunicipal companies and Socofe; and
- 15 per cent. of Publigas shares are held by the intermunicipal companies of Brussels-Capital Region.

The Publigas Board of Directors has 24 members, who represent the various intermunicipal companies. The Chairman of the Board is Daniel Termont.

As at the date of the Prospectus, the Issuer's share capital amounts to EUR 60,271,698.31, represented by 70,263,501 shares, each giving right to one vote. There are two categories of shares: 58,523,700 Category B shares, 11,739,800 Category D shares and 1 Golden Share.

Category D shares can be freely transferred. Category B shares are subject to certain transfer restrictions. However, once the Category B shares are admitted to trading on a stock exchange, they are automatically converted into Category D shares. Holders of Category B shares may propose directors to be appointed and amongst which an observer will be elected to participate in an advisory capacity in the meetings of the Issuer Strategy Committee.

Special rights are attached to the Golden Share of the Belgian State and are exercised by the Federal Minister for Energy:

- the Federal Minister has the right to oppose all transfers, any assignment as security or change of the destination of strategic assets of the Issuer, if the Federal Minister considers that this operation is prejudicial to the national interests;
- the Federal Minister has the right to appoint two representatives of the federal government with a consultative vote in the Board of Directors and the Strategy Committee of the Issuer;
- the representatives of the federal government to the Federal Minister have the right to appeal against any decision of the Board of Directors or any advice of the Strategy Committee of the Issuer (including the investment and business plan and related budget) which are considered to be contrary to the guidelines of the country's energy policy; and
- the Federal Minister has a special voting right in case of deadlock in the shareholders' meeting of the Issuer on a matter pertaining to the objectives of the federal energy policy.

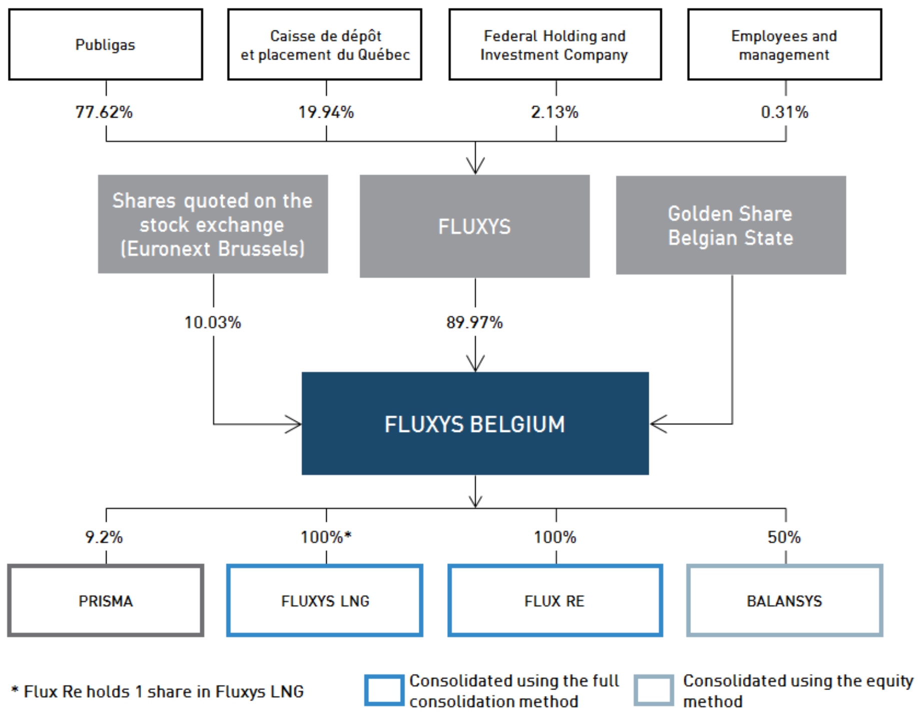


Figure 1 – Group structure showing the Issuer's direct and indirect shareholders, subsidiaries and participations
(Annual financial report of the Issuer 2016, p.62)

4 THE ISSUER'S SUBSIDIARIES AND PARTICIPATIONS

As at the date of this Prospectus, the Issuer has the following subsidiaries and participations:

(a) ***Fluxys LNG SA*** (consolidated subsidiary – Issuer stake 99.99 per cent. and Flux Re stake 0.01 per cent.): Fluxys LNG SA ("**Fluxys LNG**") owns and operates the liquefied natural gas ("**LNG**") terminal in Zeebrugge and sells terminalling capacity and related services. Fluxys LNG's equity was EUR 191.1 million at 31 December 2016, compared with EUR 200.1 million the previous year. The net profit of Fluxys LNG for financial year 2016 was EUR 8.3 million, compared to EUR 10.9 million in 2015.

(b) ***Flux Re SA*** (consolidated subsidiary – Issuer stake 100 per cent.): Flux Re is a reinsurance company established under Luxembourg law in October 2007. Flux Re's equity was EUR 4.8 million (after result appropriation) at 31 December 2016, unchanged from 2015.

(c) ***PRISMA European Capacity Platform GmbH*** (non-consolidated company – Issuer stake 9.2 per cent.). PRISMA provides a single platform through which TSOs and shippers may auction gas transmission capacity at primary and secondary market level respectively. This shared capacity platform is bringing together 16 connected markets and more than 560 customers in the heart of Europe.

(d) ***Balansys*** (Investments accounted for using the equity method – Issuer stake 50 per cent.): As part of the integration of the Belgian and Luxembourg markets, the Issuer and Creos set up the company Balansys on 7 May 2015, a joint venture in which the Issuer and Creos each have a 50 per cent. stake. Balansys will take over the integrated balancing market activity when all national and European regulatory approvals have been obtained.

The Issuer's consolidated balance sheet amounts to EUR 2,945.443 million on 30 June 2017. The Issuer's contribution thereto amounts to EUR 2,128.266 million, Fluxys LNG's contribution amounts to EUR 644.677 million, Flux Re's contribution amounts to EUR 172.464 million and Balansys' contribution amounts to EUR 16,000.

5 LEGAL FRAMEWORK

5.1 Gas market regulation

The Issuer develops and operates infrastructure for the transmission and storage of gas and (through its wholly-owned subsidiary Fluxys LNG) terminalling of LNG at the LNG terminal in Zeebrugge.

The activities of the Issuer, including the tariff aspects, are regulated by the Federal Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines (the "**Gas Act**"). The Gas Act lays down a system of regulated access to the transmission (border-to-border and domestic) and storage of natural gas and to the LNG terminal's activities. It has been implemented by royal and ministerial decrees, such as the Royal Decree of 23 December 2010 containing the Code of Conduct, which sets out detailed provisions in respect of the access to the grid.

The Gas Act has been modified on many occasions, also in order to implement the successive European gas Directives intended to liberalise the energy markets. Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning the common rules for the internal market in natural gas and repealing Directive 2003/55/EC (the "**Gas Directive**") was transposed into Belgian law by Act of 8 January 2012 (together with, amongst others, Regulation (EC) No. 715/2009 on conditions for access to the natural gas transmission networks (the "**Gas Regulation**") and Regulation (EC) No. 713/2009 establishing an Agency for the Cooperation of Energy Regulators, the "**ACER Regulation**"). The Gas Directive, the Gas Regulation and the ACER Regulation together form the so-called "**Third Energy Package**" with respect to the European natural gas market.

The regulated activities are supervised by the federal regulator, the CREG. The CREG determines the tariff methodology for the natural gas transmission system, natural gas storage facilities and LNG terminal activities. (see below Section 8 (*Regulated Tariffs*)).

In addition, the CREG approves the regulated standard agreements under which the Issuer operates its regulated activities. Changes to these agreements are subject to the CREG's prior consent, and must be simultaneously applied to all customers.

The Gas Act provides for the appointment of a single operator for the natural gas transmission system, the natural gas storage installations and the LNG installations respectively (Article 8, §1 of the Gas Act). The Belgian legislator has opted for the system of single operators in order to ensure a centralised management of the imbalances on the interconnected grid and to maintain the pooling of the variable access costs of the users via the application of a single unitary tariff everywhere in the country.

The Issuer was appointed on 23 February 2010 as the combined operator of the natural gas transmission system and of the natural gas storage facility by the federal Energy Minister. Fluxys LNG was appointed as operator of the LNG facility. Both appointments are for renewable terms of 20 years. In accordance with the Gas Act, both the CREG and the FSMA have issued a favourable advice prior to the appointment.

The Gas Act also contains a certification procedure for gas infrastructure operators, in order to verify the compliance by the operators with the ownership unbundling requirements, i.e. the separation of the operators from energy suppliers and producers.

Amongst the various unbundling models foreseen by the Gas Directive, the Belgian legislator only transposed the full ownership unbundling model since the Issuer was already fully ownership unbundled prior to the transposition of the Gas Directive into the Gas Act.

The main ownership unbundling rule is set out in Article 8/3, §1/2 of the Gas Act, which is nearly identical to the corresponding provision in the Gas Directive and applies to both the Issuer and Fluxys LNG. According to this Article, "*the same person or persons are not entitled directly or indirectly to exercise control over an undertaking performing, directly or indirectly, any of the functions of production or supply of natural gas or electricity, and directly or indirectly to exercise control or exercise any right over the natural gas transmission system operator, the natural gas storage facility operator and/or the LNG facility operator"*. In addition, *"the same person or persons are not entitled directly or indirectly to exercise control over the natural gas transmission system operator, natural gas storage facility operator and/or LNG facility operator, and directly or indirectly exercise control or exercise any right over an undertaking performing, directly or indirectly, any of the functions of production or supply of natural gas or electricity*."

Besides this provision, the Gas Act includes several other restrictions (including on the appointment of directors and board membership), which originate from the unbundling steps taken prior to the transposition of the Third Energy Package (in particular Articles 8/3, §1, in fine, 8/3, §1/1; 15/1, §1, 8° and 15/1, §2 of the Gas Act).

On 27 September 2012, the CREG certified that the Issuer was fully compliant with the ownership unbundling model.

Pursuant to Article 8, §4ter of the Gas Act, the CREG monitors the continuing compliance of the natural gas TSO with the general ownership unbundling requirements as referred to above.

Under Article 8, §4bis of the Gas Act, the Issuer is required to notify the CREG prior to any transaction that could require a reassessment of the compliance with the general ownership unbundling rules. The contemplated transaction may only go ahead following a prior certification.

The CREG can also open a certification procedure upon the TSO's request or when it becomes aware that certain changes are planned in the competences or influence exerted over the TSO, which may lead to a breach of the general ownership unbundling rules, or where it has reasons to believe that such a breach may have occurred. A certification procedure can also be opened by the CREG upon a reasoned request from the European Commission.

Pursuant to Article 8, §7 of the Gas Act, after deliberation within the Council of Ministers and after having received an opinion from the CREG, the federal Energy Minister may revoke the appointment of the Issuer as a certified TSO if (i) the TSO substantially fails to comply with its obligations under the Gas Act or implementing decrees or (ii) in case of non-compliance with the general ownership unbundling requirements referred to above (including where the TSO has failed to obtain the required certification) or (iii) in case of significant changes in the shareholding of the TSO that may jeopardise its independence.

In addition, Article 8/3, §5, 3° of the Gas Act requires the Corporate Governance Committee of the Issuer and Fluxys LNG to assess the effectiveness of the application of Article 8/3 of the Gas Act as regards the objectives of independence and impartiality of the operators as defined in the Code of Conduct introduced by the Royal Decree of 23 December 2010 and to submit an annual report on this matter to the CREG.

In parallel with the Third Energy Package, the European legislator has also reformed the European rules on security of supply by adopting the Regulation (EU) No. 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC (the "**SOS Regulation**"). The SOS Regulation introduces a common framework to assess the risks of disruptions and to identify measures to prevent and to establish plans to manage potential disruptions. It also directly addresses the Issuer by requiring TSOs to enable permanent bi-directional capacity on all cross-border interconnections. A revised version of the SOS Regulation is expected to be adopted in the coming months, which will reinforce solidarity obligations between Member States when facing events threatening or disrupting the security of supply of one of them.

The Gas Regulation provides for the adoption of European-wide network codes to harmonise and ease the access to and operation of the European natural gas infrastructure. The European Network of Transmissions System Operators for Gas ("**ENTSOG**") has been established pursuant to Article 5 of the Gas Regulation. ENTSOG is required to establish the network codes on the basis of framework guidelines adopted by the Agency for the Cooperation of Energy Regulators ("**ACER**"). The Issuer is one of the founding members of ENTSOG. ENTSOG is an international non-profit organisation incorporated to comply with the requirements of the Gas Regulation. The role of ENTSOG is to facilitate and enhance cooperation between national gas transmission system operators across Europe in order to ensure the development of a pan-European transmission system in line with European Union energy goals. ENTSOG is based in Brussels.

The following European network codes have so far been adopted:

- *Network Code Capacity Allocation mechanism* ("***NC CAM***"): The NC CAM has been adopted by Commission Regulation (EU) No. 2017/459 of 16 March 2017 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and repealing Regulation (EU) No. 984/2013. The NC CAM introduces rules on how capacity can be offered and allocated, including standard cross-border capacity products and auction rules. Adjacent TSOs are required to jointly offer bundled firm capacity products to the market at interconnection points (underpinned by individual contracts within the relevant contractual framework of the respective TSOs). TSOs will make these products available via a joint web-based platform (PRISMA) and network users may participate in auctions. TSOs may also offer interruptible capacity. The NC CAM specifies the auction timing, frequency and methodology, ensuring consistency and ease of securing capacity rights across the EU. The last version of the NC CAM (dating from March 2017) includes rules regarding incremental capacity.

- *Network Code Balancing* ("***NC BAL***"): The NC BAL has been adopted by Commission Regulation (EU) No. 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks. The NC BAL sets out harmonised rules on balancing to give grid users greater flexibility and greater certainty in relation to their balancing positions across adjacent balancing zones. The rules aim to financially incentivise grid users to balance their portfolios, via cost-reflective balancing charges, facilitated by trading platforms established by the TSOs. Any residual balancing action required within the balancing zone will be undertaken by the TSO or an agent, normally via the sale and purchase of short-term standardised products. The NC BAL specifies minimum requirements for information provisions to network users and TSOs alike, with the aim of supporting the balancing regime and allowing all parties to better manage risks and opportunities in a cost efficient manner.

- *Network Code Interoperability* ("***NC INT***"): The NC INT has been adopted by Commission Regulation (EU) No. 2015/703 of 30 April 2015 establishing a Network Code on Interoperability and Data Exchange Rules. It aims at harmonising operational rules among TSOs to facilitate the efficient exchange of gas between different transmission networks, amongst others by requiring the adoption of interconnection agreements between TSOs.

- *Tariff Network Code* ("***NC TAR***"): the NC TAR has been adopted by Commission Regulation (EU) No. 2017/460 of 16 March 2017 establishing a Network Code on Harmonised Transmission Tariff Structures for Gas. It aims at harmonising tariff methodologies across Europe and sets out numerous requirements in terms of data publication and consultation regarding tariffs.

Next to the network codes, the European Commission has also directly intervened in the congestion management of the European gas networks. It has established congestion management procedures that should apply in the event of contractual congestion. The procedures aim at resolving those events by bringing unused capacity back to the market to be reallocated in the course of the regular allocation processes. These procedures are contained in Annex 1 of the Gas Regulation.

5.2 Corporate governance requirements

Pursuant to Article 8/2 of the Gas Act, the Issuer must be formed as a public limited company having its headquarters and central administration in a country that is a member of the European Economic Area. It must meet all conditions laid down in (i) the Act of 2 August 2002 amending the Belgian

Companies' Code and (ii) the Act of 2 March 1989 concerning the disclosure of large shareholdings in companies listed on the stock exchange and regulating public takeover bids.

The composition of the board of directors is governed by Article 8/3, §1 of the Gas Act. Article 8/3, §§ 2 to 5 of the Gas Act also provides for the setting up of an audit committee, remuneration committee and a corporate governance committee (these requirements are mirrored in the Issuer's corporate governance charter – see hereafter Part VII (Management and Corporate Governance)).

5.3 Liability for physical damage due to grid accidents

The Issuer is subject to specific safety requirements applying to the design, construction, operation, maintenance, development and decommissioning of gas transmission infrastructure, as set out in the law and Technical Codes. In addition, the Issuer operates a comprehensive safety and security policy.

6 STRATEGY AND DEVELOPMENT

6.1 Vision

Europe needs natural gas. Natural gas will remain a core component of the energy mix in tomorrow's low-carbon economy. As a natural gas infrastructure group for Europe, the Fluxys Group aims to build bridges between markets so that suppliers can transmit natural gas flexibly to their customers or between European gas trading places. In accordance with this long-term vision, the Belgian gas transmission system owned and operated by the Issuer has been designed and dimensioned for transit and has been developed into a hub for cross-border flows on the major North/South and East/West transmission routes, to enhance security of supply and the good operation of the market.

The Issuer and its affiliated companies continue to believe that natural gas and natural gas infrastructure remain key in tomorrow's low-carbon economy because natural gas has the best emissions profile of any fossil fuel. This allows not only to cut carbon emissions but also to immediately curb the impact on air quality and offer solutions for high concentrations of particulate matter. With natural gas technology in addition being a strong energy-efficiency performer, this combination of factors means that natural gas offers particular benefits for electricity generation, the burgeoning market for natural gas as a transport fuel and in the heating market, where high-performance gas technology can meet demand for high energy efficiency solutions.

Natural gas infrastructure has the major advantage of being an excellent means of transporting and storing large volumes of energy in a cost-effective way, with cost-efficiency levels increasing in line with rises in utilisation rate. Natural gas infrastructure, in other words, has a key role to play in the efforts to keep the overall cost of the energy system affordable.

- Partner of renewable energy in electricity generation: renewable sources will play an increasingly substantial part in the power market, but the amount of generation capacity to be replaced - coal- and lignite-fired power stations and nuclear units - cannot be solely provided by additional wind or solar capacity, additional interconnections and demand-side management. From this point of view, gas-fired power stations are the best option for providing both baseload and increasing flexibility as renewable generation grows, bringing with it greater variation in power generation levels.
- Major benefits for the transport market: switching from petrol, diesel or heavy fuel oil to natural gas not only directly cuts carbon emissions but also directly reduces the impact on health, providing a solution to the smog problem in cities: nitrogen oxide emissions are up to 90 per cent. lower and emissions of sulphur and particulate matter are negligible. LNG is an ideal alternative fuel for ships and long-distance trucks, whereas compressed natural gas (CNG) is a good solution for cars, vans and buses while offering similar comfort in terms of autonomy and fuelling time.

- Great potential in heat generation as well: as the importance of energy efficiency grows, so does the potential of high-efficiency natural gas technology. For example, combined heating and power ("**CHP**") can expand much further in small and medium-sized applications and the technology for residential applications is currently fully developing. If CHP had a larger market share, gas and gas infrastructure would also contribute to the transition to more decentralised power generation and relieve power grids. Other high-efficiency gas-fired heating technologies such as heat pumps and fuel cells are also an asset for encouraging end users to switch from other fossil fuels to natural gas in heating.

In the future, the Issuer also expects the EU virtual gas hubs to concentrate step by step into only a few integrated regional cross border markets. In the long run, a North/West EU integrated market could emerge including the Belgian market. Market integration projects should lead to an increase in efficiency of these activities compared to a situation where they are carried out by each TSO independently and can only happen through partnering between TSOs.

The Issuer has analysed and developed plans for several market integration projects. As at the end of 2015, the Issuer and Creos Luxembourg successfully launched the first ever gas market integration between two European Union Member States, namely Luxembourg and Belgium. The successful merging of the Luxembourg and Belgian gas markets is the result of around two years of close collaboration between Creos Luxembourg, the Issuer and their respective regulators, the Luxembourg Regulatory Authority (ILR) and the CREG. This market integration is fully in the spirit of the European Union’s aim of building a single gas market without borders where gas can flow freely from one country to another.

With a consumption of almost 20 billion cubic metres a year and over 70 suppliers operating in the BeLux area, there is more competition on the new integrated market and the Zeebrugge Trading Point ("**ZTP**") saw its liquidity and price signalling role enhanced. Furthermore, the BeLux market's strong links with its neighbouring gas markets (the United-Kingdom, France, Germany and The Netherlands) reduces the risk of price isolation. Supply possibilities for suppliers operating in Luxembourg are simplified by having direct access to ZTP and the LNG and storage facilities in Belgium. The industrial consumers and electricity generators operating in the two countries are able to optimise their supply portfolio.

Apart from the market integration of Belgium and Luxembourg, the Issuer, the neighbouring TSOs and national regulatory authorities are also investigating the feasibility of other alternatives to connect the Belgian market stronger into the neighbouring markets. These project are still in the phase of mapping out possibilities and scenarios. At this stage, details are not yet available.

6.2 Investments programme

In 2016, the Issuer invested EUR 139.2 million in several infrastructure projects in Belgium. Over EUR 34.4 million was invested in transmission projects and about EUR 103.8 million was invested in LNG infrastructure.

The Issuer continues to fully implement its strategy on the basis of an indicative investment programme of around EUR 671 million in projects for natural gas transmission, storage and LNG terminalling for the period 2017-2026 for its regulated activities in Belgium. 40 per cent. of the investment programme relates to extension projects on the LNG terminal and are dedicated to Fluxys LNG ; 60 per cent. of the programme is dedicated to the Issuer.

Thanks to major investments in recent years, the Belgian grid is now appropriately sized, has substantial entry capacity (>10 million m³(n)/h) and bi-directional flows, is free from congestion and is well interconnected to the other natural gas transmission systems in Northwest Europe. Following a period of record investments, spending levels are returning back to normal.

7 BUSINESS DESCRIPTION

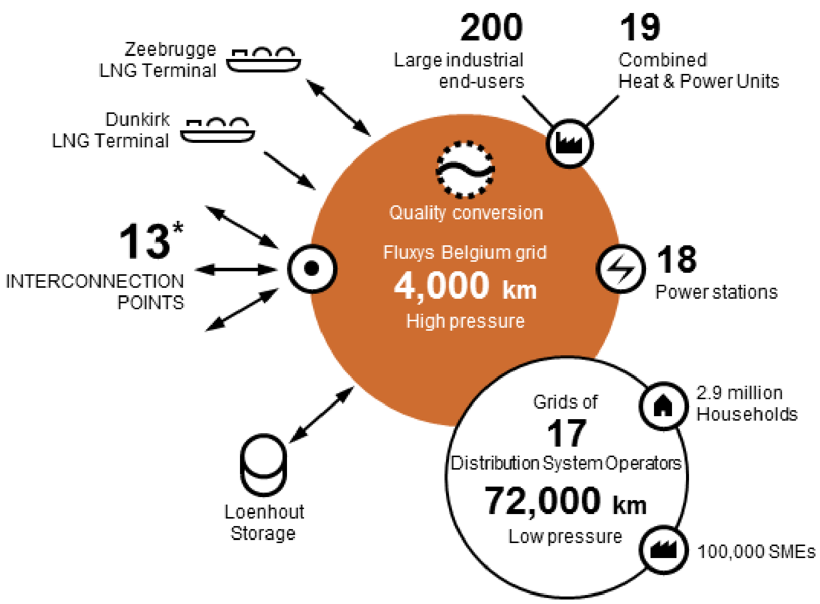
7.1 Transmission and trading services

The Issuer sells transmission services (capacity) under regulated (pre-approved) ship-or-pay contracts to users of its pipeline network (shippers) to transport natural gas from the Belgian border to distribution system operators, power stations and large industrial end users in Belgium or to other Belgian border points for transmission to neighbouring end-user markets in Europe.

Furthermore, the Issuer offers trading services enabling shippers to buy and sell natural gas on the Belgian gas trading place ZTP.

The Issuer's top 10 clients account for 82.6 per cent. of total transmission sales at Belgium level, have an average explicit or implied credit quality corresponding to investment grade and an average contract duration of 15 years.

The transmission grid in Belgium has a pipeline length of approximately 4,000 kilometres and receives natural gas flows from the United Kingdom, Norway, the Netherlands, Russia and all LNG producing countries. The Issuer's grid also serves as a crossroad for natural gas transit to the Netherlands, Germany, Luxemburg, France, the United Kingdom and Southern Europe.



* Including the virtual interconnection point to France

Figure 2 – Transmission business
(source: Issuer)

Two different types of natural gas are transported within the Issuer's grid:

- high-calorific natural gas ("**H-gas**" or "rich gas"); and

- low-calorific natural gas ("**L-gas**" or "Slochteren gas").

Each type of natural gas is transported via dedicated interconnection points and through specific subgrids (that are a dedicated part of the Issuer's grid), which are operated independently. They are interconnected by quality conversion facilities where gas can be transferred from one subgrid to the other, once the gas quality has been adjusted via quality conversion services such as mixing or nitrogen blending.

The transmission grid is also connected to other facilities operated by the Issuer (or affiliated companies), namely:

- the Loenhout underground storage facility;
- the LNG Terminal located in Zeebrugge, and
- the LNG Terminal located in Dunkirk.

In addition, there are 13 interconnection points with the following neighbouring grid operators:

- The Netherlands: Gasunie Transport Services (4); Zebra Gasnetwerk (1);
- Germany: Open Grid Europe, Thyssengas, Fluxys TENP (1) and Gascade (1);
- Luxembourg: Creos Luxembourg (1 – integrated in the BeLux market, see Section 6.1 (*Vision*));
- France: GRTgaz (2) and virtual interconnection point (1) ;
- United Kingdom: Interconnector UK (1); and
- Norway: Gassco (1).

The model under which the Issuer offers transmission services to its customers is an entry/exit model. Through this model, natural gas enters the Issuer's grid at an interconnection point, and can leave the transmission grid either at another interconnection point (transit) or a domestic exit point (domestic consumption or storage), or be traded on the grid.

The Issuer is one of the founders of the PRISMA European Capacity Platform where capacity on interconnection points is sold jointly through auctions with neighbouring TSOs. The platform brings together the gas markets of ten different countries and operates in accordance with the capacity allocation mechanisms set out in the corresponding European network code.

Furthermore, the Issuer is working on a number of initiatives to further increase liquidity on the Belgian gas hub. For example, since mid-2014, traders at the Belgian gas trading place ZTP are able to trade their gas on the Pan-European Gas Cooperation gas exchange and the ICE ENDEX gas exchange. Since 2015, the Issuer also fosters liquidity development by concluding market maker agreements with tendered parties, whereby traders are financially incentivised to trade additional volumes on the ZTP.

In addition, the Issuer expanded its service offer with a trading services package facilitating the physical and notional trading of gas on the Belgian gas trading places.

Further information on the transmission services offered by the Issuer can be found in the Transmission Programme that is available on the website of the Issuer (www.fluxys.com/belgium).

7.2 Storage activities

The Issuer offers capacity at its underground storage facility in Loenhout under regulated (pre-approved) ship-or-pay contracts, enabling customers to use buffer capacity flexibly according to their needs to ensure the continuity of deliveries to end-users or for their activities at gas trading places.

Four of the Issuer's customers are currently using the storage facility. The working storage volume at Loenhout is 700 million normal cubic metres of natural gas.

On the primary market, the Issuer offers withdrawal services, storage volume services, and injection services either packaged under the form of standard bundled units or independently allowing to shape combinations at will.

The Issuer also offers certain ancillary services that grant a high degree of flexibility to its storage users.

For more information on the storage services offered by the Issuer, please refer to the Transmission Programme, available on the website of the Issuer (www.fluxys.com/belgium).

7.3 LNG Terminalling activities

At the Zeebrugge terminal, the Issuer sells capacity for loading and unloading LNG carriers, storing LNG or regasifying LNG for transmission on the network under regulated (pre-approved) ship-or-pay contracts. At the facility, customers can also load trucks with LNG to supply local networks or industrial sites in Europe where pipeline supplies are unavailable, to supply filling stations for trucks that use LNG as a fuel, or to supply ships powered by LNG. Since 2016, bunkering vessels can also berth at the terminal to be loaded with LNG in order to supply LNG powered ships. The Issuer has also concluded contracts for transhipment services starting in 2019, for which the installation is being extended.

The Zeebrugge LNG terminal is connected with the Belgian transmission system. It serves as a gateway to supply liquefied natural gas into North-Western Europe. Any LNG unloaded at the terminal can be redelivered for consumption on the Belgian market, or traded on ZTP or transmitted onwards to supply other end user markets in any direction: the United Kingdom, the Netherlands, Germany, Luxemburg, France and Southern Europe.

The Zeebrugge terminal facilities provide for loading and unloading ships carrying LNG. LNG is stored there temporarily as a buffer in storage tanks and can be regasified and injected into the Fluxys transmission grid or it can be loaded onto LNG ships or trucks. The LNG infrastructure in Zeebrugge currently has an annual throughput capacity of 9 billion $m^3(n)$ of natural gas. Following an open season conducted in 2003, the entire primary capacity was allocated on a long-term ship-or-pay basis.

In 2015, the Issuer and French transmission system operator GRTgaz have laid a new pipeline between Dunkirk and Zeebrugge to link the Dunkirk LNG terminal – the new entry point for gas into Europe in which the Issuer's parent company has a 25 per cent. stake – to the French and Belgian networks. This link contributes to the diversification of supply sources in North-Western Europe. Via Zeebrugge, grid users have optimum flexibility in the destination of gas flows from France and the Dunkirk LNG terminal in particular. In total, it is possible to transmit up to an additional 8 billion m^3 of natural gas to Belgium and elsewhere in Europe from the Dunkirk LNG terminal.

In 2015, Fluxys LNG concluded a 20-year contract with Yamal Trade for the transhipment of up to 8 million tonnes of LNG per year (approximately 11 billion cubic meters of natural gas) at Zeebrugge LNG Terminal. The aim is to tranship LNG brought over by icebreaker/LNG carriers from the new production terminal in Yamal in northern Siberia onto conventional LNG carriers that will convey the

LNG to its final destination. A fifth storage tank and additional process facilities are being built to enable the provision of transhipment services. Yamal LNG, a joint venture by Novatek (50.1 per cent.), Total (20 per cent.), CNPC (20 per cent.) and Silk Road Fund (9.9 per cent.), holds a license for the exploration and development of the South Tambey field and will be the owner and the operator of all of the project assets in the Russian Federation, as well as the borrower under the envisaged project financing.

More information on the services is described in the LNG Terminalling Programme, available on the Issuer's website (www.fluxys.com/belgium).

7.4 Small scale LNG

In addition to the transhipment of large LNG volumes, Zeebrugge LNG Terminal is successfully diversifying its range of services with a view to capitalising on the new and growing market for small-scale LNG. LNG transport by road is a new and highly promising activity which supports the use of natural gas in a broad range of applications:

- supplying local networks or industrial sites in Europe where pipeline supplies are not available;
- supplying LNG-fuelled ships;
- supplying filling stations for trucks that run on LNG.

In this context, the number of loading operations involving small LNG vessels grew again in 2016. A market test held in 2015 showed there was also an interest in other options for loading small LNG ships. As a result, Fluxys LNG is looking into expanding the range of small-scale LNG services on offer.

The number of LNG tanker-truck loading operations also continued to rise, despite the launch of similar services at other terminals in North-Western Europe. Trucks load up with LNG at the Zeebrugge terminal to supply LNG-fuelled ships, LNG-truck filling stations and industrial companies not connected to the natural gas network. With a view to making sure it can keep responding in future to the growing level of demand, Fluxys LNG will construct a second loading station at the terminal in 2017.

Late December 2016, a second jetty at Zeebrugge LNG Terminal was commissioned for commercial use. The jetty is designed to receive LNG carriers ranging from the smallest ships with a capacity of 2,000 cubic metres of LNG up to large vessels with a capacity of 217,000 cubic metres of LNG. Some 200 loading operations have already been booked at the second jetty for small LNG carriers under long-term contracts.

The ability to receive the smallest LNG vessels means that LNG bunker ships can now also berth: a milestone in the further development of small-scale LNG and in particular the development of LNG as a marine fuel. The second jetty also enables the terminal to respond flexibly to demand for simultaneous or quickly successive berthings, as using both jetties allows two LNG carriers to be unloaded and/or loaded at the same time.

In 2014, transporter Eric Mattheeuws and Fluxys SA/NV built a liquefied natural gas (LNG) filling station for heavy trucks at the haulage company's premises in Veurne. The station is supplied by tanker truck from the LNG terminal in Zeebrugge.

7.5 Promoting natural gas as a transport fuel

Natural gas has the best emission profile of all fossil fuels, making it an important alternative fuel in the transport segment. Switching from petrol, diesel or heavy fuel oil to natural gas not only directly cuts carbon emissions but also directly reduces the impact on air quality and health: nitrogen oxide emissions are 90per cent. lower, and emissions of sulphur and particulate matter are negligible.

The Issuer and parent company Fluxys SA/NV are active on various fronts to promote natural gas as a fuel for transport and to boost this highly promising but still emerging market. The main challenge is to develop the necessary infrastructure for cars, trucks and ships to refuel easily with natural gas. This has been bolstered by the European Directive on the deployment of alternative fuels infrastructure, for which Belgium submitted its policy framework to the European Commission in late 2016.

LNG is becoming increasingly important as a marine fuel as stringent sulphur emission regulations are in force in the English Channel, the North Sea and the Baltic. Currently, trucks that load LNG at Zeebrugge LNG Terminal supply 8 LNG-fuelled inland waterway vessels. Following the commissioning of the second jetty at Zeebrugge LNG Terminal end 2016, LNG bunker vessels can now also berth at the terminal. These are vessels that load LNG to supply other ships that use LNG as a fuel. Previously, this could only be done by using LNG trucks which come to load at the terminal but which are not ideal for supplying seagoing vessels due to their limited capacity. Since April 2017, Zeebrugge is the home port of the LNG bunkering vessel Engie Zeebrugge. Fluxys SA/NV is a partner in the vessel, which will initially be responsible for supplying two LNG-powered car carriers commissioned by shipping company UECC in early 2017.

Natural gas-powered cars, vans and light trucks use compressed natural gas ("**CNG**"). The efforts of the Issuer, Gas.be (formerly the Royal Association of Belgian Gas Companies), distribution system operators, filling-station operators, automotive manufacturers and the public authorities really paid off in 2016 as the number of CNG vehicles in Belgium more than doubled from 2,600 to 5,400 in the space of just one year. The number of CNG filling stations also rose sharply, from 42 to 74 in 2016, and if things go according to plan, will hit the 100 mark in 2017.

8 REGULATED TARIFFS

Under the current legal framework, a regulated tariff system based on a Capital Asset Pricing Model ("**CAPM**") applies to the transport and storage of natural gas and to the LNG terminalling activities. The Issuer offers transport and storage services. Fluxys LNG offers LNG terminalling.

The total allowed regulated revenue aims at covering the costs needed for the various regulated services offered by the Issuer or its subsidiaries (e.g. Fluxys LNG).

These costs include all operating expenses efficiently incurred, depreciation of historical acquisition values of assets included in the Regulated Asset Base ("**RAB**") and the financial costs for the financing of the RAB.

In addition to these costs, the total allowed regulated revenue also includes a fair margin for the remuneration of the equity invested in the RAB, determined with the CAPM, as well as incentives on efficiency improvements. The fair margin depends on the financial structure of the Issuer.

The fair margin formula is calculated as follows:

Fair margin before tax = $[33\% \times (1+ \alpha) \times (Rf + (MRP \times \beta))] / (1-t) + [(S - 33\%) \times (Rf + 0{,}70\%)] / (1-t)$

Where:

α = illiquidity premium = 20% (only for transport and storage)

Rf = risk free rate = the arithmetic average of the return for the 10 year Belgian government bond issued during the year, published by the National Bank of Belgium

MRP = market risk premium = 3.50%

ß = leveraged beta = 0.65 for transport, 0,78 for storage and terminalling

S = financial structure = equity / RAB

t = tax rate = 33.99%

The incentive on efficiency improvements only applies to the manageable costs: operating expenses are subdivided into manageable costs, for which efficiency gains or losses (differences compared to the budgeted costs in the tariff proposal) are distributed proportionately between the allowed regulated revenue (increase or decrease in result before tax) and the regulatory assets or liabilities (increase or decrease in future tariffs) and non-manageable costs for which deviations from the estimated value are fully attributable to the regulatory assets or liabilities.

This way, the Issuer is encouraged to conduct its activities in the most efficient manner. Any saving over the budget for manageable costs has a gross positive impact of 50% of the amount. Any budget overrun has a negative impact.

The current legal framework also provides that the "principle of embedded finance cost" applies to assets included in the RAB. According to this principle, financial costs are recognised as part of the total allowed revenue which is to be recovered through the tariffs.

The tariff model of Fluxys LNG is different from the transport and storage model. Historical and replacement investments are regulated according to the principle described above while extension investments generate a fair margin based on an internal rate of return ("**IRR**") principle. The aggregated IRR to be applied is determined based on a weighted average of the various extension investments and their own IRR.

The total allowed revenue and resulting tariffs must be approved by the CREG.

Tariffs are based on *ex ante* estimated values. Each year, all the parameters are recalculated on the basis of ex *post* real values. The differences between the invoiced revenues based on the estimated parameters and the actual allowed regulated revenues (based on the actual parameters), except for incentives, are recorded as regulatory assets or liabilities, as the case may be, so that the regulated result of the Issuer reflects the actual allowed fair margin. Regulatory assets and liabilities are cumulated year on year into a regulatory account under CREG supervision.

The Issuer invoices the transmission tariffs to the shippers active on its transmission system. These shippers invoice the transport, energy ("molecules") and other costs (e.g. administrative costs) to their customers (natural gas consumers/end users).

The Issuer invoices the storage tariffs to all users that have subscribed for storage services.

The LNG tariffs apply to all users of the LNG terminal in Zeebrugge and are invoiced by Fluxys LNG.

As operator of the transmission and storage systems, every four years the Issuer submits a tariff proposal for approval by CREG. Tariffs for Fluxys LNG are in principle valid for a longer period. The CREG relies on its decision of 18 December 2014, establishing the methodology for calculating the tariffs for transmission, storage and LNG facilities (the tariff methodology) effective as from 1 January 2015, to approve the tariffs. The CREG approved the transmission and storage tariffs for the period 2016-2019 on 29 October 2015 and on 24 May 2017. The CREG approved the LNG tariffs for the period 2007-2027 on 30 September 2004 and the updated tariffs (applicable from 1 January 2013 to 31 March 2027) on 29 November 2012 and the new tariffs for LNG transhipment services on 2 October 2014. The tariffs can be consulted on the CREG's and the Issuer's websites. Both the Issuer's tariffs and the Fluxys LNG tariffs are amongst the lowest in Europe.

Regarding the transport activity, the Issuer proposed and the CREG accepted on 24 May 2017 a tariff reduction of up to 7 per cent. as from 1 January 2018 onwards. This reduction in cash revenues is offset by the use of the regulatory liabilities. For the Issuer, the accounting revenues will therefore equal the allowed regulated revenues and there is thus no impact on the allowed fair margin of the Issuer. The use of the regulatory account to offset the decrease in cash revenues will reduce the regulatory liabilities. These liabilities originated (compared to the tariff proposal) from higher sales, lower allowed fair margin (as a result of lower long term interest rates) and lower operating costs (as a result of efficiency measures). The Issuer's profitability and solvability will thus not deteriorate following the proposed tariff reduction. It will instead help the Issuer to keep its tariffs amongst the lowest in Europe.

Regarding the tariff approval procedure, a modified tariff proposal may be submitted for approval to the CREG during the regulatory period with shorter processing times (but with a minimum of five days for each step) in the event of a transition to new services and /or adaptation of existing services and /or to adjust the tariffs to respond to market needs.

9 RECENT EVENTS AND DEVELOPMENTS

9.1 Convergence of ZTP Notional and Physical Trading Services as from 1 October 2017

The Issuer will harmonise the underlying principles and operational rules for all ZTP trading services as from 1 October 2017. Thanks to synergies with the balancing regime on the H zone, ZTP Physical Trading Services in Zeebrugge will converge to notional trading service.

9.2 Virtualys: new Belgian-French interconnection point

On 1 October 2017, the Issuer and French counterpart GRTgaz will introduce a new virtual interconnection point ("**VIP**"), named Virtualys, between ZTP-H and PEG North. This VIP will combine the interconnection points Alveringem, Blaregnies Segeo and Blaregnies Troll for H-gas on the Belgian-French border. This move is fully in line with the Regulation (EU) No. 984/2013 which provides that transmission system operators should offer available capacities at different interconnection points of the same two entry/exit systems at a VIP.

From 1 October 2017 onwards, all market activities, such as capacity booking, nominations, allocations or invoicing, will be operated on the VIP for new contracts. Existing contracts are unchanged in nature, quantity, duration or tariff, but will be operated on the VIP as well. Interconnection points Dunkirk LNG Terminal and Blaregnies L are not involved in this new VIP. Resulting from the combination of the products and capacities on Alveringem, Blaregnies Troll and Blaregnies Segeo, the Issuer will offer on Virtualys firm and interruptible capacity in both directions and OCUC towards IZT/Zeebrugge. The available firm capacities on Virtualys will be the sum of the corresponding available firm capacities on Alveringem, Blaregnies Troll and Blaregnies Segeo.

The recent events and developments stated above will however not impact the Issuer's solvency.

10 TREND INFORMATION

There has been no material adverse change in the prospects of the Issuer since 31 December 2016.

11 NO SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

There has been no significant change in the financial or trading position of the Issuer Group since 30 June 2017, except for those circumstances or events mentioned or referred elsewhere in this Prospectus.

12 GOVERNMENTAL, LEGAL AND ARBITRATION PROCEEDINGS

The Issuer is not aware of any governmental, legal or arbitration proceedings which are pending or threatened during the period of 12 months preceding the date of the Prospectus, which may have, or have had in the recent past, significant effects on the Issuer and or the Issuer Group's financial position or profitability.

PART VII – MANAGEMENT AND CORPORATE GOVERNANCE

1 BOARD OF DIRECTORS

As at the date of this Prospectus, the Board of Directors of the Issuer is composed of the following members:

Name	Position	Type	Expiration of term at the Annual General Meeting to be held in
Daniël Termont	Chairman		May 2021
Claude Grégoire	Director		May 2018
Jos Ansoms	Director		May 2022
Patrick Côté	Director		May 2023
Andries Gryffroy	Director		May 2021
Luc Hujoel	Director		May 2021
Ludo Kelchtermans	Director		May 2020
Renaud Moens	Director		May 2022
Josly Piette	Director		May 2020
Nele Roobrouck	Director		May 2018
Christian Viaene	Director		May 2018
Luc Zabeau	Director		May 2023
Marianne Basecq	Director	Independent under the provisions of the Gas Act	May 2019
Valentine Delwart	Director	Independent under the provisions of the Gas Act	May 2019
Hélène Deslauriers	Director	Independent under the provisions of the Gas Act	May 2023
Monique Lievens	Director	Independent under the provisions of the Gas Act	May 2019
Walter Nonneman	Director	Independent under the provisions of the Gas Act	May 2021
Henriette Van Caenegem	Director	Independent under the provisions of the Gas Act	May 2018
Sandra Wauters	Director	Independent under the provisions of the Gas Act	May 2019

Name	Position	Type	Expiration of term at the Annual General Meeting to be held in
François Fontaine	Federal Government Representative		n/a

For purposes of this Prospectus, the postal address of the directors is avenue des Arts 31, 1000 Brussels, Belgium.

The résumé of each of the directors, as well as an indication of their principal activities outside the Issuer, is set out below.

Daniël Termont *Chairman of the Board of Directors*

Daniël Termont is the Mayor of Ghent and Chairman of Publigas. He was appointed director in May 1998 following nomination by Publigas.

Claude Grégoire *Director, Vice-Chairman of the Board of Directors and Chairman of the Strategy Committee*

Claude Grégoire is a civil engineer and CEO of Socofe. He was appointed director in October 1994 following nomination by Publigas.

Jos Ansoms *Director*

Jos Ansoms holds a degree in political and social sciences from KU Leuven. He was Mayor of Loenhout and Wuustwezel continuously from 1972 to 2012. During that period he was also Chairman of Intermixt, Iveka and IGEAN and Vice-Chairman of Eandis. For 23 years he was a member of the lower house of the Belgian federal parliament, the House of Representatives, during which time he for example chaired the Business and Energy Committee. He was appointed a director in May 2016 following his nomination by Publigas.

Patrick Côté *Director*

Patrick Côté graduated from HEC Montréal with a business degree, specialising in professional accounting. He holds CPA (Chartered Professional Accountant) and CMA (Certified Management Accountant) certification. From 2008 to 2013, he worked as an investment analyst at CDPQ, where he was involved in many transactions in the infrastructure sector. He has served as Director Asset Management (Infrastructure) in Paris since 2013. He was co-opted as a director by the Board of Directors with effect from 1 January 2017, pursuant to a nomination by CDPQ.

Andries Gryffroy *Director*

Andries Gryffroy is a qualified industrial electromechanical engineer and holds a Master's degree in marketing. He took a number of additional training courses in the energy sector and worked in a range of positions in that sector before founding his own engineering firm specialising in energy projects. He recently sold his company and is now a consultant in technology and energy. He is also a member of the Flemish parliament and a federated entity senator. He was appointed a director in May 2015 following his nomination by Publigas.

Luc Hujoel *Director*

Luc Hujoel holds a Masters degree in economics and is Director General of the intermunicipal company Sibelga and Brussels Network Operations. He was appointed director in May 2009 following nomination by Publigas.

Ludo Kelchtermans *Director*

Ludo Kelchtermans has a degree in economics and is partner/accountant at Foederer DFK Belgium, an independent firm specialized in audit, accounting, tax law and consultancy. He is general manager in *Nutsbedrijven Houdstermaatschappij* (NUHMA) and member of the audit committee of Aspiravi. He was appointed director in June 2012 following nomination by Publigas.

Renaud Moens *Director*

Renaud Moens holds a degree in business from Ecole de Commerce Solvay at the Université Libre de Bruxelles (ULB). He is the general manager of intermunicipal company IGRETEC and a director at Sambrinvest. He was co-opted as a director by the Board of Directors on 24 September 2014 following his nomination by Publigas.

Josly Piette *Director*

Josly Piette holds degrees in industrial sociology and economic and social policy. He is Mayor of Bassenge, Honorary General Secretary of the Confédération des Syndicats Chrétiens (Confederation of Christian trade unions) and a director of Socofe and Publigas. He was appointed director in June 2009 following nomination by Publigas.

Nele Roobrouck *Director*

Nele Roobrouck holds a degree in law from KU Leuven and a Master in Energy and Environmental Law. She is currently Head of Cabinet for Flemish Deputy Minister-President Bart Tommelein and works as an expert for Belgian Deputy Prime Minister Alexander De Croo. She has also been a government commissioner at Elia System Operator NV/SA since January 2013. She was appointed a director in May 2016 following her nomination by Publigas.

Christian Viaene *Director*

Christian Viaene is a commercial engineer and holds a degree in applied economics. He is Director General of the Brussels intermunicipal gas and electricity companies and is General Secretary of Publigas. He was appointed director in March 2005 following nomination by Publigas.

Luc Zabeau *Director*

Luc Zabeau is a commercial engineer and holds a degree in commercial and financial sciences. He joined Sibelga in 2003 where he is currently director of the Finance Department. He was appointed director in June 2009 following nomination by Publigas.

Independent directors under the provisions of the Gas Act:

Marianne Basecq *Director*

Marianne Basecq holds a degree in business administration with additional training in public management. She is a General Advisor for the holding Socofe SA. She was appointed independent director in May 2007 following nomination by Publigas.

Valentine Delwart *Director*

Valentine Delwart has a law degree and followed a Master in European Law. She is Alderwoman for Social Affairs in Uccle and since March 2011 has been Secretary General of the political party *Mouvement Réformateur*. She is also a director of NMBS/SNCB. She was appointed independent director in May 2013 on the proposal of the Board of Directors and upon the advice of the relevant advisory committees.

Hélène Deslauriers *Director*

Hélène Deslauriers studied Law at the University of Montréal and obtained an LL M at the University of London. She is a member of the Bar of the Province of Québec and a member of the International Bar Association. She was Vice President at Bombardier Transportation for 13 years. She was appointed independent director in May 2011 on the proposal of the Board of Directors and upon the advice of the relevant advisory committees.

Monique Lievens *Director*

Monique Lievens holds a degree in economics and specialised in business economics. She is Human Resources Advisor at the National Bank of Belgium. She was appointed as an independent director in May 2007 following nomination by Publigas.

Walter Nonneman *Director*

Walter Nonneman is an emeritus professor of economics at the University of Antwerp and a director of a number of financial institutions and various associations. He holds a PhD in applied economics from UFSIA and also studied at the Harvard Graduate School of Business Administration. Walter Nonneman was appointed an independent director in May 2009 following his nomination by the Appointment and Remuneration Committee.

Henriette Van Caenegem *Director*

Henriette Van Caenegem holds a degree in law and until the end of 2013 was Chief Legal Officer of Tessenderlo Group, a chemicals multinational headquartered in Belgium. Since then, she has been active as an independent legal advisor and project manager for acquisition and divestment projects. She was appointed an independent director in May 2006, with this appointment being confirmed by the Board of Directors following advice from the relevant advisory committees.

Sandra Wauters *Director*

Sandra Wauters obtained a Doctor's degree in Chemical Engineering at the University of Ghent. She is Environmental Manager at BASF Antwerp where she is in charge of coordinating energy and climate related matters. She was appointed independent director in May 2013 on the proposal of the Board of Directors and upon the advice of the relevant advisory committees.

Federal government representatives

François Fontaine

François Fontaine holds degrees in law and tax law and is currently a general advisor with the Société *Fédérale de Participations et d'Investissement / Federale Participatie- en Investeringsmaatschappij* (Federal Holding and Investment Company). He was appointed as the French-speaking federal government representative by the Energy Minister on 4 February 2009 with the specific responsibilities detailed in the Acts of 26 June 2002 and 29 April 1999 and in the Royal Decrees of 16 June 1994 and 5 December 2000, as set out in Article 21 of the Articles of Association and in the Corporate Governance Charter. François Fontaine's term of office as federal government representative on the Board of Directors of the Issuer was renewed by the Royal Decree of 14 December 2012, which entered into force on 14 January 2013.

The federal government representative(s) are permanently invited to attend Board of Directors and Strategy Committee meetings in an advisory capacity.

As Chairman of the Executive Board, Pascal De Buck is permanently invited to attend meetings of the Board of Directors and the advisory committees.

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Board of Directors.

2 MANAGEMENT

As at the date of the Prospectus, the operational management of the Issuer, including day-to-day operations and representation of the Issuer vis-à-vis third parties, is the responsibility of the Executive Board, which is composed as follows:

Name	Position
Pascal De Buck	Chairman of the Executive Board and Chief Executive Officer
Arnu Büx	member of the Executive Board and Chief Commercial Officer
Peter Verhaeghe	member of the Executive Board and Chief Technical Officer
Paul Tummers	member of the Executive Board and Chief Financial Officer

The Executive Board is a management committee (Directiecomité/Comité de direction) within the meaning of Article 524bis of the Belgian Companies Code.

For purposes of this Prospectus, the postal address of the members of the Executive Board is avenue des Arts 31, 1000 Brussels, Belgium.

3 COMMITTEES

3.1 Strategy committee

The Strategy Committee was set up within the Board of Directors in accordance with Article 17.3 of the Issuer's Articles of Association. The Strategy Committee prepares proposals of decisions to be submitted to the Board of Directors for approval in accordance with the applicable legal, regulatory and statutory provisions. The Strategy Committee also monitors the implementation of the decisions of the Board of Directors.

The Strategy Committee handles at least the following matters:

- the financial policy and the dividend policy;
- setting and reviewing the annual budget (operational and investment) as well as the financial and investment projects;
- the general policy, including the general principles and problems relating to tariffs, risk management and personnel management;

- examining, entering into, modifying and cancelling major commitments. "major commitments" is in all cases understood to mean commitments in excess of a capitalised value of EUR 20 million per transaction, without prejudice to special powers granted by the Board of Directors:
  - (a) investments and disinvestments (physical or financial). In cases of financial investment or disinvestment, the above amount includes acquired or transferred liabilities;
  - (b) financial transactions other than those included in 1 or where the period exceeds five years; legal or fiscal transactional agreements;
  - (c) any other undertaking not included here (such as purchase and sales agreements for goods and services, business contracts, property contracts);
- without prejudice to the rules applicable to them, the matters and decisions mentioned above that affect subsidiaries of the Issuer.

Name	Position	Type
Claude Grégoire	Chairman	
Daniël Termont	Vice-Chairman	
Jos Ansoms	Member	
Patrick Côté	Member	
Valentine Delwart	Member	Independent under the provisions of the Gas Act
Luc Hujoel	Member	
Walter Nonneman	Member	Independent under the provisions of the Gas Act
Christian Viaene	Member	
Sandra Wauters	Member	Independent under the provisions of the Gas Act
François Fontaine	Federal government representative acting in an advisory capacity	

The Strategy Committee comprises nine non-executive directors, of whom at least one third must be independent under the provisions of the Gas Act.

Pascal De Buck, Chairman of the Executive Board and Chief Executive Officer, and Andries Gryffroy, Director, are permanently invited to attend meetings of the strategy committee.

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Strategy Committee.

For purposes of this Prospectus, the postal address of the members of the Strategy Committee is avenue des Arts 31, 1000 Brussels, Belgium.

3.2 Audit committee

The Audit Committee is set up within the Board of Directors. It has the powers that the law confers upon audit committees, as well as the other powers that may be conferred upon it by the Board of Directors.

In accordance with Article 526bis of the Belgian Companies Code and Article 8/3 (3) of the Gas Act, the Committee performs in particular the following tasks:

- monitoring the process for drawing up the financial information;
- verifying the effectiveness of the company's internal control and risk management systems;
- evaluating the internal audit and its efficiency;
- following up the statutory audit of the annual and consolidated accounts – this includes following up on questions and recommendation issued by the auditor and, if applicable, the company auditor checking the consolidated accounts;
- examining and monitoring the independence of the auditor and, if applicable, the Issuer's auditor checking the consolidated accounts, especially with regard to provision of additional services to the Issuer.

The Audit committee comprises six non-executive directors, of whom half are independent. At least one independent director must have the required expertise in accounting and auditing.

Name	Position	Type
Ludo Kelchtermans	Chairman	
Marianne Basecq	Member	Independent under the provisions of the Gas Act.
Patrick Côté	Member	
Renaud Moens	Member	
Henriette Van Caenegem	Member	Independent under the provisions of the Gas Act.
Sandra Wauters	Member	Independent under the provisions of the Gas Act.

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Audit Committee.

For purposes of this Prospectus, the postal address of the members of the Audit Committee is avenue des Arts 31, 1000 Brussels, Belgium.

3.3 Appointment and remuneration committee

The Appointment and Remuneration Committee is set up within the Board of Directors. It has the powers that the law confers upon appointment and remuneration committees, as well as the other powers that may be conferred upon it by the Board of Directors.

Its main duties are to:

- make recommendations to the Board of Directors on the appointment of all members of the Board of Directors;
- make recommendations to the Board of Directors on the appointment of the Chairman and of other members of the Executive Board;
- make recommendations to the Board of Directors on the policy for appointing and remunerating members of the Board of Directors and members of the Executive Board;
- make recommendations to the Board of Directors on individual remuneration of the members of the Board of Directors and the Committees within it;
- make specific recommendations to the Board of Directors concerning remuneration of the members of the Executive Board taking into account Article 8/5 (2) and (4) of the Gas Act ("remuneration" also includes variable remuneration and long-term performance bonuses, which may or may not be connected to shares, in the form of share options or other financial instruments and severance pay);
- make recommendations to the Board of Directors on the appointment contract for the Chairman of the Executive Board and, where necessary, on the appointment contract concluded with another member of the Executive Board, should such a contract exist. In particular, the Committee must ensure that provisions are in place for calculating variable remunerations and for any indemnity payments granted in case of an early contract termination in compliance with legal provisions on severance compensation, with the level of severance depending on whether or not the Chairman of the Executive Board has met the performance criteria set out in the contract;
- prepare a Remuneration Report for the Board of Directors. The Appointment and Remuneration Committee presents the Remuneration Report at the Annual General Meeting.

The Appointment and Remuneration committee comprises seven non-executive directors, of whom the majority must be independent. The committee must have the required expertise in remuneration policy.

Name	**Position**	**Type**
Christian Viaene	Chairman	
Marianne Basecq	Member	Independent director under the provisions of the Gas Act.
Valentine Delwart	Member	Independent directors under the provisions of the Gas Act.
Hélène Deslauriers	Member	Independent director under the provisions of the Gas Act.
Luc Hujoel	Member	
Walter Nonneman	Member	Independent director under the provisions of the Gas Act.
Nele Roobrouck	Member	

Anne Vander Schueren acts as secretary to the Appointment and Remuneration Committee.

For purposes of this Prospectus, the postal address of the members of the Appointment and Remuneration Committee is avenue des Arts 31, 1000 Brussels, Belgium.

3.4 Corporate Governance committee

The Corporate Governance Committee is set up within the Board of Directors. It has the powers that the law confers upon corporate governance committees, as well as the other powers that may be conferred upon it by the Board of Directors.

Article 8/3 of the Gas Act stipulates that the Corporate Governance Committee must:

- submit an opinion to the Board of Directors and the Appointment and Remuneration Committee on the independence of candidates for independent directorships and on the members of the Executive Board;
- issue a statement in cases where the Issuer's management and staff are incompatible;
- ensure that the provisions of Article 8/3 of the Gas Act are applied, evaluate the effectiveness of application as regards the objectives of independence and impartiality of operators as defined in the Royal Decree of 23 December 2010 concerning the Code of Conduct and submit an annual report on this matter to the Commission for Electricity and Gas Regulation (CREG). The Chairman of said Committee must send a copy of this report to the Chairman of the Board of Directors;
- keep the Board of Directors informed of all decisions it makes.

The Corporate Governance Committee comprises 6 non-executive directors, of whom at least two thirds must be independent under the provisions of the Gas Act.

Name	**Position**	**Type**
Monique Lievens	Chairman	Independent director under the provisions of the Gas Act.
Valentine Delwart	Member	Independent director under the provisions of the Gas Act.
Hélène Deslauriers	Member	Independent director under the provisions of the Gas Act.
Josly Piette	Member	
Henriette Van Caenegem	Member	Independent director under the provisions of the Gas Act.
Luc Zabeau	Member	

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Corporate Governance Committee.

For purposes of this Prospectus, the postal address of the members of the Corporate Governance Committee is avenue des Arts 31, 1000 Brussels, Belgium.

4 AUDITORS

Deloitte Bedrijfsrevisoren BV o.v.v.e CVBA, having its registered office at Gateway Building - Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium, repsented by Gert Vanhees (*member of the Institut des Réviseurs d'Entreprises/Instituut van Bedrijfsrevisoren*), has audited the Issuer's consolidated and standalone financial statements for the year ended 31 December 2015.

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, having its registered office at Gateway Building - Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium, represented by Jurgen Kesselaers (*member of the Institut des Réviseurs d'Entreprises/Instituut van Bedrijfsrevisoren*), has audited the Issuer's consolidated and standalone financial statements for the year ended 31 December 2016.

5 CORPORATE GOVERNANCE

The Issuer has adopted the Belgian Corporate Governance Code 2009 (the "2009 Code") as its reference code of conduct. The Issuer is also subject to legislation on corporate governance contained in the Gas Act, and the European Directive 2009/73/EC concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.

The Issuer does not apply the 2009 Code's rules on the length of directorships. Members of the Board of Directors are appointed for a period of six years rather than the four years advocated by the 2009 Code. However, this term is justified by the technical, financial and legal particularity and complexity of the tasks and responsibilities entrusted to the natural gas transmission system operator.

In addition, the Issuer complies with the corporate governance obligations of the Gas Act and the Belgian Companies Code.

6 CONFLICTS OF INTEREST

The Issuer Group's Corporate Governance Charter lays down a procedure for transactions and other contractual relations between directors or members of the Executive Board and the company or its subsidiaries and which do not fall within the scope of Article 523 of the Belgian Companies Code.

According to this procedure, Directors and members of the Executive Board must take care to comply with all legal and ethical obligations incumbent upon them. They must organise their private and business affairs in such a way as to avoid as far as possible any situation in which a personal conflict of interests may arise between themselves and the company or its subsidiaries.

In the event of any doubt on the part of a director or member of the Executive Board as to whether such a conflict of interests is present, he or she must notify the Chairman of the Corporate Governance Committee accordingly.

Where a personal conflict of interests is present, the director or member of the Executive Board concerned must, without being asked, withdraw from the Board of Directors' meeting while the matter in question is being discussed and must not take part in the voting, including by proxy, on said matter. Reasons for this abstention must be stated in accordance with the terms of the Belgian Companies Code.

Where a conflict of interests is deemed to be present, the purpose and conditions of the transaction or other contractual relationship must be communicated to the Board of Directors by its Chairman. The Board of Directors is also required to approve said purpose and conditions (or refer them to the Board of Directors of the subsidiary concerned for approval) where the total amount of the transaction or accumulated transactions over a three-month period is in excess of €25,000.

The Issuer was not required to implement the conflict of interest procedure described above during the financial year 2016 and until 30 June 2017.

The Issuer is not aware of any potential conflicts of interest between the duties that any member of the administrative, management and supervisory bodies owes to the Issuer and such director's private interests or other duties.

PART VIII – SELECTED FINANCIAL INFORMATION

1 ANNUAL FINANCIAL INFORMATION OF THE ISSUER

The information below is extracted from the IFRS compliant consolidated financial statements of the Issuer as at 31 December 2016 and 31 December 2015, for which an unqualified auditor's opinion has been issued.

1.1 Consolidated balance sheet

		In thousands of €
	31-12-2016	**31-12-2015**
I. Non-current assets	**2,463,346**	**2,490,573**
Property, plant and equipment	2,321,123	2,330,542
Intangible assets	52,250	60,986
Investments in associates and joint ventures	16	16
Other financial assets	57,022	48,624
Finance lease receivables	7,222	12,805
Loans and receivables	0	4,218
Other non-current assets	25,713	33,382
II. Current assets	**525,825**	**546,779**
Inventories	21,500	26,116
Finance lease receivables	5,581	3,836
Current tax receivable	113	774
Trade and other receivables	88,309	77,237
Short-term investments	101,209	96,487
Cash and cash equivalents	291,727	327,061
Other current assets	17,386	15,268
Total assets	**2,989,171**	**3,037,352**

1.2 Consolidated income statement

	In thousands of €	
	31-12-2016	**31-12-2015**
Operating revenue	509,490	538,007
Sales of gas related to balancing of operations and operational needs	47,245	55,104
Other operating income	13,607	12,205
Consumables, merchandise and supplies used	-3,837	-3,920
Purchase of gas related to balancing of operations and operational needs	-47,138	-55,044
Miscellaneous goods and services	-121,894	-123,635
Employee expenses	-113,436	-112,072
Other operating expenses	-7,332	-18,668
Net depreciation	-159,141	-143,068
Net provisions	-964	2,268
Impairment losses	2,007	-537
Profit/loss from continuing operations	**118,607**	**150,640**
Change in the fair value of financial instruments	-1,010	-494
Financial income	2,065	5,061
Finance costs	-47,849	-59,539
Profit/loss from continuing operations after net financial results	**71,813**	**95,668**
Income tax expenses	-23,329	-34,572
Net profit/loss for the period	**48,484**	**61,096**
Fluxys Belgium share	48,484	61,096
Non-controlling interests	0	0
Basic earnings per share attributable to the parent company’s shareholders in €	0.6900	0.8695
Diluted earnings per share attributable to the parent company’s shareholders in €	0.6900	0.8695

1.3 Consolidated statement of comprehensive income

		In thousands of €
	31-12-2016	**31-12-2015**
Net profit/loss for the period	**48,484**	**61,096**
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of employee benefits	-9,147	15,056
Income tax expense on other comprehensive income	3,109	-5,118
Other comprehensive income	-6,038	9,938
Comprehensive income for the period	**42,446**	**71,034**
Fluxys Belgium share	42,446	71,034
Non-controlling interests	0	0

1.4 Consolidated statement of cash flows

	In thousands of €	
	31-12-2016	**31-12-2015**
I. Cash and cash equivalents, opening balance	**327,061**	**240,937**
II. Net cash flows from operating activities	**239,258**	**237,106**
1. Cash flows from operating activities	**278,993**	**280,606**
1.1. Profit from operations	118,607	150,640
1.2. Non cash adjustments	158,139	153,187
1.2.1. Depreciation	159,141	143,068
1.2.2. Provisions	964	-2,268
1.2.3. Impairment losses	-2,007	537
1.2.4. Translation adjustments	0	0
1.2.5. Non cash adjustments	41	11,850
1.3. Changes in working capital	2,247	-23,221
1.3.1. Inventories	4,616	3,732
1.3.2. Tax receivables	661	531
1.3.3. Trade and other receivables	-11,072	-3,505
1.3.4. Other current assets	-2,669	42
1.3.5. Tax payable	-723	-9,776
1.3.6. Trade and other payables	7,502	-5,889
1.3.7. Other current liabilities	238	-227
1.3.8. Other changes in working capital	3,694	-8,129
2. Cash flows relating to other operating activities	**-39,735**	**-43,500**
2.1. Current tax paid	-41,483	-46,671
2.2. Interest from investments, cash and cash equivalents	1,903	3,226
2.3. Other inflows (outflows) relating to other operating activities	-155	-55
III. Net cash flows relating to investment activities	**-138,476**	**-225,298**
1. Acquisitions	**-139,297**	**-248,346**
1.1. Payments to acquire property, plant and equipment, and intangible assets	-130,398	-244,213

1.2. Payments to acquire subsidiaries, joint arrangements or associates	0	-16
1.3. Payments to acquire other financial assets	-8,899	-4,117
	31-12-2016	**31-12-2015**
2. Disposals	**813**	**2,941**
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	312	2,925
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates	0	0
2.3. Proceeds from disposal of other financial assets	501	16
3. Dividends received classified as investment activities	**8**	**7**
4. Subsidies received	**0**	**20,100**
5. Other cash flows relating to investment activities	**0**	**0**

IV. Net cash flows relating to financing activities	**-136,116**	**74,316**
1. Proceeds from cash flows from financing	**57,227**	**376,295**
1.1. Proceeds from issuance of equity instruments	0	0
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	3,838	3,334
1.4. Proceeds from other non-current assets	4,218	3,791
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	49,171	369,170
2. Repayments relating to cash flows from financing	**-62,726**	**-473,726**
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of treasury shares	0	0
2.3. Repayment of finance lease liabilities	0	-19,700
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-62,726	-454,026
3. Interests	**-41,579**	**-58,721**
3.1. Interest paid classified as financing	-41,712	-58,858
3.2. Interest received classified as financing	133	137
4. Dividends paid	**-84,316**	**-84,316**
5. Increase (-) / Decrease (+) of investments	**-4,722**	**314,784**

6. Bank overdrafts increased (decreased)		
7. Other cash flows relating to financing activities		
V. Net change in cash and cash equivalents	**-35,334**	**86,124**
VI. Cash and cash equivalents, closing balance	**291,727**	**327,061**

2 INTERIM FINANCIAL INFORMATION OF THE ISSUER

The information below is extracted from the unaudited consolidated financial statements of the Issuer as at 30 June 2017, which has been subject to a limited review by the auditor of the Issuer.

2.1 Consolidated balance sheet

		In thousands of €
	30.06.2017	**31.12.2016**
I. Non-current assets	**2,448,466**	**2,463,346**
Property, plant and equipment	2,279,179	2,321,123
Intangible assets	48,399	52,250
Investments in associates and joint ventures	16	16
Other financial assets	80,964	57,022
Financial lease receivables	7,222	7,222
Other non-current assets	32,686	25,713
II. Current assets	**496,977**	**525,825**
Inventories	25,578	21,500
Financial lease receivables	3,462	5,581
Current tax receivables	114	113
Trade and other receivables	67,783	88,309
Short-term investments	78,584	101,209
Cash and cash equivalents	314,369	291,727
Other current assets	7,087	17,386
Total assets	**2,945,443**	**2,989,171**
	30.06.2017	**31.12.2016**
I. Equity	**638,436**	**694,352**
Equity attributable to the parent company's shareholders	638,436	694,352

Share capital and share premiums	60,310	60,310
Retained earnings and other reserves	578,126	634,042
Non-controlling interests	0	0
II. Non-current liabilities	**1,787,107**	**2,107,992**
Interest-bearing liabilities	1,450,150	1,765,025
Provisions	4,123	2,437
Provisions for employee benefits	61,933	62,224
Deferred tax liabilities	270,901	278,306
III. Current liabilities	**519,900**	**186,827**
Interest-bearing liabilities	418,212	79,472
Provisions	5,119	6,841
Provisions for employee benefits	1,983	4,472
Current tax payables	15,187	6,524
Trade and other payables	76,025	87,942
Other current liabilities	3,374	1,576
Total liabilities and equity	**2,945,443**	**2,989,171**

2.2 Consolidated income statement

		In thousands of €
	30.06.2017	**30.06.2016**
Operating revenue	250,708	237,760
Sales of gas related to balancing of operations and operational needs	28,830	22,981
Other operating income	6,156	6,739
Consumables, merchandise and supplies used	-546	-1,557
Purchase of gas related to balancing of operations and operational needs	-29,339	-22,990
Miscellaneous goods and services	-55,441	-52,999
Employee expenses	-54,797	-55,619
Other operating expenses	-5,761	-5,496
Net depreciation	-79,736	-76,433
Net provisions	383	360
Impairment losses	-1,135	1,229
Profit/loss from continuing operations	**59,322**	**53,975**
Change in the fair value of financial instruments	-1,267	-94
Financial income	1,539	989
Finance costs	-23,325	-23,655
Profit/loss from continuing operations after net financial results	**36,269**	**31,215**
Income tax expenses	-13,371	-11,533
Net profit/loss for the period	**22,898**	**19,682**
Fluxys Belgium share	22,898	19,682
Non-controlling interests	0	0
Basic earnings per share in €	0.3259	0.2801
Diluted earnings per share in €	0.3259	0.2801

2.3 Consolidated statement of comprehensive income

		In thousands of €
	30.06.2017	**30.06.2016**
Net profit/loss for the period	**22,898**	**19,682**
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses on employee benefits	8,335	-22,645
Income tax expense on other comprehensive income	-2,833	7,697
Other comprehensive income	**5,502**	**-14,948**
Comprehensive income for the period	**28,400**	**4,734**
Fluxys Belgium share	28,400	4,734
Non-controlling interests	0	0

2.4 Consolidated statement of cash flows

	In thousands of €	
	30.06.2017	**30.06.2016**
I. Cash and cash equivalents, opening balance	**291,727**	**327,061**
II. Net cash flows from operating activities	**151,857**	**149,475**
1. Cash flows from operating activities	170,047	161,667
1.1. Profit from operations	59,322	53,975
1.2. Non cash adjustments	79,250	74,843
1.2.1. Depreciation	79,736	76,433
1.2.2. Provisions	-383	-360
1.2.3. Impairment losses	1,135	-1,229
1.2.4. Other non cash adjustments	-1,238	-1
1.3. Changes in working capital	31,475	32,849
1.3.1. Inventories	-4,078	-1,598
1.3.2. Tax receivables	-1	-8
1.3.3. Trade and other receivables	20,526	10,274
1.3.4. Other current assets	9,771	6,458
1.3.5. Tax payable	4,083	4,752
1.3.6. Trade and other payables	511	12,062
1.3.7. Other current liabilities	1,798	-321
1.3.8. Other changes in working capital	-1,135	1,230
2. Cash flows relating to other operating activities	-18,190	-12,192
2.1. Current tax paid	-19,029	-13,016
2.2. Interest from investments, cash and cash equivalents	947	882
2.3. Other inflows (outflows) relating to other operating activities	-108	-58
III. Net cash flows relating to investment activities	**-47,715**	**-50,202**
1. Acquisitions	-49,673	-50,895
1.1. Payments to acquire property, plant and equipment, and intangible assets	-48,356	-56,565
1.2. Payments to acquire subsidiaries, joint arrangements or associates	0	0
1.3. Payments to acquire other financial assets	-1,317	5,670

2. Disposals	184	693
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	184	192
2.2. Proceeds from disposal of subsidiaries, joint arrangements or associates	0	0
2.3. Proceeds from disposal of other financial assets	0	501
3. Dividends received classified as investment activities	0	0
4. Subsidies received	1,774	0
5. Other cash flows relating to investment activities	0	0
IV. Net cash flows relating to financing activities	**-81,500**	**-77,489**
1. Proceeds from cash flows from financing	49,521	39,281
1.1. Proceeds from issuance of equity instruments	0	0
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	2,119	1,919
1.4. Proceeds from other non-current assets	0	3,466
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	47,402	33,896
2. Repayments relating to cash flows from financing	-20,424	-11,625
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of treasury shares	0	0
2.3. Repayment of finance lease liabilities	0	0
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-20,424	-11,625
3. Interests	-26,281	-20,829
3.1. Interest paid classified as financing	-26,346	-20,896
3.2. Interest received classified as financing	65	67
4. Dividends paid	-84,316	-84,316
V. Net increase in cash and cash equivalents	**22,642**	**21,784**
VI. Cash and cash equivalents, closing balance	**314,369**	**348,845**

3 KEY CREDIT METRICS

3.1 Key figures

The table below provides an overview of certain key figures of the Issuer Group and are calculated on the basis of the IFRS compliant consolidated financial statements of the Issuer as at 31 December 2016 and 31 December 2015.

The key figures can be used by investors to compare the Issuer's performance to the performance of the Issuer's peers.

	In millions of €	
	2016	**2015**
Total Liabilities: the sum of the Non-Current Liabilities and Current Liabilities	2,295	2,301
Total Debt: the sum of the Short-Term Borrowings and the Long-Term Borrowings	1,845	1,852
Net Debt: Total Debt (as defined above) minus the sum of the Cash and Cash Equivalents and the Short-Term Investments	1,451	1,429
Cash and Cash Equivalents	292	327
Short-Term Investments	101	97

For purposes of the above key figures, capitalised terms shall have the same meaning as set out in the relevant annual financial report of the Issuer, and:

"**Long-Term Borrowings**" means Interest-Bearing Liabilities more than 1 year including Bonds, Other Borrowings and Other Liabilities (Regulatory Liabilities).

"**Short-Term Borrowings**" means Interest-Bearing Liabilities less than 1 year including Bonds, Other Borrowings and Other Liabilities (Regulatory Liabilities).

"**Regulatory Liabilities**" included in Other Liabilities represent the positive difference between the invoiced regulated tariffs and the acquired regulated tariffs. The share of tariffs listed as non-current liabilities corresponds to the regulatory liabilities to be used in more than one year's time, while the share to be used within the year is listed as current liabilities. The short term amounts bear interest at the average Euribor 1-year rate and the long term amounts at the average 10 years OLO.

3.2 Key ratios

The table below provides an overview of certain key financial ratios of the Issuer Group and are calculated on the basis of the consolidated annual financial statements of the Issuer for the years ending 31 December 2016 and 31 December 2015.

The key ratios can be used by investors to monitor the Issuer's liquidity and solvency.

	2016	**2015**

Debt Solvency: the quotient of (i) Net Financial Debt and (ii) the sum of Equity and Net Financial Debt	58.8%	57.6%
FFO Interest Coverage: the quotient of (i) the sum of FFO and Financial Interest Expenses and (ii) Financial Interest Expenses	5.4	4.5
Net Financial Debt/RAB: the quotient of Net Financial Debt and RAB	31.0%	32.0%
FFO/Net Financial Debt: the quotient of FFO and Net Financial Debt	21.1%	20.5%
RCF/Net Financial Debt: the quotient of RCF and Net Financial Debt	12.6%	12.0%

For purposes of the above key ratios, capitalised terms shall have the same meaning as set out in the relevant annual financial report of the Issuer, and:

"**Current Tax**" means income tax expenses excluding any differed taxes.

"**EBITDA**" means Earnings before Interest, Taxes, Depreciation and Amortisation.

"FFO" means EBITDA + Provisions – Current Tax – Net Financial Interest Expenses – deferred regulated income provisioned to the regulatory accounts + use of provisions from regulatory accounts.

"**Financial Interest Expenses**" means Borrowing Interest Costs - the interest charges related to Regulatory Liabilities.

"**Net Financial Debt**" means Interest-Bearing Liabilities after deduction of Regulatory Liabilities and 75% of Cash and Cash Equivalents and long- and short-term cash investments.

"**Net Financial Interest Expenses**" means Borrowing Interest Costs – Interest Income.

"**Regulatory Liabilities**" means "**Regulatory Liabilities**" as defined under Section 3.1 (*Key figures*) above.

"RCF" means FFO – Dividends paid.

"Total Debt" means "Total Debt" as defined under Section 3.1 (*Key figures*) above.

"Total Financial Debt" means Total Debt – Regulatory Liabilities.

3.3 Outstanding debt

The table below provides an overview of the Issuer Group's outstanding financial debt as at 30 June 2017 (the "**Total Debt Outstanding**"):

Debt Instrument	**Issuer**	**Maturity**	**Initial**	**Outstanding on 30/06/2017 (in millions of euros)**	**Outstanding on 30/06/2016 (in millions of euros)**
EIB loan 2006	Fluxys LNG	2017	85	8.5	17

Debt Instrument	Issuer	Maturity	Initial	Outstanding on 30/06/2017 (in millions of euros)	Outstanding on 30/06/2016 (in millions of euros)
Retail bond 2012	Fluxys Belgium	2018	350	350	350
Private Placement 2014	Fluxys Belgium	2029	250	250	250
Parent Company Loan 2016	Fluxys LNG	2031	257	257	257
EIB loan 2008/2009	Fluxys Belgium	2033/2034	400	340	360
Private Placement 2014	Fluxys Belgium	2034	100	100	100
Total Debt Outstanding				**1,305.5**	**1,334.0**

The Issuer Group's Weighted Average Maturity of the Total Debt Outstanding on 30 June 2017 is 8.9 years and the Issuer Group's Weighted Average Maturity of the Total Debt Outstanding on 30 June 2016 is 9.8 years.

The Weighted Average Maturity is equal to the sum of the proportional weight of each individual debt multiplied by the number of the remaining years from 30 June 2017 or 30 June 2016, as the case may be, until each debt instrument's maturity date.

The Issuer Group's Weighted Average Cost of Funding of the Total Debt Outstanding on 30 June 2017 is 3.65 per cent and the Issuer Group's Weighted Average Cost of Funding of the Total Debt Outstanding on 30 June 2016 is 3.66 per cent.

The Weighted Average Cost of Funding is equal to the sum of the proportional weight of each individual debt multiplied by the cost of funding of each debt.

PART IX – USE OF PROCEEDS

The net proceeds from the issue of the Bonds will be applied by the Issuer for general corporate purposes of the Fluxys Group, including the repayment of the Issuer’s retail bond maturing in May 2018.

PART X – TAXATION

The following is a general description of the principal Belgian tax consequences for investors receiving interest in respect of, or disposing of, the Bonds and is of a general nature. It does not purport to be a complete analysis of tax considerations relating to the Bonds whether in Belgium or elsewhere.

This general description is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date (or with retroactive effect). Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisors on the possible tax consequences of subscribing for, purchasing, holding or selling the Bonds under the laws of their countries of citizenship, residence, ordinary residence or domicile. This description is for general information only and does not purport to be comprehensive.

1 BELGIAN WITHHOLDING TAX

1.1 General

All payments by or on behalf of the Issuer of interest on the Bonds are in principle subject to the 30 per cent. Belgian withholding tax on the gross amount of the interest, subject to such relief as may be available under Belgian domestic law or applicable double tax treaties.

In this regard, "**interest**" means (i) the periodic interest income, (ii) any amount paid by or on behalf of the Issuer in excess of the Issue Price in respect of the relevant Bonds (whether or not on the Maturity Date) and, (iii) in case of a disposal of the Bonds between two interest payment dates, the pro rata part of accrued interest corresponding to the holding period.

1.2 Securities Settlement System of the National Bank of Belgium

Payments of interest and principal under the Bonds by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Bonds if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "**Eligible Investors**", see hereinafter) in an exempt securities account (an "**X-Account**") that has been opened with a financial institution that is a direct or indirect participant (a "**Participant**") in the settlement system operated by the National Bank of Belgium (the "**NBB-SSS**" and the "**Securities Settlement System**"). Euroclear and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

Holding the Bonds through the Securities Settlement System enables Eligible Investors to receive the gross interest income on their Bonds and to transfer the Bonds on a gross basis.

Participants to the Securities Settlement System must enter the Bonds which they hold on behalf of Eligible Investors in an X-Account.

Eligible Investors are those entities referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) (as amended from time to time) which include, *inter alia*:

(i) Belgian corporations subject to Belgian corporate income tax;

(ii) institutions, associations or companies specified in Article 2, §3 of the Law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3° subject to the application of Article 262, 1° and 5° of the Belgian Income Tax Code 1992 (*wetboek van inkomstenbelastingen 1992/ code des impôts sur les revenus 1992*);

(iii) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in Article 105, 2º of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992 (*koninklijk besluit tot uitvoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*);

(iv) non-resident investors whose holding of the Bonds is not connected to a professional activity in Belgium, referred to in Article 105, 5º of the same decree;

(v) investment funds, recognised in the framework of pension savings, provided for in Article 115 of the same decree;

(vi) investors provided for in Article 227, 2º of the Belgian Income Tax Code 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to Article 233 of the same code;

(vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with Article 265 of the Belgian Income Tax Code 1992;

(viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and

(ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

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

Upon opening of an X-Account for the holding of Bonds, the Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the Securities Settlement System as to the eligible status.

An Exempt Account may be opened with a Participant by an intermediary (an "**Intermediary**") in respect of Bonds that the Intermediary holds for the account of its clients (the "**Beneficial Owners**"), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor and (ii) the Beneficial Owners holding their Bonds through it are also Eligible Investors. A Beneficial Owner is also required to deliver a statement of its eligible status to the intermediary.

These identification requirements do not apply to Bonds held in central securities depositaries as defined in Article 2, 1st paragraph, (1) of the Regulation (EU) N° 909/2014 ("**CSD**") as Participants to the Securities Settlement System (each, a "**NBB-CSD**"), provided that the relevant NBB-CSD only holds X-Accounts and that they are able to identify the Bondholders for whom they hold Bonds in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSD as Participants include the commitment that all their clients, holder of an account, are Eligible Investors.

1.3 Belgian resident individuals

The Bonds may only be held by Eligible Investors. Consequently, the Bonds may not be held by Belgian resident individuals as they do not qualify as Eligible Investors.

1.4 Belgian resident companies

Interest attributed or paid to corporate Bondholders who are Belgian residents for tax purposes, i.e. which are subject to the Belgian Corporate Income Tax (*Vennootschapsbelasting/Impôt des sociétés*), as well as capital gains realised upon the sale of the Bonds are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. The withholding tax retained by or on behalf of the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable. Capital losses realised upon the sale of the Bonds are in principle tax deductible.

According to a PowerPoint presentation dated 26 July 2017 as published on the website of the Prime Minister, as part of the Federal Budget, the Belgian government intends to reduce the ordinary corporate income tax rate to 29.58 per cent. as of 2018 and to 25 per cent. as of 2020. For small and medium-sized companies, the Belgian government furthermore intends to introduce a specific reduced corporate income tax rate that would apply to the first €100,000 of the taxable base, subject to certain conditions. This reduced corporate income tax rate would be 20.40 per cent. as of 2018 and 20 per cent. as of 2020. No official texts are yet available in respect of this measure, the specific details of this measure are therefore still unknown. Belgian resident companies should seek their own professional advice in relation to this proposed measure if the latter would be implemented.

1.5 Belgian resident legal entities

Belgian legal entities subject to Belgian legal entities tax ("*rechtspersonenbelasting*") and which do not qualify as Eligible Investors will not be subject to any further taxation on interest in respect of the Bonds over and above the Belgian withholding tax retained. Belgian legal entities which qualify as Tax Eligible Investors and which consequently have received gross interest income are required to declare and pay the 30 per cent. withholding tax to the Belgian tax authorities themselves (which withholding tax then generally also constitutes the final taxation in the hands of the relevant investors).

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains qualify as interest (as defined in Section 1.1). Capital losses are in principle not tax deductible.

1.6 Non-residents

Bondholders who are non-residents of Belgium for Belgian tax purposes and who are not holding the Bonds through a Belgian permanent establishment and do not invest the Bonds in the course of their Belgian professional activity will in principle not incur or become liable for any Belgian tax on interest income or capital gains by reason only of the acquisition or disposal of the Bonds provided that they qualify as Eligible Investors and that they hold their Bonds in an X Account.

2 TAX ON STOCK EXCHANGE TRANSACTIONS

A tax on stock exchange transactions ("*taks op de beursverrichtingen*") will be levied on the purchase and sale (and any other transaction for consideration) with respect to the Bonds on the secondary market if such transaction is either entered into or carried out in Belgium through a professional intermediary. The applicable rate is 0.09 per cent. with a maximum amount of EUR 1,300 per transaction and per party. The tax is due separately by each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. No tax will be due on the issuance of the Bonds (primary market).

Following the Law of 25 December 2016, the scope of application of the tax on stock exchange transactions has been extended as of 1 January 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a "**Belgian Investor**"). In such a scenario, the tax on stock exchange transactions is according to the Belgian Tax Administration due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on stock exchange transactions due has already been paid by the professional intermediary established outside of Belgium. In such a case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with an qualifying order statement ("*borderel*"), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the financial intermediary. The duplicate can be replaced by a qualifying day-today listing, numbered in series. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable toward the Belgian Treasury for the tax on stock exchange transactions due and for complying with the reporting obligations and the obligations relating to the order statement ("*borderel*") in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

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

However neither of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1 2° of the code of miscellaneous duties and taxes ("*wetboek diverse rechten en taksen*") for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

As stated below, the EU Commission adopted on 14 February 2013 the Draft Directive on a FTT. The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time.

3 COMMON REPORTING STANDARD

Following recent international developments, the exchange of information is governed by the Common Reporting Standard ("**CRS**"). On 22 June 2017, the total of jurisdictions that have signed the multilateral competent authority agreement (MCAA) amounts to 92. The MCAA is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

More than 50 jurisdictions, including Belgium, have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016 ("early adopters").

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC2**"), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The mandatory automatic exchange of financial information by EU Member States as foreseen in DAC2 will at the latest take place as of 30 September 2017, except with regard to Austria. The mandatory automatic exchange of financial information by Austria will at the latest take place as of 30 September 2018.

The Belgian government has implemented said Directive 2014/107/EU, respectively the Common Reporting Standard, per the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes.

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii), with respect to any other non-EU States that have signed the MCAA, as of the respective date as determined by the Royal Decree of 14 June 2017. The Royal Decree provides that (i) for a first list of 18 countries, the mandatory automatic exchange of information applies as of income year 2016 (first information exchange in 2016), and (ii) for a second list of 44 countries, the mandatory automatic exchange of information applies as of income year 2017 (first information exchange in 2018).

Investors who are in any doubt as to their position should consult their professional advisers.

4 FINANCIAL TRANSACTION TAX (FTT)

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

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

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States. Therefore, it may be altered prior to any implementation, the timing of which also remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

PART XI – SUBSCRIPTION AND SALE

Belfius Bank SA/NV (having its registered office at boulevard Pachéco 44, 1000 Brussels, Belgium), Crédit Agricole Corporate and Investment Bank (having its registered office at 12, Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France), Commerzbank Aktiengesellschaft (having its registered office at Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany), Mizuho International plc (having its registered office at Mizuho House, 30 Old Bailey, London EC4M 7AU, United Kingdom) and The Royal Bank of Scotland plc (trading as NatWest Markets) (250 Bishopsgate, London EC2M 4AA, United Kingdom) are acting as joint bookrunners (together the "**Joint Bookrunners**" and each a "**Joint Bookrunner**") will, pursuant to a subscription agreement dated on or about 28 September 2017 (the "**Subscription Agreement**"), agree with the Issuer, subject to certain terms and conditions, to subscribe, or procure subscribers, and pay for the Bonds at the issue price and the other conditions as set out in the Subscription Agreement. The aggregate amount payable for the Bonds calculated at the issue price less any due fee will be paid by the Joint Bookrunners to the Issuer in the manner as set out in the Subscription Agreement. Fees and costs in connection with the issue of the Bonds to be paid and/or reimbursed by the Issuer to the Joint Bookrunner have been agreed in the Subscription Agreement. The Subscription Agreement will entitle the parties to terminate their obligations in certain circumstances prior to payment being made to the Issuer.

General

The Bonds have been offered within the framework of a private placement. Neither the Issuer nor the Joint Bookrunners has made any representation that any action will be taken in any jurisdiction by the Joint Bookrunners or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Prospectus or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations) in any country or jurisdiction where action for that purpose is required.

Each Joint Bookrunner has agreed that it will comply to the best of its knowledge and belief with all applicable laws and regulations in force in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Prospectus or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Joint Bookrunners shall have any responsibility therefore.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice.

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, subject to certain exemptions.

The Bonds are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until forty days after the commencement of the Offer, an offer or sale of Bonds within the United States by any Joint Bookrunner (whether or not participating in the Offer) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Bookrunner has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**Financial Services and Markets Act**")) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the Financial Services and Markets Act does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Prohibition of sales to consumers

Each Joint Bookrunner has represented and agreed that it has not offered or sold or otherwise made available and it that will not offer or sell or otherwise make available the Bonds to consumers (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*).

PART XII – GENERAL INFORMATION

1 Application will be made for the Bonds to be listed and admitted to trading on the regulated market of Euronext Brussels as from the Issue Date. The Issuer estimates that the total expenses related to the admission to trading of the Bonds will be approximately EUR 17,100 (excluding VAT).

2 The Prospectus has been approved by the FSMA on 28 September 2017. The FSMA does not assume any responsibility for economic and financial solidity of the transaction and the quality or the solvency of the Issuer.

3 The issue of the Bonds was authorised by resolutions passed by the board of directors of the Issuer on 20 September 2017. The Prospectus was authorised by resolutions passed by the Audit Committee of the Issuer on 14 September 2017.

4 The Bonds have been accepted for clearance through the Securities Settlement System of the National Bank of Belgium. The 10Y Bonds will have ISIN number BE0002292614 and Common Code 169463603 and the 15Y Bonds will have ISIN number BE0002293620 and Common Code 169463573. The address of the National Bank of Belgium is Boulevard de Berlaimont 14, B-1000 Brussels.

5 Except as set out in the Prospectus, so far as the Issuer is aware, no other person involved in the Offer has any interest, including conflicting ones, that is material to the offer of the Bonds, save for any fees payable to the Joint Bookrunners. Certain Joint Bookrunners are a creditor of the Issuer in the framework of its banking operations. In addition, in the ordinary course of business, the Joint Bookrunners or their affiliates have provided and may in the future provide commercial, financial advisory or investment banking services for the Issuer and its subsidiaries for which they have received or will receive customary compensation.

6 Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain, to its reasonable knowledge, from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect. The source of third party information is identified where used.

7 During the life of the Bonds, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer, avenue des Arts 31, 1040 Brussels, Belgium, as well as on the Issuer's website (www.fluxys.com/belgium):

- the articles of association (*statuts*/*statuten*) of the Issuer, in Dutch and French;
- the annual reports and audited financial statements of the Issuer for the years ended 31 December 2016 and 31 December 2015 (consolidated in accordance with IFRS) together with the audit reports thereon;
- the interim report and the financial statements of the Issuer for the first six months ended 2017 (consolidated in accordance with IFRS) together with the limited review report thereon;
- a copy of this Prospectus together with any supplement to this Prospectus; and
- a copy of the Agency Agreement and the Clearing Services Agreement.

8 Deloitte Bedrijfsrevisoren BV o.v.v.e CVBA, having its registered office at Gateway Building - Luchthaven Nationaal 1 J, 1930 Zaventem, Belgium, represented by Gert Vanhees and Jurgen Kesselaers (*members of the Institut des Réviseurs d'Entreprises/Instituut van Bedrijfsrevisoren*), respectively, has audited the Issuer's consolidated and standalone financial statements for the years ended 31 December 2015 and 31 December 2016.

Issuer

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Joint Coordinators

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Belgium

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