



PRIVATE PLACEMENT INFORMATION MEMORANDUM

dated 27 October 2016

with respect to the private placement of

3.50 per cent. fixed rate subordinated bonds due 7 November 2023

ISIN: BE0002268374 / Common code: 151298532

for an aggregate amount of EUR 75,000,000

Issue price: 100.500 per cent.

Vandemoortele NV is a public limited liability company (*naamloze vennootschap/société anonyme*) under Belgian law with its registered office at Moutstraat 64, 9000 Gent, Belgium, with enterprise number 0429.977.343, RPR Gent, section Gent (the “**Issuer**”).

On or around 7 November 2016 (the “**Issue Date**”), the Issuer intends to issue 3.50 per cent. fixed rate subordinated bonds due 7 November 2023 for an aggregate amount of EUR 75,000,000 (the “**Bonds**”). Each Bond’s denomination is EUR 100,000 and each Bond’s issue price is 100.500 per cent. of its principal amount. Each Bond bears interest from the Issue Date (included) at the rate of 3.50 per cent. per annum payable annually in arrears commencing on 7 November 2017. Unless previously redeemed or cancelled, the Bonds will be redeemed at their principal amount on 7 November 2023 (the “**Maturity Date**”).

This Information Memorandum does not constitute a prospectus for the purpose of article 20 of the Law of 16 June 2006 on public offerings of investment instruments and admission of investment instruments to trading on a regulated market (the “**Belgian Prospectus Law**”) or for the purpose of Article 3.1 of Directive 2001/34/EC (as amended) (the “**Prospectus Directive**”). This Information Memorandum or any other offering material relating to the Bonds has not been and will not be approved by the Belgian Financial Services and Markets Authority (the “**FSMA**”) or by any other authority.

The offering of the Bonds does not constitute a public offering in Belgium. The offer may not be advertised and the Bonds may not be offered or sold, and this Information Memorandum or any other offering material relating to the Bonds may not be distributed, directly or indirectly, to any persons in Belgium other than in those circumstances set out in Article 3, paragraph 2 of the Belgian Prospectus Law and Article 3.2 of the Prospectus Directive.

Application has been made to Alternext Brussels for the Bonds to be listed and admitted to trading. Alternext Brussels is not a regulated market, but a multilateral trading facility within the meaning of article 2, 4° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and on financial services, operated in Belgium by Euronext Brussels SA/NV.

The Bonds are issued in dematerialised form in accordance with Article 468 *et seq.* of the Belgian Companies Code (*Wetboek van vennootschappen / Code des sociétés*) and cannot be physically delivered. The Bonds will be represented exclusively by book-entries in the records of the X/N securities settlement system operated by the National Bank of Belgium or any successor thereto (the “**X/N System**”). Access to the X/N System is available through those of the X/N System participants whose membership extends to securities such as the Bonds.

The Issuer and the Bonds do not have a credit rating, nor is any application for such credit rating contemplated at the date of this Information Memorandum.

The terms and conditions of the Bonds (the “**Conditions**”) are set forth in Section III of this Information Memorandum.

Global Coordinator



Joint Lead Managers



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 principal on the maturity date. In case of bankruptcy or default by the Issuer, however, investors may not recover the amounts they are entitled to and risk losing all or a part of their investment. These Bonds are intended for investors who are capable of evaluating the interest rates in light of their knowledge and financial experience. Each decision to invest in these Bonds must be based solely on the information contained in this Information Memorandum (Prospective investors should refer to the Risk factors as provided in Section II of this Information Memorandum for an explanation of certain risks of investing in the Bonds). In particular, reference is made to the risk factor that the Bonds are unsecured obligations of the Issuer which do not benefit from any guarantee and are contractually subordinated to the senior creditors of the Issuer and structurally subordinated to the creditors of the Issuer's subsidiaries.

OFFERING OF THE BONDS

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for 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 Information Memorandum and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer and the Managers do not represent that this Information Memorandum 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 Managers which is intended to permit a public offering of the Bonds or the distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Information Memorandum 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 Information Memorandum or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Bonds.

For a description of further restrictions on offers and sales of Bonds and distribution of this Information Memorandum see Section X “Subscription and sale” below.

The distribution of this Information Memorandum and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. This Information Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, any securities, including the Bonds, in any circumstances in which such offer or solicitation is unlawful. The Bonds are subject to transfer and selling restrictions in certain jurisdictions. Prospective investors should read the restrictions described in Section Schedule 1Part AX.I “Subscription and Sale—Selling Restrictions” below.

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any state or other jurisdiction of the United States. The Bonds are being offered outside the United States in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

RESPONSIBLE PERSONS

The Issuer is responsible for the information in this Information Memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Information Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum and any information or representation not so contained or inconsistent with this Information Memorandum 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 Managers. Neither the delivery of this Information Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that the information contained in this Information Memorandum is true subsequent to the date hereof or otherwise that there has been no change in the affairs of the Issuer since the date hereof (or the date upon which this Information Memorandum has been most recently amended or supplemented) or that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date hereof (or, if later, the date upon which this Information Memorandum has been most recently amended or supplemented) or that the information contained in it or any other information supplied in connection with the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of the Managers or their respective affiliates has authorised the whole or any part of this Information Memorandum and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Information Memorandum. Neither the delivery

of this Information Memorandum nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Information Memorandum.

No Manager accepts any liability, whether in tort or in contract or otherwise, in relation to the information contained, implied or incorporated by reference in this Information Memorandum or any other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds other than any information it would, as the case may be, provide in its own marketing brochure (but excluding in relation to the description of the Issuer contained herein) or provided through its respective branches and personnel or otherwise in accordance with applicable law.

PRIOR WARNING

This Information Memorandum has been prepared to provide information in connection with the private placement of the Bonds. Each potential investor should base any decision to invest in the Bonds on the information set forth in this Information Memorandum and on its own research of the Issuer and the conditions of the Bonds, including, but not limited to, the associated benefits and risks, as well as the conditions of the private placement itself. Each investor must itself assess, with its own advisors if necessary, whether the Bonds are suitable for it, considering its personal financial situation. In case of any doubt about the risk involved in purchasing the Bonds, investors should abstain from investing in the Bonds.

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

MARKET AND INDUSTRY INFORMATION

Statements in this Information Memorandum with respect to market and other industry data are based on statistics and other information from independent industry publications and reports by research firms or other published independent sources. For instance, with respect to the MCOF business the following reports are available in the "Business to Consumer" segment of retail brands and private labels: Nielsen and GFK (Belgium), IRI and GFK (the Netherlands), Nielsen (France) and GFK and IRI (Germany). With respect to the "Business to Business" segment only internal market data is used. For the Bakery Products, the market data and other industry data is mainly the Group's internal strategic review based on various reports and studies (such as, Gira, GfK, Eurostat, Nielsen, Insee, Xerfi, and others) given that there is no comprehensive or up to date external data available. Although reasonable care has been taken to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by the Issuer, the Managers or the Issuer's advisors and therefore no representation is made as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the jurisdictions specified.

In addition, certain statements contained in this Information Memorandum regarding the Issuer's industry and position in the industry are based on certain assumptions concerning the Issuer's customers and competitors. These assumptions are based on the Issuer's experience in the industry and investigation of market conditions. No representation is made as to the accuracy of any such assumptions, and such assumptions may not be indicative of the Issuer's positions in its industry.

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

FORWARD LOOKING STATEMENTS

This Information Memorandum contains statements that constitute estimates and forward-looking statements. These statements appear in a number of places in this Information Memorandum, including but not limited to

the sections “Summary”, “Risk Factors”, and “Description of the Issuer”, and include statements regarding the Issuer’s intent, belief or current expectations, and those of the Issuer’s officers, with respect to (among other things) its financial condition. Such estimates and forward-looking statements are based mainly on current expectations and estimates of future events and trends, which affect, or may affect, the Issuer’s business and results of operations. Although the Issuer believes that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are based on information currently available to the Issuer.

Such estimates and forward-looking statements may be influenced by, among others, the following factors:

- the Issuer’s ability to integrate and benefit from recent or future acquisitions and strategic alliances;
- the effects of the global economic recession;
- competition and loss of market share;
- the Issuer’s ability to implement its strategy;
- the loss of one or more significant customers;
- the performance of the Issuer’s customers and any preference they give to products of the Issuer’s competitors;
- changes in consumer preferences;
- risks related to fluctuations in foreign exchange or interest rates and stock market volatility;
- disruption of the supply chain;
- the buying power of the Issuer’s customers;
- increases in commodity or other raw material costs;
- the failure of the Issuer’s suppliers to perform in a timely manner;
- health and product liability risks related to the food industry;
- changes in health-related regulations in the jurisdictions in which the Issuer operates;
- trade barriers;
- risks inherent in international operations;
- health epidemics and other outbreaks in the markets in which the Issuer operates;
- compliance with health, environmental and other governmental laws and regulations;
- deterioration of labor relations or increase in labor costs;
- loss of key personnel;
- interruptions or failures in the Issuer’s information technology systems;
- increases in the Issuer’s operating costs or the Issuer’s inability to meet efficiency or cost reduction objectives;
- possible disruptions to commercial activities due to natural and human-induced disasters, including terrorist activities and armed conflict;
- limitation on the Issuer’s access to sources of financing on competitive terms and compliance with covenants; and

- other factors, some of which are described under “Risk Factors” and elsewhere in this Information Memorandum.

The words “believe”, “may”, “may have”, “might”, “would”, “estimate”, “continue”, “anticipate”, “intend”, and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements refer only to the date when they were made, and neither the Issuer nor the Managers undertake any obligation to update or review any estimate or forward-looking statement whether as a result of new information, future events or any other factors. Estimates and forward-looking statements involve risks and uncertainties and do not guarantee future performance, as actual results or developments may be substantially different from the expectations described in the forward-looking statements. In light of the risks and uncertainties described above, the events referred to in the estimates and forward-looking statements included in this Information Memorandum may or may not occur, and the Issuer’s business performance and results of operations may differ materially from those expressed in such estimates and forward-looking statements, due to factors that include but are not limited to those mentioned above. Investors are warned not to place undue reliance on any estimates or forward-looking statements in making decisions regarding investment in the Bonds.

In this Information Memorandum, unless otherwise specified, references to a “**Member State**” are references to a Member State of the European Economic Area, references to “EUR” or “euro” are to the currency introduced at the start of the third stage of European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in this Information Memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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I. INTRODUCTION AND OVERVIEW

This overview constitutes a general description of the Bonds and the private placement thereof. It must be read as an introduction to this Information Memorandum and any decision to invest in any Bonds should be based on a consideration of this Information Memorandum as a whole. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum.

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

A. Description of the Group

The Issuer is the holding company of a Belgium-based integrated group producing and marketing food products, mainly in the segments of margarines, culinary oils and fats ("MCOF") and frozen bakery products ("Bakery Products"). In 2015, the Issuer realised consolidated revenues of approximately EUR 1.3 billion with on average 5.250 full time equivalents working in 33 production and 17 commercial sites across 12 European countries. The Issuer also acts as sourcing company for raw materials and as purchase agent for ingredients and packaging, and provides IT, procurement, tax and legal services to its subsidiaries.

The Issuer has two Belgian subsidiaries (Vamix NV and Vandemoortele Lipids NV), which are sub-holdings, holding the Bakery Products and MCOF business lines respectively. These two subsidiaries each have a number of subsidiaries across the Group's core markets. All subsidiaries, except for the 23.75% shareholding in Lipidos Santiga S.A. (Spain) are 100% owned, directly or indirectly, by the Issuer.

In the first half of 2016, Safinco NV, the family shareholder's holding company, acquired from three Gimv companies ("Gimv") the 23,58 % participation in the Issuer that Gimv had obtained on April 15,2016 by conversion of its warrants into the Issuers shares. This purchase transaction was to a large extent financed by the distribution of a special dividend of EUR 145,000,000 by the Issuer to Safinco NV. It allowed Safinco NV to regain 100% ownership of the Group.

See Section Schedule 1Part AV ("Description of the Issuer") for more information.

B. Selected key historical financial information

Selected key financial information is listed on the next page.

Certain terms used in the table on the next page are defined in Section 0 ("Selected financial information—*

Adjusted REBITDA

** Adjusted REBITDA rolling 12 months

Definitions").

The full year end financial statements for the financial years 2014 and 2015 can be consulted on www.vandemoortele.com.

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Income Statement Key Financial Information		(annual, audited)		(half-yearly, unaudited)	
in millions of EUR		31.12.2014	31.12.2015	30.06.2015	30.06.2016
Revenue		1,269	1,357	643	647
Recurring Operational Cash Flow (REBITDA)		110	123	56	60
Recurring depreciation, amortisation and write-offs		(44)	(55)	(25)	(27)
Recurring Operational Profit (REBIT)		66	68	31	33
Non-recurring items		(10)	(9)	0	(9)
Impairment		(2)	(3)	0	(1)
Operational Profit (EBIT)		54	56	31	23
Net financial income / (expense)		(10)	(21)	(10)	(17)
Result according to the equity method		0	2	1	3
Pre-Tax Current Profit / (Loss)		44	37	22	10
Income tax expense		(12)	(3)	(7)	(5)
Profit / (Loss) from Continuing Operations		32	34	15	5
Profit / (loss) from discontinued operations		0	0	0	0
Profit / (Loss) (EAT)		32	34	15	5
Balance Sheet Key Financial Information		(annual, audited)		(half-yearly, unaudited)	
in millions of EUR		31.12.2014	31.12.2015	30.06.2015	30.06.2016
Net fixed assets (NFA)		465	580	544	587
Working capital need (WCN)		24	12	32	37
Capital Employed		489	592	577	624
Equity		354	379	366	293
Provisions and others		11	22	7	30
Subordinated debt		66	69	67	0
Senior net financial debt (NFD)		58	122	137	300
Capital Provided		489	592	577	624
Ratio's		(annual, audited)		(half-yearly, unaudited)	
		31.12.2014	31.12.2015	30.06.2015	30.06.2016
Recurring operational cash flow (REBITDA) / Revenue		8.7%	9.1%	8.7%	9.3%
Recurring operational profit (REBIT) / Revenue		5.2%	5.0%	4.9%	5.1%
Net profit (loss) / Revenue		2.5%	2.5%	2.4%	0.8%
Senior NFD / Equity		16%	32%	37%	103%
Senior NFD / REBITDA		0.5*	1.0*	1.2**	2.3**
REBIT / Capital employed		13.5%	11.5%	12.0%	11.2%
Capital expenditures (in millions of EUR)		57	86	30	33

* Adjusted REBITDA

** Adjusted REBITDA rolling 12 months

C. Summary of the transaction and the Bonds

Issuer	Vandemoortele NV
Aggregate amount	EUR 75,000,000
Tenor	7 years
Coupon	3.50 fixed rate, payable annually in arrears
Denomination	EUR 100,000
Payment / issue date	Expected to be on or around 7 November 2016
Status	Direct, unsecured, subordinated
Issue Price	100.500 per cent.
Redemption	Bullet at par, except in case of early redemption
Cross-default	The Bonds may be declared immediately due and payable at their principal amount together with accrued interest (if any) to the date of payment if: <ul style="list-style-type: none"> (i) any indebtedness of the Issuer or any of its Material Subsidiaries (which, broadly speaking, means all Subsidiaries, whose gross assets or EBITDA (adjusted, as the case may be, to reflect any acquisitions or divestitures) represents 5 per cent. or more of the Issuer's consolidated gross assets or consolidated EBITDA) is not paid on its due date or, as the case may be, within any applicable grace period; (ii) such indebtedness becomes due and payable prior to its stated due date by reason of an event of default (however described), provided that any applicable stand-still period has expired and there has been no waiver or discharge of the event of default; (iii) the Issuer or any of its Material Subsidiaries fails to pay when due, or as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnity in respect of which one or more of the events mentioned above in this paragraph have occurred equals or exceeds EUR 10,000,000 or its equivalent in any other currency or currencies.
Subordination / ranking	See Condition 9(iii). Upon the occurrence of a Trigger Event, all rights and claims of the Bondholders against the Issuer in respect of or arising under (including any damages awarded for breach of any obligation under) the Bonds shall rank: <ul style="list-style-type: none"> (1) <i>pari passu</i> with the rights and claims of any subordinated creditor of the Issuer (excluding the persons mentioned under (3) directly below); (2) junior to the rights and claims of all other unsubordinated creditors of the Issuer, whether present or future, actual or contingent, unsecured or secured; (3) senior to all present and future rights and claims of existing and future (x) shareholders of the Issuer and (y) Connected Persons (other than shareholders) as connected to the Issuer in relation to any indebtedness for or in respect of monies borrowed or raised from any of its shareholders or Connected Persons (other than shareholders) (other than indebtedness under the form of Debt

Capital Market Instruments).

Furthermore, in the event a payment default (however described) occurs under the Revolving Facility Agreement (or under any agreement entered into for the refinancing of the Revolving Facility Agreement, in whole or in part), then the payment of principal, interest or indemnities under the Bonds shall be postponed and subordinated to the payment in full of all outstanding amounts due to the finance parties under the Revolving Facility Agreement (or under any agreement entered into for the refinancing of the Revolving Facility Agreement, in whole or in part), including (without limitation) the principal, interest and indemnities under the Revolving Facility Agreement

See Condition 2(b).

Negative Pledge.....

Yes See Condition 3.

Change of control

In the event that a Change of Control occurs at the time the Issuer is not rated or a Change of Control occurs at the time the Issuer is rated and within the Change of Control Period, a Rating Downgrade resulting (in whole or in part) from that Change Control occurs, then each Bondholder will have the right to require the Issuer to redeem all or any part of its Bonds on the Change of Control Put Date at the Put Redemption Amount.

The Put Redemption Amount reflects a maximum yield of 0.75 points above the yield of the Bonds on the Issue Date up to the Maturity Date in accordance with the *Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing / Arrêté royal de 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier conformément* (Royal decree of 26 May 1994 on the deduction of withholding tax) (the “**Royal Decree**”). The Royal Decree requires that in relation to Bonds that can be traded on N accounts, if investors exercise a right to have the Bonds redeemed early, the actuarial return cannot exceed the actuarial return of the Bonds upon the issue up to the final maturity, by more than 0.75 points.

See Condition 6(b).

Covenants

The Issuer will procure that it shall not become domiciled or resident in or subject generally to the taxing authority of any jurisdiction other than Belgium.

Upon the Bonds becoming listed on Alternext Brussels on or prior to the Issue Date, the Issuer undertakes to furnish to Alternext Brussels all documents, information and undertakings and publish all advertisement or other material that may be necessary in order to effect and maintain such listing, and to cause such listing to be continued so long as any of the Bonds remain outstanding. If the Bonds are not or cease to be listed on Alternext Brussels, the Issuer undertakes to ensure admission of the Bonds to trading on another multilateral trading facility or regulated market in the European Economic Area.

The Issuer will notify the Bondholders in the event a payment under the Bonds cannot be made on its due date as a result of the subordination set out in Condition 2(b).

See Condition 10.

Listing and trading

An admission has been made for listing and trading on the multilateral trading facility, which is not a regulated market of Euronext Brussels (“**Alternext Brussels**”).

Global Coordinator.....

KBC Bank NV

Joint Lead Managers Belfius Bank SA/NV, BNP Paribas Fortis SA/NV and KBC Bank NV
Agent KBC Bank NV

II. RISK FACTORS

The following is a description of risk factors that are material in respect of the Bonds and the financial situation of the Issuer and that may affect the Issuer's ability to fulfil its repayment obligations under the Bonds, which prospective investors should consider carefully before deciding to purchase the Bonds. The sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. The following risk factors may not be the only risks and uncertainties the Issuer is exposed to. Additional risks and uncertainties not presently known, or that management currently believes to be immaterial, may also affect the Issuer and an investment in the Bonds. Prospective investors should read and consider all of the information provided, or incorporated by reference in, this Information Memorandum and should make their own independent evaluations of all risk factors and consult with their own professional advisers if they consider it necessary. Capitalized terms defined in "Terms and Conditions of the Bonds" below shall have the same meaning where used below.

A. Risks relating to the Issuer

1. Risks related to current macro-economic and geo-political trends

The Group is exposed to the risk of a decrease in consumer spending in light of the overall economic trends in the Group's principal geographic markets. The continuing depressed macro-economic climate in the Benelux, Germany, France, Italy and Spain, the high unemployment rate in certain developed markets and the potentially negative effects of austerity measures on the buying power of the consumers in such markets could create negative pressure on the evolution of the Group's revenues, on the Group's ability to increase or maintain prices for its products and on the Group's growth strategy.

Visibility over short- to medium-term market and economic developments remains limited. The Group cannot exclude the continuation of this negative trend or that further negative events may unfold in the context of the global economy. As a result, the Group may be exposed to a decrease in demand for its products or may fail to further improve its product mix, which, combined with a competitive environment and volatility of raw material prices, may result in over-capacities and declining margins. These factors, if they materialize, might have an adverse effect on the Group's business and financial results.

On June 23, 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the E.U., commonly referred to as "Brexit". The "Brexit" vote and the resulting existential crisis of the E.U. are likely to create even more uncertainty and volatility in the markets in which the Group operates.

As a result of the "Brexit" referendum, it is expected that the British government will begin negotiating the terms of the U.K.'s future relationship with the E.U. Although it is unknown what those terms will be, it is possible that there will be greater restrictions on imports and exports between the U.K. and E.U. countries, increased regulatory complexities and adverse monetary evolutions. These changes may adversely affect the competitive position of the Group's businesses in the U.K. and the Group's operations and financial results.

The concerns in the euro zone with respect to the overall stability of the European Union and the suitability of a single currency to deal appropriately with sovereign debt issues in individual euro zone countries could, following the example of the UK, lead to the exit of one or more countries from the European Union and the re-introduction of individual currencies in these countries, or, worse, to the possible dissolution of the euro entirely. In each case, this could result in the redenomination of all or part of the Group's financial indebtedness and commercial agreements, which could have a material adverse effect on the Group's liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the euro zone countries and their main trading partners, all of which are the Group's core geographical markets, which in turn could have an adverse impact on demand for the Group's products and accordingly on the Group's revenue and cash flows.

In addition, instability in financial markets (in particular a new "bank crisis") might have a negative effect on the macro-economic climate in the Group's principal geographic markets as well as on the availability and costs of funds for the financing of investments. Such instability, if it further escalates, might have an adverse effect on the Group's business and financial results.

2. ***Market and Strategic Risks***

(a) Risk related to raw materials and energy cost volatility and availability

The Group's results may be adversely affected by increases in prices as well as shortage of raw materials, including, among others, flour, butter, sugar, chocolate, packaging materials (plastics and card board), as well as refined (vegetable) oils and fats. Raw materials costs are subject to various factors beyond the Group's control such as market price volatility, currency fluctuations, changes in governmental agricultural programs, harvest and weather conditions, crop disease, crop yields, alternative crops, prices in commodity derivatives, by-product values utilisation of raw materials in bio-fuels, and, ever increasing demand for raw materials by emerging markets such as China and India. This may result in unexpected increases in raw material and packaging costs. The prices of many commodities have recently been at record levels, and commodity markets are experiencing unprecedented volatility over the last years. Because of competitive pressures, the Group may be unsuccessful in passing on cost increases, whether in full or in part, to customers without suffering reduced volume, revenue and operating income.

The Group also relies on utilities, such as gas, electricity, gasoline and diesel fuel, to operate its business and deliver its products, of which the storage and production (including ovens and deep-freezers) is particularly energy-intensive. Substantial future increases in prices for, or shortage of, these utilities might adversely affect the Group's financial condition and cash flows.

Given the discrepancy between the Group's periodical price reviews with its customers and the more volatile movement of raw material and energy prices, short-term price increases cannot be immediately passed on to the Group's customers. Due to the bargaining power of certain key customers, such as large retail distribution chains, these price increases can in certain cases also not be passed on, in all or in part, as part of the periodical price review. This is compounded by the highly concentrated nature of the retail distribution market – with the three top retailers controlling half or more of the market share in France, Germany, The Netherlands, the United Kingdom and Belgium. The price reductions required by the retailer Ahold-Delhaize (following their merger) from its suppliers with retroactive effect is a recent example of this disproportionate bargaining power. The Group is trying to mitigate the effects of the disproportionate bargaining power of its largest consumers by investing in product innovation and service model efficiencies, allowing the Group to limit the impact of fluctuations in raw materials prices on the Group's financial results. In addition, in order to minimize its exposure to raw materials price volatility, the Group is actively managing its raw materials positions within well-defined limits and restrictions, including by entering into forward contracts. All such measures may, however, not be sufficient to offset the increase in raw material and energy costs in the longer term, and the forward contracts may at times cause the Group to pay higher prices for raw materials than those available in the spot markets.

The outlook for raw food materials prices remains volatile and is expected to remain as such for the foreseeable future, mainly due to growing demand from emerging markets and higher energy costs, triggering scarcity of raw materials at times.

(b) Risks related to suppliers

The top-5 of the Group's suppliers represents 30% (EUR 346 million) of the Group's purchasing costs. The loss of a significant supplier as a result of the current economic environment or as a result of such supplier's diversification of its product range, labour issues, availability of raw materials and quality problems at the supplier, available transport and related costs and other factors related to the suppliers, are outside the Group's control and could adversely impact the Group's operations and financial situation.

Similarly, import duties and other taxes on imported goods, trading sanctions imposed against certain countries, import or export restrictions of certain products or goods containing certain raw materials and other factors related to foreign trade could adversely impact the Group's operations and financial situation.

(c) Risk related to key customers

The Group's Bakery Products and MCOF businesses (as described in Section V "*Description of the Issuer*") are predominantly business-to-business activities in which products are sold into various distribution channels such as large retail chains, grocery chains, artisan bakers, filling stations, quick service restaurants, foodservice

companies, on-the-go retail outlets, schools, restaurants, hotels and coffee houses. The top-5 of the Group's customers represents 19.2% (EUR 283 million) of the Group's revenues.

Overall, the retail distribution channel, which represents approximately 38% and 50%, respectively, of the MCOF and Bakery Products business lines' volumes, has become increasingly concentrated with three top retailers controlling half or more of the market share in France, Germany, The Netherlands, the United Kingdom and Belgium, resulting in a growing bargaining power of large retailers. Further concentration might adversely affect the Group's profit margins as larger customers may seek more favourable terms for their purchases of the Group's products or increase trade spending.

Financial performance of the Group might further be adversely affected if retailers were to perform poorly or give preference to competitors' products.

Some major retailers or quick service restaurant chains might invest in their own production facilities for products that they currently purchase from the Group, such as frozen bakery products. This could have an adverse impact on the Group's financial results.

Finally, the loss of a large customer would have an impact on the Group's revenue. The five largest customers in each of the Bakery Products and MCOF business lines account for approximately 30% and 23% of such business lines' turnover respectively.

(d) Risks related to the ability to anticipate consumers' preferences

The Group's success partially depends on its ability to anticipate the tastes and dietary habits of consumers and to offer products that appeal to their preferences. Changing dietary trends and the increased emphasis on health and wellness among consumers present both opportunities and risks for the Group. Failure to anticipate, identify or react to these changes might result in reduced demand for the Group's products. Whereas the frozen Bakery Products business is a growing market, the general trend in MCOF is that the consumption in the EU-28 continues to at best be stable or even slightly decline.

In addition, the Group's success also depends to some degree on its ability to enhance its product portfolio by adding new products in fast growing, profitable categories, as well as increasing market share in its existing product categories. In this respect, it is important to timely and correctly identify changing consumer preference. Anticipating consumer trends and preferences requires research and development and marketing initiatives. If the Group's new products fail to meet consumers' preferences, then the return on its investments will be less than anticipated and its strategy to grow net sales and profits may not be successful. Also, it is not always predictable how competitors will react to changing demands and to what extent they will change their product portfolio.

(e) Risks related to competitive markets

The Group's core markets are highly competitive. The competitive environment results from rivalry amongst existing market players but also from the bargaining powers of suppliers and customers, as well as from the possibility of new entrants in these markets or from substitute products to the current product portfolio. The Group is exposed to the risks of the loss of a significant customer and of pressure on profit margins. In addition, the MCOF market is fairly consolidated with intense price competition. Competitive pressures may restrict the Group's ability to increase prices, including in response to raw materials, energy, labour and other cost increases, or restrict the Group's ability to realize its strategy of strengthening in its existing markets.

Failing to keep costs and service levels at least on par with the Group's main competitors and to differentiate itself from such competitors (in terms of product range, price or quality, customer service, brand recognition, loyalty or access to retail outlets) might lead to market share erosion or to the Group's customers substituting the Group's products with alternatives offered by such competitors. The Group expects to continue facing strong competition in its core markets and anticipates that existing or new competitors may broaden their product lines, and expand their geographic scope, or decide to integrate downwards into the Group's markets (particularly in MCOF).

Continuous R&D investments geared at products and processes improvements, IT investments to support business requirements (including the growing e-commerce trend) and achieve costs efficiencies and continuous

efforts to improve channel/customer/product mix and to reduce variable plant and logistics costs to compensate for inflation as well as a strict control of fixed costs and overhead and structure costs are not a guarantee for maintaining the Group's leadership position in its core markets in the future.

(f) Risks related to the Group's strategy

The Group aims at achieving sustainable and profitable growth by means of a combination of organic qualitative growth (by improvement of product and customer/channel mix) and improvement of the internal processes and the production and logistic footprints.

Although the prime focus is on organic growth and internal efficiency improvements, the Group is constantly screening potential further acquisition opportunities, with a view of strengthening the existing businesses or expanding the core businesses in terms of geography, category or channel, including any potential opportunities for transformational transactions. As with any acquisition, there is a risk that corporate cultures will not match, expected synergies will not materialize fully or at all, restructurings will prove to be more costly than initially anticipated, acquired companies will prove to be more difficult to integrate than foreseen, the integration of the assets may meet unexpected difficulties or the acquired businesses may not develop as expected. No assurances can therefore be given that any expected advantages or synergies from possible acquisitions will materialize. Furthermore, as the Group grows further through acquisitions, one of the key challenges consists of the integration of the managerial, operational and financial systems. If the Group fails to address these challenges, this may have a material adverse effect on its business, financial condition and/or results of operations.

Adverse market conditions, either through a difficult macro-economic environment or through intensified competition, could have a negative impact on the realization of the strategic product and customer/channel mix improvement. They could also force the Group to concede a bigger than anticipated part of the internal efficiency improvements/savings to the customers.

3. *Operational Risks*

(a) Risks related to production and operating costs

The Group's future success and earnings growth depends in part on its ability to produce, advertise and sell its products in a cost efficient manner, including in respect of labour costs. The Group therefore constantly invests in its operations to improve its production facilities and reduce operating costs. Failing to achieve contemplated cost savings and efficiencies, increased labour costs and/or lack of sufficient and adequate labour resources might have an adverse effect on the Group's profitability and on its ability to achieve its financial goals.

(b) Risks related to senior management

The Group depends on its senior management team, which possesses extensive operating experience and industry knowledge, to set its strategy and manage its business. Its operations and profitability might be disrupted if it lost the services of its senior management team members.

(c) Risks related to personnel

The Group is exposed to risks associated with the potential loss or inability to attract skilled and motivated key personnel. The implementation of the Group's strategic business plans could be undermined by a failure to attract or retain key personnel or the unexpected loss of senior employees. It is not certain that the Group will be able to attract or retain its key employees and successfully manage them.

A shortage of qualified people might force the Group to increase wages or other benefits to be competitive when hiring or retaining key employees. It is not certain that higher labour costs can be offset by efforts to increase the Group's profitability in other activity areas.

The Group's success further depends on maintaining good relations with its workforce. The Group's production may be affected by work stoppages or slowdowns as a result of disputes with trade unions. Such disruptions could put a strain on the Group's relationships with suppliers and clients and may have lasting effects on the Group's business.

The Group's business is further exposed to employees' misconduct, negligence or fraud, which could result in sanctions and serious reputational or financial harm, or damages to the products or assets. It is not always possible to deter employees' misconduct and the internal control systems set up by the Group may not always be effective.

(d) Risks related to interruption or failure in the Group's production, storage and distribution facilities, transportation infrastructure or modes of transportation

The Group's business is highly dependent on production, storage and distribution facilities and transportation services to ensure smooth operation. The production, storage and distribution facilities, as well as transportation infrastructure and modes of transportation the Group uses are subject to being partially or completely shut down, temporarily or permanently, as a result of a number of circumstances, such as day to day mobility restrictions and traffic congestions as well as adverse weather conditions, catastrophic events, environmental remediation, equipment or machinery breakdowns, strikes, lockouts or other events. Damage to any of these facilities, any significant or prolonged interruption at these facilities or inability to transport products to or from these facilities for any reason would create a bottleneck in the flow of the Group's business operations and impact the Group's ability to serve its customers. If the Group experiences disruptions or interruptions of these types and is unable to quickly identify and resolve them, the Group's reputation, business, financial condition and/or results of operations could be adversely affected and there is a risk the Group may lose customers as a result.

(e) Risks related to interruption or failure in the Group's information technology systems

Significant IT systems failure could adversely impact the Group's operations. The Group is increasingly dependent upon key software applications in connection with its supply chain and customer fulfilment processes (e.g., electronic data interchange with customers) and for conducting its business activities generally, including for monitoring the Group's financial position and daily cash flows. Any failure of key software applications or communication networks could delay day-to-day decision making and manufacturing processes, product delivery or otherwise cause material financial losses to the Group. The Group has mainly outsourced its IT systems to an external third party which exposes the Group to failure by such third party to operate the key software applications or communication networks, as well as overrun of costs by such third party provider. Business continuity plans, and other safety measures, implemented by the Group to avoid failure of its IT systems and reduce the negative impact thereof may not be effective.

(f) Risks related to food safety and food contamination

Operational risks facing the Group include risks posed by involuntary or malicious product contamination, general food scares, food spoilage, evolving nutritional and health-related concerns, consumer product liability claims, the availability and costs of liability insurance cover and the potential cost and disruption of product recalls. The risks of food contamination and spoilage exist at each stage of the production cycle: from the purchase and delivery of raw materials through the production, packaging, transport, stocking and delivery processes. Any actual or alleged health risks associated to the Group's products or even competitors' products may cause customers to lose confidence in the safety and quality of the Group's products, to reduce their demand, introduce claims or join class action claims, and ultimately have a material adverse effect on the Group's operations and financial condition. In addition, any actual or alleged violations of food safety rules may expose the Group to class actions in accordance with applicable law, including in the United States of America where the Group plans to develop its Bakery Products business as "importer" as of 2017. The Group's quality assurance systems may not be fully effective in mitigating all risks relating to food safety.

In addition, claims or liabilities of this sort might not be covered by the Group's insurance or by any rights of indemnity or contribution that the Group may have against others. There can be no assurance that the Group will not incur claims or liabilities for which the Group is not insured or that exceed the amount of its insurance coverage, resulting in significant cash outlays that could materially and adversely affect the Group's results and financial condition.

(g) Calamities and geopolitical events

Calamities, such as earthquakes, hurricanes, flooding, fire, power loss and related loss of water supply, telecommunications and information technology system failures, and geopolitical events, such as political

instability, military conflict and uncertainties arising from terrorist attacks, in a country where the Group is active or the Group's suppliers are based might adversely affect the Group's business and operating results.

While the Group's main sites have a limited exposure to above-mentioned major natural hazards, certain of its production and storage facilities, such as flour silos and heat ovens, are sensitive to explosion and fire risks and one cannot exclude that such event would ever occur.

(h) Insurance and risk coverage

In each country where the Group conducts business, its operations and assets are subject to varying degrees of risk and uncertainty. The Group insures its business and assets in each country in a manner that it deems appropriate for a group of its size and activities, based on an analysis of the relative risks and costs. Some types of risks, such as losses resulting from wars, acts of terrorism, or natural disasters, are generally excluded from insurance policies standard in the Group's sector and are not insured because they are either uninsurable or prohibitively expensive. The cost of some of the Group's insurance policies could increase in the future since insurance markets are currently rather soft markets. If the Group were to incur a significant loss or liability for which it is not fully insured or if its insurers would turn out to be insolvent, this could have a material adverse impact on the Group's business and financial condition.

(i) Approvals, labels, licenses, permits and certificates

Various approvals, labels, licenses, permits and certificates related to the quality, conditions and characteristics of the Group's products, production standard, environmental efforts and corporate social responsibility efforts, are required by the Group's customers or to operate its business and facilities. The Group may be required to renew these approvals, labels, licenses, permits and certificates or to obtain new approvals, labels, licenses, permits and certificates. The Group cannot guarantee that in the future the relevant authorities, customers and organisations will issue or renew any required approvals, labels, licenses, permits or certificates in a timely manner or at all. Failure to renew, maintain or obtain the required approvals, labels, licenses, permits and certificates may reduce the Group's sales, drive customers or potential customers away, interrupt its operations or delay or prevent the implementation of any capacity expansion or other new projects and may have a material adverse effect on the Group's business, financial condition and/or results of operations.

4. Legal Risks

(a) Risks related to effective protection of trademarks, patents, domain names and other intellectual property rights

An important portion of the Group's revenues derives from sales of products under own brands, both for the retail markets and for the professional markets. Maintaining the reputation of the Group's brands is essential to the Group's ability to attract and retain customers and is critical to its future success.

In Belgium and Luxembourg, the Group also markets margarines under the Alpro brand and uses the Alpro registered trademarks under a 25 years license agreement with Alpro (Group Lactalis), of which 18 years are remaining. If this license agreement were to be terminated prior to its termination date, the Group would no longer be in a position to market certain margarines under the Alpro brand.

The Group's principal trademarks, such as the Vandemoortele®, St-Alléry®, Vitelma®, Fama®, Belolive®, Reddy®, Diamant®, Gouda's Glorie®, Sojola®, Panavi®, Croustifrance®, Gold Cup® and Banquet d'Or® brand names, are registered in the countries in which such trademarks are used. The Group's actions to establish, protect and renew its trademarks may not be sufficient to prevent imitation of the Group's products by others or to prevent others from seeking to block sales of the Group's products on grounds that they violate competitors' patents, trademarks and proprietary rights. If a competitor were to infringe on the Group's trademarks, enforcing the Group's rights would likely be costly and would divert resources that would otherwise be used to operate and develop the Group's business.

If the Group were unable to protect its intellectual property rights against infringement or misappropriation, its financial results and growth might be adversely impacted.

(b) Risks related to compliance with health, safety, environmental, food safety and other regulations

Spread over various European countries and (expected as from 2017) over the different states of the United States of America, the Group's activities are subject to extensive regulation in each country in which it operates, including corporate governance, labour, tax, competition, environment and health and safety regulations. The production of margarines and fats as well as the production of bakery products in the EU is subject to a notification to the competent authorities, but only in certain circumstances (such as the use in food products of vitamins, minerals, novel food products, gmo's, etc). Failure to comply with existing laws and regulations might result in fines and penalties being levied against the Group or the loss of its operating licenses and might adversely affect the Group's reputation. Compliance with applicable regulatory requirements might result in material costs for the Group.

Compliance with future material changes in food safety or health-related regulations might result in material increase in operating costs and might require interruptions in the Group's operations to implement such regulatory changes. Increased governmental regulation of the food industry, such as proposed requirements designed to enhance food safety, impose health-related requirements or to regulate imported ingredients, might increase the Group's costs and adversely affect its profitability. Although the Group has budgeted for future capital and operating expenditures to maintain compliance with environmental and health and safety regulations, there can be no assurance that such provisions would be sufficient.

The Group does not exclude future governments' action against the food industry in connection with rising obesity levels, for example by levying additional taxes on specific products. Such changes might have an adverse impact on the Group's financial results.

(c) Risks related to pending and future litigation

Group companies are now and may in the future be parties to various legal proceedings arising out of the normal course of business, including on the basis of product liability.

Accounting provisions for commercial, social and tax litigations may appear to be insufficient in case of adverse outcomes of these litigations.

(d) Risks related to the upstreaming of cash-flows from the Issuer's Subsidiaries

Since the Issuer is a holding company that conducts operations through subsidiaries, its ability to repay the Bonds is subject to the ability of its Subsidiaries to upstream their revenues through dividends, intercompany receivables, management fees and other payments. The Issuer's Subsidiaries may not be able to pay dividends to the Issuer.

(e) Taxation

The Group is intermittently subject to ordinary-course tax-related audits by the fiscal authorities in multiple jurisdictions. In connection with ongoing and future audits, fiscal authorities may assess fiscal regulations and tax-related matters differently than the Group has done. For instance, this may happen with any of the Group's measures or practices, which have not been approved by an advance tax ruling. Although the Group would retain the right to appeal any such adverse conclusions, the Group cannot provide assurance that these audits would not entail adverse results, for instance, in a reduction of the Group's carry-forward tax losses or in the immediate payment of taxes. Therefore, it is possible that as a result of audits conducted, tax breaks and other tax advantages may not be honoured (even if recorded as deferred tax assets in the financial statements) and additional taxes may become due (even if respective tax provisions or liabilities are not shown in the financial statements). An audit could also result in having to pay additional taxes in the form of any interest and fines due.

Changes in fiscal regulations or the interpretation of tax laws by the courts may have adverse effects on the Group's business, for example because certain tax exemptions no longer apply or products become less attractive to customers for tax reasons.

Governments of various European countries in which the Group is active, such as Belgium and France, have expressed an intention to change their tax legislation (e.g. less tax deductions, decrease of the tax rate, implementation of BEPS,...), which might have an impact on the Group's tax position and financial situation.

5. ***Financial Risks***

In the normal course of its business, the Group is exposed to liquidity, foreign exchange rates, interest rates and counterparty risk. The Group has implemented an organization enabling it to manage, in a centralized manner, all such financial risks. A description thereof is presented in Note 27 to the consolidated financial statements for the financial year 2015 (available at www.vandemoortele.com).

(a) Risks related to the Group's credit and liquidity risk

The ability to pay the principal amount of, and interest on, the Bonds and other financial indebtedness depends on the Group's future operating performance. The future operating performance depends on market, strategic, operational and legal risks which are often beyond the control of the Group. Consequently, the Group cannot provide any assurance that it will have sufficient cash flow available to repay the principal amount of, and interest on, its financial indebtedness.

The Group covers its liquidity and working capital needs through supplier credit, factoring, overdraft facilities and bank loans. In this context, the Group depends on the willingness of banks to provide credit lines or loans. It cannot be excluded that the willingness of banks to provide credit lines and loans declines in the future in light of the current macroeconomics trends or the performance of the Group. The issuance of the Bonds aims at a further diversification of the funding of the Group and at the same time an extension of the duration of this funding.

The existing financing arrangements of the Group impose operating and financial restrictions on the business (See Sections Schedule 1Part AV.K – “*Material contracts*”). These provisions may negatively affect the Group's ability to react to changes in market conditions or in the industry in which it operates, take advantage of business opportunities it believes to be desirable, pursue its strategy, obtain future financing, fund needed capital expenditures, or withstand a continuing or future downturn in its business.

The net financial debt of the Group amounts to EUR 300 million as at 30 June 2016 and, based on management projections, the Group's leverage ratio as at the date hereof, calculated as the ratio of the Group's aggregate net financial indebtedness over the Group's REBITDA, is equal to approximately 2.3:1. The gross proceeds of the Bonds, which amount to EUR 75,000,000, will together with the Issuer's cash flows and existing financing be used to prepay part of the outstanding amount under the Revolving Facility, to finance the Issuer's business development (including, the extension or optimisation of production capacities in Lyon (Saint-Vulbas), Arras, Kutno and Ravenna), as well as to finance its general corporate purposes including future acquisitions.

With the issue of the Bonds, the Issuer aims to further reduce its reliance on bank financing by achieving an optimal global balance between the Issuer's existing bank financing and financing through the debt capital markets, as well as to extend the maturity of its funding.

In the future, the Group may from time to time incur additional indebtedness, and such indebtedness may be secured (See “*Risks relating to the Bonds*” in Section Schedule 1Part AII.B of this Information Memorandum). In this case, the risks to which the Group is exposed as a result of its existing indebtedness could further intensify. It is further not certain that any additional financial indebtedness or debt refinancing will be available, and, if available, on attractive terms. Consequently, the Group's financing costs may increase, which would have a negative influence on the Group's profitability.

(b) Risks related to counterparties' credit risk

Although the Group aims at a minimum A⁻ rating for its core banks, spreads its dealings over different banks and has taken out credit insurance, the Group is exposed to the risk of its counterparties being unable to perform their contractual obligations, from a risk of default under the Group's trade receivables to a risk of non-performance of the counterparty under the derivatives transactions (including the forward contracts) entered into by the Group to hedge commodity, foreign exchange or interest risks.

(c) Foreign exchange risk

The Group has operations and interests outside the euro zone for an aggregate portion of approximately 8.1 of the Group's total revenues, and is thus subject to adverse movements in foreign currency exchange rates, both in

terms of its trading activities and the translation of its financial statements. The key foreign currencies are the US Dollar, the British Pound, the Swiss Franc, the Czech Kroner, the Hungarian Forint and the Polish Zloty.

The Group has hedge policies in place to manage its exposures to foreign currencies. There can be no assurance, however, that such policies will be able to successfully mitigate such foreign exchange exposure, particularly over the long-term. In particular, concerns regarding the euro zone sovereign debt crisis, the overall stability of the European Union and the “Brexit” may result in increased volatility of euro exchange rates.

(d) Interest rate risk

The Group uses debt issuance, bank borrowings and leasing as a source of funding, of which some are at variable interest rates, which exposes it to changes in such interest rates. The cost of some working capital instruments is also based on a variable market rate. The Group entered into several interest rate swaps to hedge the floating interest rate due under its financial indebtedness. There is a discrepancy between the maturity of the financing and the interest rate swaps contracts.

(e) Risks related to the absence of audited financial information after 31 December 2015

The Information Memorandum does not contain audited financial information for the period after 31 December 2015. Financial information for the first half-year periods of 2015 and 2016 included in this Information Memorandum is not audited.

6. Pension Risk

The Group has a number of defined benefit and defined contribution pension schemes.

A defined benefit plan is a post-employment benefit plan that defines an amount of pension benefit that an employee will receive on retirement. The liability recognised in the balance sheet for a defined benefit retirement plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Independent actuaries, using the projected unit credit method, calculate the defined benefit obligation annually. Past service cost is the increase in the present value of the defined benefit obligation or other long-term employee benefits. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period (the vesting period). In this case, the past service costs are amortised on a straight-line over the vesting period.

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into a separate entity (a fund or insurance company) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. However, if under a defined contribution plan, there remains a legal or constructive obligation for the Group to guarantee a certain return, the plan is treated as a defined benefit plan.

Assumptions related to future costs, return on investments, interest rates and other actuarial assumptions have a significant impact on the Group’s funding requirements related to these plans. These estimates and assumptions may change based on actual return on plan assets, changes in interest rates, inflation, any changes in governmental regulations and general economic conditions. Therefore, the Group’s funding requirements may change and additional contributions could be required in the future. If, as of a balance sheet date, the fair value of any plan assets of a defined benefit plan is lower than the defined benefit obligations (determined based on actuarial assumptions), the Group bears an “underfunding risk” at that moment in time. At the end of 2015, the Group recognised a net underfunding liability of defined benefit plans of EUR 14.8 million.

7. Financial Reporting Risk

Effective internal control over financial reporting is necessary for the Group to provide reasonable assurance with respect to the Group’s financial reports and to prevent fraud effectively. The existing internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of

financial statements. In addition, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risks that the control may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate. If the Group fails to maintain the adequacy of its internal controls, including any failure to implement required new or improved controls, or if it experiences difficulties in its implementation of internal controls, its business and operating results could be harmed and the Group could fail to meet its reporting obligations, which could lead to claims or a discontinuation in the trust by its stakeholders.

B. Risks relating to the Bonds

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 Information Memorandum 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. Investors should note that they may lose all or part of their investment.

2. *Independent Review and Advice*

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.

3. *The Issuer may not have the ability to repay the Bonds*

The Issuer may not be able to repay the Bonds at their maturity. 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 9 (*Events of Default*)). If the Bondholders were to ask the Issuer to repay their Bonds upon the occurrence of an Event of Default (as defined in Condition 9 (*Events of Default*)), the Issuer cannot be certain that it will be able to pay the required amount in full. The Issuer's ability to repay the Bonds will depend on the Issuer's financial condition (including its cash position resulting from its ability to receive income and dividends from its Subsidiaries) at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that it 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.

4. *The Bonds are unsecured obligations of the Issuer which do not benefit from any guarantee*

The right of the Bondholders to receive payment on the Bonds is not secured or guaranteed and will effectively be subordinated to any secured and guaranteed indebtedness of the Issuer, which the Issuer is allowed to incur. 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 of the enforcement of such security.

Moreover, certain Subsidiaries of the Issuer have provided and may in the future provide guarantees for the benefit of holders of other indebtedness incurred by the Issuer, including (without limitation) under the Revolving Facility (see Section Schedule 1Part AV.K.2 “*Revolving Facility*”). In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Issuer, the holders of any indebtedness which benefit from guarantees from Group members may recover their claims through payments by such Group members under the guarantees provided by them, whereas such right will not be available to the Bondholders.

There are no limitations on the amount of any such guaranteed or secured indebtedness which the Issuer may incur.

5. *The bonds are structurally subordinated to the creditors of the Subsidiaries*

Because the Issuer is mainly a holding company and to a large extent dependent on dividends and other revenue streams from its Subsidiaries, the Bondholders are structurally subordinated to the banks and other creditors of these Subsidiaries. In addition, as described above, certain Subsidiaries of the Issuer have provided and may in the future provide guarantees for the benefit of holders of other indebtedness incurred by the Issuer. These Subsidiaries will often hold more operational assets than the Issuer. In the event of enforcement against all or any part of these assets, it may occur that there are insufficient assets remaining which can be distributed to and used by the Issuer to repay the Bonds and/or the interest payments. In case of liquidation of any Subsidiary (or other company included in the consolidation of the Issuer) or in case of insolvency of such an entity the collateral of the Bonds will be reduced.

6. *The Bonds are contractually subordinated to all present and future indebtedness of the Issuer, save for indebtedness owed to the Issuer's shareholders and their Connected Persons*

Pursuant to and subject to the terms of Condition 2(b), the Bonds are contractually subordinated in rank to all present and future indebtedness of the Issuer, except that the Bonds rank:

- (i) (at least) *pari passu* with all other present or future subordinated debt of the Issuer; and
- (ii) senior to all present and future rights and claims of the Issuer's present and future shareholders and Connected Persons (as defined in Condition 4).

Therefore, in case Trigger Event occurs, the Bondholders will not be entitled to any payment in respect of or arising under the Bonds, as long as the claims of unsecured and unsubordinated creditors have not been satisfied in full. Pursuant to this mechanism, the Bondholders may receive from the Issuer a proportionately lower payout than the unsecured and unsubordinated creditors of the Issuer.

Furthermore, in case a payment default occurs under the Revolving Facility Agreement (or under any agreement entered into for the refinancing of the Revolving Facility Agreement, in whole or in part) of the Issuer, the Bondholders will as from the date such payment default occurs, also be subordinated in payment to the payment under the Revolving Facility Agreement (or under such refinancing). This means that the Bondholders will as from the time of such payment default no longer be entitled to receive any payment of principal, interest or indemnities under the Bonds) until the earlier of :

- (a) the date on which such payment default is no longer outstanding, remedied and/or waived,
- (b) the date which falls 360 calendar days after the date on which such payment default occurs (the **End Date**), insofar the Revolving Facility Agreement has not been accelerated prior to such End Date; and
- (c) if the Revolving Facility Agreement is accelerated prior to the End Date, the date on which payment in full has been made of all outstanding amounts due to the finance parties under the Revolving Facility

Agreement (or under such refinancing), including (without limitation) the principal, interest, costs, expenses or indemnities under the Revolving Facility Agreement (or under such refinancing).

The Issuer has undertaken to notify the Bondholders in the event a payment under the Bonds cannot be made on its due date as a result of the subordination set out in Condition 2(b).

The subordination of the claims of future shareholders and Connected Persons to the Bonds requires that in the future such subordination is contractually provided for in the arrangements between the Issuer and its relevant shareholders or Connected Persons. If such subordination is not or not validly provided for or is not enforceable in respect of an arrangement between the Issuer and its shareholder or Connected Persons, then the claims under the Bonds will rank *pari passu* with the claims of such future shareholders and Connected Persons under the relevant arrangement.

7. *The Issuer may incur additional indebtedness*

In the future, the Issuer could decide to incur additional indebtedness or further increase its indebtedness (including, without limitation, to finance capital expenditure, acquisitions or share buy-backs). This could have an impact on its ability to meet its obligations under the Bonds or could cause the value of the Bonds to decrease. The Conditions do not limit the amount of unsecured or secured debts that the Issuer can incur. The Conditions further do not prevent the Issuer from granting Security in respect of any indebtedness of the Issuer or a Subsidiary other than Relevant Debt, without any obligation for the Issuer to equally secure at the same time or prior thereto the Issuer's obligations under the Bonds.

8. *The Issuer and the Bonds do not have a credit rating, and the Issuer currently does not intend to request a credit rating for itself or for the Bonds at a later date. This may render the price setting of the Bonds more difficult*

The Issuer and the Bonds do not have a credit rating on the date of this Information Memorandum, and 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 on the Issue Date or at a later date will cover the credit risk related to the Bonds and the Issuer. In addition, there can be no assurance that, should a rating be requested in respect of the Issuer or the Bonds, an investment grade rating would be assigned.

9. *Certain of the Group's financing agreements and the terms and conditions of the Bonds contain covenants that restrict the Group's ability to engage in certain transactions and may impair its ability to respond to changing business and economic conditions*

The Group's financing agreements (see Section Schedule 1Part AV.K "Material Contracts") and the terms and conditions of the Bonds as well as the Existing Bonds include a number of restrictive covenants. These covenants may restrict, among other things, the Group's ability to: incur additional indebtedness, provide guarantees, create security interests, pay dividends, redeem share capital, sell assets, make investments, merge or consolidate with another company and engage in transactions with affiliates. In addition, the terms and conditions of the Existing Bonds provide that in certain circumstances the applicable interest rate of the Existing Bonds will be increased. Although subject to significant qualifications and exceptions, these covenants could limit the Group's ability to plan for or react to market conditions or to meet capital needs or engage in activities that may be in the Group's interest. The Group's ability to comply with these covenants may be affected by events beyond its control, and it may have to curtail some of its operations and growth plans to maintain compliance.

10. *There is no guarantee to an active trading market for the Bonds*

The only manner for the Bondholders 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 which may not be widely traded and for which there is currently no active trading market. An application has been submitted for admission of the Bonds to trading on Alternext. 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. In the event that put options are exercised in accordance with Condition 6(b) (*Redemption at the Option of Bondholders*), liquidity will be reduced for the remaining Bonds. Furthermore, it cannot be guaranteed that the admission to listing and trading once approved will be maintained.

11. *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 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 the nominal amount of such Bonds.

12. *The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors*

The value of the Bonds may be affected by the creditworthiness of the Issuer and the Group and a number of additional factors, such as market interest and exchange 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 substantial, from the issue price or the purchase price paid by such investor.

13. *The Bonds may be redeemed prior to maturity*

In the event of the occurrence of an Event of Default (as defined in Condition 9 (*Events of Default*)), the Bonds may be redeemed prior to their maturity in accordance with the Conditions. 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. Investors need to be aware that in the event of a redemption prior to maturity in accordance with the Conditions, they might receive a redemption amount which is lower than the Issue Price.

14. *The Bonds may be redeemed prior to maturity in the event of a Change of Control*

Each Bondholder will have the right to require the Issuer to repurchase all or any part of such holder's Bonds at the Put Redemption Amount upon the occurrence of an Early Redemption Event, as such terms are defined herein, and in accordance with the Conditions of the Bonds (the "**Change of Control Put**").

Accordingly, the put option may arise, at times when prevailing interest rates may be relatively low. 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. 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. In particular, it should be noted that a Change of Control for purposes of the conditions shall only have occurred if (i) any person not affiliated with the Reference Shareholders (as defined in the Conditions) or (ii) a group of persons not affiliated with the Reference Shareholders, Acting in Concert, gain(s) Control of the Issuer, both as defined in Condition 6(b) (*Redemption at the Option of Bondholders*). Once given, a Change of Control Put Exercise Notice is irrevocable and Bondholders will be required to undertake in the Change of Control Put Exercise Notice not to sell or transfer the relevant Bonds until the relevant Change of Control Put Date.

Bondholders deciding to exercise the Change of Control Put shall have to do this through the bank or other financial intermediary through which the Bondholder holds the Bonds (referred to for purposes of this risk factor as the "**Financial Intermediary**") and are advised to check when such Financial Intermediary would require to receive instructions and Change of Control Put Exercise Notices from Bondholders in order to meet the deadlines 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. Qualified Investors exercising their put option by

giving notice of such exercise to any paying agent in accordance with the standard procedures of the NBB, Euroclear or Clearstream, Luxembourg in lieu of depositing a Change of Control Put Exercise Notice with a Financial Intermediary are also advised to check by when the relevant securities settlement system would require to receive notices in order to meet the deadlines for such exercise to be effective.

Bonds in respect of which the Change of Control Put is not exercised may be illiquid and difficult to trade.

15. *The Bonds may be affected by the turbulence in the global credit markets*

Potential investors should be aware of the turbulence in the global credit markets which has led to a general lack of liquidity in the secondary market for instruments similar to the Bonds. The Issuer cannot predict when these circumstances will change and if and when they do there can be no assurance that conditions of general market illiquidity for the Bonds and instruments similar to the Bonds will not return in the future.

16. *Euro zone crisis*

Potential investors should be aware of the crisis affecting the euro zone, the turbulence in the global credit markets and the general economic outlook. The Issuer cannot predict when these circumstances will change and potential investors need to be aware of the significant uncertainty about future developments in this regard.

17. *Modification to the Conditions of the Bonds can be imposed on all Bondholders upon approval by defined majorities of Bondholders*

The Conditions of the Bonds contain 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.

18. *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 the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds, and (3) the Investor's Currency equivalent market value of the Bonds.

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

19. *Risk of inflation*

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

20. *Possible impact of the EU Savings Directive – Common Reporting Standard*

Under the EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), member states of the European Union (the "**EU Member States**" and each a "**EU Member State**") are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in other EU Member States. However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and

territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 9 December 2014, however, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (“**DAC2**”), which implemented the exchange of information based on the so-called Common reporting Standard (“**CRS**”) within the EU. So as to prevent overlap, the EU Savings Directive was repealed as from 1 January 2016 (1 January 2017 in the case of Austria).

If, during 2016, a payment were to be made or collected through a paying agent in Austria or in certain third countries or dependent associated territories of certain Member States, a withholding tax based on the EU Savings Directive could still be levied in such countries.

In such case, neither the Issuer nor the Agent nor any other person would be obliged to pay additional amounts to the Bondholders or to otherwise compensate Bondholders for the reductions in the amounts that they will receive as a result of the imposition of such withholding tax.

Under DAC2 (and the Belgian law of 16 December 2015 implementing DAC2 and CRS), Belgian financial institutions are required to identify their customers and report, according to a due diligence standard, personal data and 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 include e.g. trusts) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

More than 50 countries, including Belgium, have committed to start reporting under CRS in 2017 with respect to calendar year 2016.

21. *U.S. Foreign Account Tax Compliance Act withholding*

Whilst the Bonds are cleared through the X/N System, in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) will affect the amount of any payment received by the X/N System (see “IX. Taxation – B. Foreign Account Tax Compliance Act”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Bonds are discharged once it has made payment to, or to the order of, the X/N System and the Issuer has therefore no responsibility for any amount thereafter transmitted through the X/N System and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction that has entered into an intergovernmental agreement with the United States (an “**IGA**”) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make on securities such as the Bonds.

22. *Payments made in respect of the Bonds may be subject to Belgian withholding tax*

Potential investors should be aware that neither the Issuer, the NBB, the Agent 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.

If the Issuer, the NBB, the Agent or any other person is required by law 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, the NBB, the Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

Belgian withholding tax, currently at a rate of 27%, will in principle be applicable to the interest on the Bonds held in a non-exempt securities account (an “**N account**”) in the X/N System, as further described in Section (*Taxation*). It should be noted that the Belgian government has recently announced its intention to increase the general withholding tax rate (which applies a.o. to interest payments on debt securities) from 27 to 30%. It is currently still somewhat unclear when exactly this increase will take effect.

In addition, potential investors should be aware that any relevant tax law or practice applicable as at the date of this Information Memorandum and/or the date of purchase or subscription of the Bonds may change at any time (including during any subscription period or the term of the Bonds). Any such change may have an adverse effect on a Bondholder, including that the liquidity of the Bonds may decrease and/or the amounts payable to or receivable by an affected Bondholder may be less than otherwise expected by such Bondholder.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

23. *Potential purchasers and sellers of the Bonds may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions*

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Information Memorandum but to seek the advice of a tax professional regarding their individual tax liabilities with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Information Memorandum. Such taxes or documentary charges could also be due in case of a possible change of the statutory seat of the Issuer. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

24. *Changes in governing law could modify certain Conditions*

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

25. *Relationship with the Issuer*

All notices and payments to be delivered to the Bondholders will be distributed by the Issuer to such Bondholders in accordance with the Conditions. In the event that a Bondholder does not receive such notices or payments, its rights may be prejudiced, but it may not have a direct claim against the Issuer with respect to such prejudice.

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

The Bonds will be issued in dematerialised form under the Belgian Company Code and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the X/N System. Access to the X/N System is available through its X/N System participants whose membership extends to securities such as the Bonds. X/N System participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and Euroclear and Clearstream, Luxembourg. Transfers of interests in the Bonds will be effected between the X/N System participants in accordance with the rules and operating procedures of the X/N System. Transfers between investors will be effected in accordance with the respective rules and operating

procedures of the X/N System participants through which they hold their Bonds. The Issuer and the Agent will have no responsibility for the proper performance by the X/N System or the X/N System participants of their obligations under their respective rules and operating procedures.

A Bondholder must rely on the procedures of the X/N System to receive payments 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 X/N System.

27. *The Agent is not required to segregate amounts received by it in respect of Bonds cleared through the X/N System*

The Conditions of the Bonds and the Agency Agreement (as defined below) provide that the Agent (as defined below) will debit the relevant account of the Issuer and use such funds to make payment to the Bondholders. The Agency Agreement provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Bondholders, directly or through the NBB, any amounts due in respect of the relevant Bonds. However, the Agent is not required to segregate any such amounts received by it in respect of the Bonds. In the event that the Agent were subject to insolvency proceedings at any time when it held any such amounts, Bondholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from the Agent in accordance with applicable Belgian insolvency laws, because the Conditions provide that the payment obligations of the Issuer will be discharged by payment to the Agent in respect of each amount so paid. In such case, it may occur that there are insufficient assets remaining which can be distributed to and used to pay the Bondholders.

28. *The Issuer, the Agent and the Managers may engage in transactions adversely affecting the interests of the Bondholders*

The Agent and the Managers might 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, the Calculation Agent or/and each of the Managers 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, the Calculation Agent and each of the Managers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer.

Within the framework of normal business relationship with its banks, the Issuer entered into loans and other facilities (the “**Funding Transactions**”) with the Managers (via bilateral transactions or/and syndicated loans together with other banks including the Revolving Facility). The terms and conditions of these Funding Transactions differ from the terms and conditions of the proposed Bonds and certain of the terms and conditions of the Funding Transactions are stricter or more extensive than the terms and conditions of the proposed Bonds. The terms and conditions of these Funding Transactions contain financial covenants, different from or not included in the conditions of the proposed Bonds. In addition, as part of the Funding Transactions, the lenders have the benefit of guarantees granted by operational companies of the Group, whereas the Bondholders will not have the benefit from similar guarantees (subject to Condition 3 (*Negative Pledge*)). This results in the Bondholders being structurally subordinated to the lenders under such Funding Transactions. The Funding Transactions have repayment dates falling before the Maturity Date of the Bonds and consequently the credit risk for the Managers could be reduced and shifted to the Bondholders. Reference is made to Section Schedule 1Part AV.K (“*Material contracts*”) of this Information Memorandum for a further description of the relevant transactions.

The Bondholders should be aware of the fact that the Managers or the Agent, when they act as lenders to the Issuer or another company within the 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 gross proceeds of the Bonds, which amount to EUR 75,000,000, will together with the Issuer’s cash flows and existing financing be used to prepay part of the outstanding amount under the Revolving Facility granted by, amongst other, the Managers.

29. *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.

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

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

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

31. *Belgian insolvency laws*

The Issuer is incorporated, and has its registered office, in Belgium and is, consequently, as a rule, subject to insolvency laws and proceedings in Belgium. The application of these insolvency laws may substantially 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.

III. TERMS AND CONDITIONS OF THE BONDS

The following is the text of the Conditions of the Bonds save for the paragraphs in italics that shall be read as complementary information.

The issue of the 3.50 per cent. fixed rate Bonds due 7 November 2023 for a principal amount of EUR 75,000,000 (the “**Bonds**”) was authorised by resolutions of the Board of Directors of Vandemoortele NV (the “**Issuer**”) passed on 27 October 2016 and approved by a general shareholders’ meeting on 27 October 2016. The Bonds are issued subject to and with the benefit of a domiciliary, paying, calculation and listing agency agreement dated 28 October 2016 entered into between the Issuer and KBC Bank NV acting as domiciliary, paying, calculation and listing 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**”). The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and the Clearing Agreement (as defined below). Copies of the Agency Agreement and the Clearing Agreement are available for inspection during normal business hours at the specified office of the Agent. The specified office of the Agent is at Havenlaan 2, 1080 Brussels, Belgium. The Bondholders are bound by and deemed to have notice of all the provisions of the Agency Agreement applicable to them.

References herein to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs below.

1. *Form and denomination*

(a) *Form*

The Bonds are issued in dematerialised form in accordance with Article 468 *et seq.* of the Belgian Company Code (*Wetboek van vennootschappen / Code des Sociétés*) and cannot be physically delivered. The Bonds will be exclusively represented by book entry in the records of the clearing system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**X/N System**”). The Bonds can be held by their holders through participants in the X/N System, including (without limitation) SIX SIS (Switzerland), Monte Titoli (Italy), Euroclear and Clearstream, Luxembourg and through other financial intermediaries which in turn hold the Bonds through Euroclear and Clearstream, Luxembourg, or other participants in the X/N System.

The Bonds are accepted for clearance through the X/N System, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the X/N System 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 “**X/N System Regulations**”). Title to the Bonds will pass by account transfer. The Bonds may not be exchanged for bonds in bearer form.

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

(b) *Denomination*

The Bonds will have a denomination of EUR 100,000 each (the “**Specified Denomination**”).

2. *Status of the Bonds*

(a) *Status*

The obligations of the Issuer in respect of the Bonds constitute direct, unconditional and (subject to Condition 3 (*Negative Pledge*) and subject to paragraph (b) (*Subordination*)) unsecured subordinated obligations of the Issuer. The rights and claims of the holders of the Bonds are subordinated as described in Condition 2(b). The Bonds rank and will at all times rank *pari passu*, without any priority among themselves and at least equally and rateably with all other present and future outstanding subordinated obligations of the Issuer, except as otherwise mentioned under Condition 2(b).

(b) *Subordination*

In the event:

- (i) a court order or an effective resolution is passed for the winding up or the liquidation of the Issuer (except for, in any such case, a solvent winding up or liquidation solely for the purposes of a reorganisation, reconstruction or amalgamation, merger or consolidation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer);
- (ii) the Issuer is declared bankrupt (*failliet/faillite*) or is unable to pay its debts as they fall due (*staking van betaling/cessation de paiements*);
- (iii) any concursus creditorum (*samenloop/concours*) in respect of the Issuer has occurred; or
- (iv) any corporate action is taken and/or legal proceedings are initiated and/or any step is taken in relation to a composition, compromise, assignment or arrangement with any creditor or the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise, including under the Belgian Law of 31 January 2009 regarding judicial reorganisation), the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer or the enforcement of any Security over any assets of the Issuer other than a winding up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement or, if earlier, the date on which it is advertised,

(each of these events referred to directly above under (i) to (iv), a “**Trigger Event**”),

then, all rights and claims of the Bondholders against the Issuer in respect of or arising under (including ,without limitation, principal, interest and any damages awarded for breach of any obligation under) the Bonds (the “**Junior Liabilities**”) shall rank:

- (1) *pari passu* with the rights and claims of any subordinated creditor of the Issuer (excluding the persons mentioned under (3) directly below);
- (2) junior to the rights and claims of all other unsubordinated creditors of the Issuer, whether present or future, actual or contingent, unsecured or secured (the “**Senior Liabilities**”);
- (3) senior to all present and future rights and claims of existing and future (x) shareholders of the Issuer and (y) Connected Persons (other than shareholders) as connected to the Issuer in relation to any indebtedness for or in respect of monies borrowed or raised from any of its shareholders or Connected Persons (other than shareholders), other than indebtedness under the form of Debt Capital Market Instruments (the “**Super Junior Liabilities**”). In case shareholders of the Issuer and Connected Person to the Issuer (other than shareholders) hold Debt Capital Markets Instruments, their rights and claims in respect of such Debt Capital Markets Instruments will rank *pari passu* with those of the other holders of such Debt Capital Markets Instruments.

In the event a payment default (however described) occurs by the Issuer under the Revolving Facility Agreement (or under any agreement entered into for the refinancing of the Revolving Facility Agreement, in whole or in part), then, as from the date such payment default occurs until the earlier of:

- (i) the date on which such payment default is no longer outstanding or is remedied and/or waived, and
- (ii) the date which falls 360 calendar days after the date on which such payment default occurs (the **End Date**), insofar the Revolving Facility Agreement has not been accelerated prior to such End Date,

then the payment, including (without limitation) through set-off, of all or any part of the Junior Liabilities (including (without limitation) the principal, any interest or indemnities under the Junior Liabilities) shall be postponed and subordinated to the payment in full of all outstanding amounts due to the finance parties under the Revolving Facility Agreement, including (without limitation) the principal, interest or indemnities under the Revolving Facility Agreement (or under any such agreement entered into for the refinancing of the Revolving Facility Agreement, in whole or in part).

(c) *Indebtedness to shareholders and Connected Persons*

The Issuer shall not incur indebtedness for or in respect of monies borrowed or raised from any of its shareholders or any Connected Person (other than shareholders) as connected to the Issuer (other than indebtedness under the Bonds or indebtedness in the form of Debt Capital Market Instruments) unless the rights and claims of such shareholder or Connected Person resulting from such indebtedness shall rank upon a Trigger Event:

- (i) junior to (1) the Senior Liabilities, and (2) the rights and claims of any other subordinated creditor of the Issuer (including the Bondholders) whether present or future, actual or contingent, unsecured or secured, but
- (ii) *pari passu* with all other Super Junior Liabilities.

In case indebtedness is incurred from shareholders of the Issuer and/or Connected Persons (other than shareholders to the Issuer) under the Bonds or in the form of other Debt Capital Markets Instruments, the rights and claims of such shareholders of the Issuer and/or such Connected Persons (other than shareholders to the Issuer) will rank *pari passu* with those of the other holders of such Debt Capital Markets Instruments.

The Issuer confirms that on the date of this Information Memorandum it does not have any Super Junior Liabilities that do not qualify as capital.

Each Bondholder acknowledges that the facility agent, acting on behalf of the senior lenders under the Revolving Facility Agreement, has accepted the benefit of the subordination of the Bondholders as set out in Condition 2(b) (Subordination) as third-party beneficiary of the *stipulation pour autrui/beding ten behoeve van een derde* under Condition 2(b) (Subordination) by means of a letter dated on or about 7 November 2016 to the Issuer. A copy of such letter is available for each Bondholder to review at the registered seat of the Issuer.

3. *Negative pledge*

- (a) So long as any Bond remains outstanding, the Issuer:

- (i) will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest, including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction (“**Security**”) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt of the Issuer or a Subsidiary or to secure any guarantee of or indemnity in respect of any Relevant Debt of the Issuer or a Subsidiary;
- (ii) will procure that no Subsidiary creates or permits to subsist any Security upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt of the Issuer or a Subsidiary or to secure any guarantee of or indemnity in respect of a Relevant Debt of the Issuer or a Subsidiary; and
- (iii) will not give, and will procure no Subsidiary (determined at the time of incurrence) gives any guarantee of, or indemnity in respect of any of the Relevant Debt of the Issuer or a Subsidiary;

unless, at the same time or prior thereto, the Issuer’s obligations under the Bonds are secured equally (including, without limitation, with respect to (i) the ranking of such Security and (ii) terms governing the provision of additional Security and the release of Security) therewith or benefit from a guarantee or indemnity in substantially identical terms thereto (including, for the avoidance of doubt, terms governing the provision of additional guarantees and indemnities and the release of such guarantees and indemnities), as the case may be, or have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a general meeting of the Bondholders. The Issuer shall be deemed to have satisfied any such obligation to provide Security, a guarantee or indemnity on substantially the same terms if the benefit of such Security, guarantee or indemnity is equally granted to an agent or trustee on behalf of the Bondholders or through any other structure which is customary in the debt capital markets (whether by way of supplement, guarantee agreement, deed or otherwise). The

enforcement of any Security Interest so provided shall be subject to the subordination of the Bonds pursuant to Condition 2(b) (Subordination).

- (b) The prohibition contained in this Condition 3 (*Negative Pledge*) does not apply to Security either:
- (i) existing prior to any entity becoming a Subsidiary (provided that such Security was not created or assumed in contemplation of such company or other entity becoming a Subsidiary of the Issuer and that the principal amount of such Relevant Debt is not subsequently increased); or
 - (ii) coming into existence pursuant to a modification of any mandatory provision of an applicable law.

4. Definitions

In these Conditions, unless otherwise provided:

“2017 Existing Bonds” means the EUR 75,000,000 5.125 per cent. fixed rate bonds due 13 December 2017.

“2022 Existing Bonds” means the EUR 100,000,000 3.06 per cent fixed rate bonds due 10 June 2022.

“Affiliate” means an affiliate (*met een vennootschap verbonden vennootschap/société liée à une société*) within the meaning of Article 11, 1° of the Belgian Company Code.

“Alternative Clearing System” has the meaning provided in Condition 1 (*Form and Denomination*).

“Auditors” means Deloitte Bedrijfsrevisoren CVBA (or such auditor or statutory auditor of the Issuer as may be appointed from time to time).

“Board of Directors” means the board of directors of the Issuer or any committee thereof duly authorised to act on behalf of the board of directors.

“Bondholder” means the person entitled thereto in accordance with the Belgian Company Code and the X/N System Regulations.

“Business Day” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Brussels.

“Calculation Agent” has the meaning provided in Condition 6(b) (*Redemption at the Option of Bondholders*).

“Cash” means, at any time, cash in hand and demand deposits.

“Change of Control” has the meaning provided in Condition 6(b) (*Redemption at the Option of Bondholders*).

“Change of Control Notice” has the meaning provided in Condition 6(b) (*Redemption at the Option of Bondholders*).

“Change of Control Period” shall commence on the date of the Change of Control, and shall end 60 days after the date of the Change of Control which period shall be extended following consummation of a Change of Control for so long as any Rating Agency has publicly announced within the period ending 60 days after the Change of Control that it is considering a possible Rating Downgrade, provided that the Change of Control Period shall not extend more than 60 days after the public announcement of such consideration.

“Change of Control Put Exercise Period” means the period commencing on the date of an Early Redemption Event and ending 60 calendar days following the Early Redemption Event, or, if later, 60 calendar days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 6(b) (*Redemption at the Option of Bondholders*).

“Change of Control Put Date” has the meaning provided in Condition 6(b) (*Redemption at the Option of Bondholders*).

“Change of Control Put Exercise Notice” has the meaning provided in Condition 6(b) (*Redemption at the Option of Bondholders*).

“Change of Control Resolutions” means one or more decisions validly taken by the general meeting of shareholders of the Issuer approving Condition 6(b) (*Redemption at the Option of Bondholders*).

“Clearing Agreement” means the service contract concerning the issue of dematerialized bonds to be dated on or about the Issue Date between the Issuer, the Agent and the NBB.

“Clearstream, Luxembourg” means Clearstream Banking, *société anonyme*, Luxembourg, 42, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

“Connected Person” means any of the following:

- (i) an Affiliate; and
- (ii) a connected person (*persoon verbonden met een persoon/personne liée à une personne*) in the sense of article 11, 2° of the Belgian Company Code.

“Debt Capital Market Instruments” means (i) 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 (including German law registered notes (*Namensschuldverschreibungen*) or Schuldschein loan (*Schuldscheindarlehen*)), 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 (provided such indebtedness is not intended to be issued only to the shareholders of the Issuer and/or any Connected Person, or (ii) any liability under or in respect of any acceptance of or guarantee issued by the Issuer or any Subsidiaries in respect of such indebtedness.

“Early Redemption Event” has the meaning provided in Condition 6(b) (*Redemption at the Option of Bondholders*).

“EBITDA” means, solely for the purpose of the definition of Material Subsidiary in these Conditions, for each Relevant Period, the aggregate (without duplication) of the Issuer’s:

- (i) consolidated profit for that Relevant Period;
- (ii) income tax expense for that Relevant Period;
- (iii) net finance expense for that Relevant Period;
- (iv) depreciation, amortisation and write-offs made in relation to that Relevant Period;
- (v) before taking into account any Exceptional Items,

all determined on a consolidated basis on the level of the Issuer in accordance with IFRS.

“EUR”, “euro” or “€” means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

“Euroclear” means Euroclear Bank SA/NV, Koning Albert II-laan, 1210 Brussels, Belgium.

“Event of Default” has the meaning provided in Condition 9 (*Events of Default*).

“Exceptional Items” means any exceptional, one off, non-recurring or extraordinary item.

“Existing Bonds” means the 2017 Existing Bonds and the 2022 Existing Bonds.

“Extraordinary Resolution” has the meaning provided in the Agency Agreement.

“GAAP” means:

- (i) in respect of the Issuer, IFRS for consolidation purposes and accounting policies and principles generally accepted in Belgium for its statutory stand alone accounts; and
- (ii) in respect of any other member of the Group, accounting policies and principles generally accepted in its jurisdiction of incorporation.

“Group” means the Issuer and its Subsidiaries.

“IFRS” means international accounting standards within the meaning of IAS Regulation 1606/2002.

“Indebtedness” means (without double counting) any indebtedness (other than any trade credit received from suppliers in the ordinary course of business of the Group) for or in respect of:

- (i) moneys borrowed and debt balances at banks or other financial institutions including (without limitation) the Revolving Facility Agreement;
- (ii) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including (without limitation) the Existing Bonds;
- (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirement for derecognition under GAAP);
- (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (viii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (ix) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (viii) above.

“Interest Payment Date” has the meaning provided in Condition 5(a) (*Interest Rate and Interest Payment Dates*).

“Interest Period” has the meaning provided in Condition 5(a) (*Interest Rate and Interest Payment Dates*).

“Issue Date” means 7 November 2016.

“Material Subsidiary” means each member of the Group, but excluding the Issuer, whose gross assets or EBITDA (in each case calculated on an unconsolidated basis, in accordance with applicable IFRS) represents 5 per cent. or more of the consolidated gross assets or EBITDA (as the case may be) of the Group (all as calculated by reference to the latest publicly available annual audited or semi-annual consolidated financial statements of the Issuer available at the time of the calculation).

“Maturity Date” means 7 November 2023.

“Month” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (i) subject to paragraph (iii) below if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that Calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (iii) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

“**NBB**” has the meaning assigned to it in Condition 1 (*Form and Denomination*).

“**Ordinary Shares**” means fully paid ordinary shares in the capital of the Issuer currently with no-par value.

“**Preferred Stock**” means any class of shares of the Group that is preferred over any other class of shares of such member of the Group as to the payment of dividends or the payment of any amount upon liquidation or distribution of such member of the Group.

“**Put Redemption Amount**” has the meaning provided in Condition 6(b) (*Redemption at the Option of Bondholders*).

“**Rating Agency**” means Standard & Poor’s Credit Market Services Europe Limited and its successors, Moody’s Investors 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.

“**Rating Downgrade**” means a downgrade of any rating of the Issuer by any Rating Agency.

“**Reference Shareholder**” means Safinco NV (which expression shall include any successor or other vehicle substituted to it and controlled (within the meaning of Article 5 of the Belgian Company Code) by the descendants of Mr. Constant Vandemoortele).

“**Relevant Period**” means each period of 12 Months ending on the last day of a financial year of the Issuer and each period of 12 Months ending on the last day of a financial half year of the Issuer.

“**Relevant Date**” means, in respect of any Bond, whichever is the later of:

- (i) the date on which payment in respect of it first becomes due; and
- (ii) 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 on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 13 (*Notices*) that such payment will be made, provided that such payment is in fact made as provided in these Conditions.

“**Relevant Debt**” means any Indebtedness of the Issuer or any Subsidiary in the form of, or represented by, bonds, notes, debentures or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over the counter or other securities market.

Revolving Facility Agreement means the revolving facility agreement entered into on 10 March 2015 between the Issuer and Vandemoortele Coordination Center NV (a wholly-owned subsidiary of the Issuer), as original borrowers and original guarantors, ING Bank N.V. and KBC Bank NV, as bookrunning mandated lead arrangers, BNP Paribas Fortis SA/NV, as mandated lead arranger, Belfius Bank SA/NV and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“Rabobank”), as lead arrangers, KBC Bank NV, acting as agent, and ING Bank N.V., acting as coordinator.

“**Security**” has the meaning provided in Condition 3(a) (*Negative Pledge*).

“**Shareholders**” means the holders of Ordinary Shares.

“**Specified Denomination**” has the meaning provided in Condition 1 (*Form and Denomination*).

“**Subsidiary**” means a subsidiary within the meaning of Article 6, 2° of the Belgian Company Code.

“**TARGET Business Day**” means a day (other than a Saturday or Sunday) on which the TARGET System is operating for the settlement of payments in euro.

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

“**Taxes**” has the meaning provided in Condition 8 (*Taxation*).

“**Trigger Event**” has the meaning provided in Condition 2 (*Status*)

“**X/N System**” has the meaning provided in Condition 1 (*Form and Denomination*).

“**X/N System Regulations**” has the meaning provided in Condition 1 (*Form and Denomination*).

A reference to **any act or statute or any provision of any act or statute** shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

A reference to a “**person**” shall include any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

5. *Interest*

(a) *Interest Rate and Interest Payment Dates*

(i) “**Interest Rate**”: Each Bond bears interest from (and including) the Issue Date at the rate of 3.50 per cent. per annum per Specified Denomination (the “**Interest Rate**”).

Interest on the Bonds is payable annually in arrears on 7 November in each year starting with 7 November 2017 up to and including the Maturity Date (each an “**Interest Payment Date**”).

When interest is required to be calculated in respect of any period which is shorter than an Interest Period, the interest amount payable for each Bond shall be calculated by multiplying the product of the Interest Rate and the Specified Denomination with (i) the actual number of days in the relevant Interest Period from (and including) the first day of such period to (but excluding) the date on which it falls due divided by (ii) the actual number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next following Interest Payment Date.

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

(b) *Accrual of Interest*

Each Bond will cease to bear interest from and including its due date for redemption or repayment thereof unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest will continue to accrue at the Interest Rate specified in Condition 5(a) (*Interest Rate and Payment Dates*) (both before and after judgment) until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.

The amount of interest payable on each Interest Payment Date shall be EUR 3,500 in respect of each Bond.

6. Redemption and purchase

(a) Final Redemption

Unless previously purchased and cancelled or redeemed as herein provided, the Bonds will be redeemed at 100 per cent. of their Specified Denomination of EUR 100,000 each (adding any accrued but unpaid interest of such Bond to (but excluding) the relevant redemption date) on the Maturity Date.

(b) Redemption at the Option of Bondholders – Change of Control

For the purpose of this Condition 6(b) (*Redemption at the Option of Bondholders*), a “**Change of Control**” shall be deemed to have occurred if (i) any person not affiliated with the Reference Shareholder or (ii) a group of persons not affiliated with the Reference Shareholder, Acting in Concert, gain(s) Control of the Issuer, whereby:

- (i) “**Control**” means (i) the acquisition or the holding of more than 50 per cent. of the voting rights in the Issuer, (ii) the right to nominate, pursuant to the articles of association or pursuant to agreements known by the Issuer, the majority of the directors of the Issuer or (iii) the acquisition or the holding of a number of voting rights, even if such number is less than 50 per cent. of the outstanding voting rights in the Issuer, if such acquisition or holding has resulted in a mandatory public offer over the whole of the outstanding shares of the Issuer; and
- (ii) “**Acting in Concert**” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer.

In the event that

- (I) a Change of Control occurs at the time the Issuer is not rated; or
- (II) a Change of Control occurs at the time the Issuer is rated and within the Change of Control Period, a Rating Downgrade resulting (in whole or in part) from that Change Control occurs,

(each an “**Early Redemption Event**”), then:

each Bondholder will have the right to require the Issuer to redeem all or any part of its Bonds on the Change of Control Put Date at the Put Redemption Amount.

To exercise such right, the relevant Bondholder must complete and deposit with the bank or other financial intermediary through which the Bondholder holds Bonds (the “**Financial Intermediary**”) for further delivery to the Issuer (with a copy to the specified office of the Agent) a duly completed and signed notice of exercise in the form for the time being obtainable from the specified office of the Agent (a “**Change of Control Put Exercise Notice**”), at any time during the Change of Control Put Exercise Period, provided that the Bondholders must check with their Financial Intermediary, as applicable, when such Financial Intermediary would require to receive instructions and Change of Control Put Exercise Notices in order to meet the deadlines for such exercise to be effective. The “**Change of Control Put Date**” shall be the fourteenth TARGET Business Day after the expiry of the Change of Control Put Exercise Period. By delivering a Change of Control Put Exercise Notice, the Bondholder shall undertake to hold the Bonds up to the Change of Control Put Date.

Payment in respect of any such Bond shall be made by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET System as specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds which are included in the Change of Control Put Exercise Notices as delivered on the Change of Control Put Date.

For the purposes of this Condition 6(b) (*Redemption at the Option of Bondholders*):

“**Calculation Agent**” means KBC Bank NV or such other leading investment, merchant or commercial bank as may be appointed from time to time by the Issuer for purposes of calculating the Put Redemption Amount, and notified to the Bondholders in accordance with Condition 13 (*Notices*);

“**Put Redemption Amount**” means an amount per Bond calculated by the Calculation Agent by multiplying the Redemption Rate by the Specified Denomination of such Bond and rounding, if necessary, the resultant figure to the nearest minimum sub-unit of euro (half of such unit being rounded downwards), and by adding any accrued but unpaid interest of such Bond to (but excluding) the relevant redemption date; and

“**Redemption Rate**” means MIN (101%; 100% x Exp (T x 0.74720148386%)), rounded down to the 9th decimal.

“**T**” means the time, expressed in decimals of a year, elapsed from (and including) the Issue Date until (and including) the relevant redemption date.

For the avoidance of any doubt, “**Exp**” means the exponential function meaning the function e^x , where e is the number (approximately 2.718) such that the function e^x equals its own derivative.

*The Put Redemption Amount applicable in the case of, or following, the Early Redemption Event referred to under Condition 6(b) (Redemption at the Option of Bondholders), reflects a maximum yield of 0.75 points above the yield of the Bonds on the Issue Date up to the Maturity Date in accordance with the Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing / Arrêté royal de 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier conformément (Royal decree of 26 May 1994 on the deduction of withholding tax) (the “**Royal Decree**”). The Royal Decree indeed requires that in relation to Bonds that can be traded on N accounts, if investors exercise a right to have the Bonds redeemed early, the actuarial return cannot exceed the actuarial return of the Bonds upon the issue up to the final maturity, by more than 0.75 points.*

Within 5 Business Days following an Early Redemption Event, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 13 (*Notices*) (a “**Change of Control Notice**”). The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 6(b) (*Redemption at the Option of Bondholders*). Such notice shall be irrevocable.

The Change of Control Notice shall also specify:

- (I) to the fullest extent permitted by applicable law, all information material to Bondholders concerning the Change of Control;
- (II) the last day of the Change of Control Put Exercise Period;
- (III) the Change of Control Put Date; and
- (IV) the Put Redemption Amount.

The Agent shall not be required to monitor or take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

The Issuer confirms that the terms of Condition 6(b) (*Redemption at the option of Bondholders*) above have been approved by a resolution of the shareholders of the Issuer in a general shareholders’ meeting, and (ii) such resolution has been filed with the Clerk of the Commercial Court of Ghent (*griffie van de rechtbank van koophandel / greffe du tribunal de commerce*), and evidence of the filing of such resolution with the Clerk of the Commercial Court of Ghent (*griffie van de rechtbank van koophandel / greffe du tribunal de commerce*) has been provided to the Agent by the Issuer.

(c) *Purchase*

Subject to the subordination in Conditions 2(b) (*Subordination*) and the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to

compliance with applicable laws and regulations, the Issuer, any Affiliate or Subsidiary of the Issuer may at any time purchase any Bonds in the open market or otherwise at any price provided they have obtained the prior written unanimous consent of all senior lenders under the Revolving Facility Agreement. Voting rights attached to such repurchased Bonds shall be suspended in the event of a general meeting and such Bonds shall also be deemed not to remain outstanding for this purpose.

(d) Cancellation

All Bonds which are redeemed will be cancelled and may not be reissued or resold, except that Bonds purchased by any of the Affiliates or Subsidiaries of the Issuer may be held, reissued or resold at the option of the relevant Affiliate or Subsidiary, or surrendered to the Agent for cancellation.

(e) Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 6 (*Redemption and Purchase*), the first of such notices to be given shall prevail.

7. Payments

(a) Principal and Interest

Without prejudice to Article 474 of the Belgian Company Code, all payments of principal or interest in respect of the Bonds shall be made through the Agent and the X/N System in accordance with the X/N System Regulations. The payment by the Issuer under the Bonds to the X/N System discharges the Issuer.

(b) Payments

Each payment in respect of the Bonds pursuant to Condition 7(a) (*Principal and Interest*) will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

(c) Payments subject to fiscal and other applicable laws

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations.

(d) Agents, etc.

The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Agent, to vary or terminate the appointment of the Agent and appoint additional or other agents, provided that it will (i) maintain a principal paying agent, (ii) maintain a domiciliary agent and the domiciliary agent will at all times be a participant in the X/N System and (iii) if required, appoint an additional paying agent, from time to time with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in Agent or its specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 14 (*Notices*).

(e) No Charges

The Agent shall not make or impose on a Bondholder any charge or commission in relation to any payment in respect of the Bonds.

(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 down to the nearest unit.

(g) *Non-TARGET Business Days*

If any date for payment in respect of the Bonds is not a TARGET Business Day, the Bondholder shall not be entitled to payment until the next following TARGET Business Day, nor to any interest or other sum in respect of such postponed or anticipated payment. For the purpose of calculating the interest amount payable under the Bonds, the Interest Payment Date shall not be adjusted.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by or on behalf of Belgium, or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction of the Taxes is required by law.

9. 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 to the Issuer at its registered office with a copy to the Agent at its specified office by the Bondholder, be declared immediately due and repayable at its principal amount of EUR 100,000 each, 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:

- (i) **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 in the case of principal and 10 Business Days in the case of interest;
- (ii) **Breach of other covenants, agreements or undertakings:** the failure on the part of the Issuer to observe or perform any provision, covenant, agreement or obligation relating to the Bonds (other than referred to under (i) above) set out in the Conditions, the Agency Agreement or the Clearing Agreement, 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 to the Issuer by any Bondholder;
- (iii) **Cross-Default of the Issuer or a Material Subsidiary:**
 - (A) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid on its due date or, as the case may be, within any applicable grace period;
 - (B) such Indebtedness becomes due and payable prior to its stated due date by reason of an event of default (however described), provided that any applicable stand-still period has expired and there has been no waiver or discharge of the event of default;
 - (C) the Issuer or any of its Material Subsidiaries fails to pay when due, or as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness,provided that the aggregate amount of the commitments agreed under the agreement or instrument creating the relevant Indebtedness, guarantees and indemnity in respect of which one or more of the events mentioned above in this paragraph have occurred equals or exceeds EUR 10,000,000 or its equivalent in any other currency or currencies;
- (iv) **Enforcement Proceedings:** an execution on the basis of an enforceable judgment (*uitvoerend beslag / saisie exécutoire*) is enforced against all or any part of the property or assets of the Issuer or any Material Subsidiary having an aggregate book value of at least EUR 25,000,000 (or its equivalent at time of execution) and is not discharged or stayed within three months;
- (v) **Security Enforced:** any Security created or assumed by the Issuer or any of its Material Subsidiaries in respect of any of its property or assets of which the book value at the time of enforcement is at least EUR 25,000,000 (or its equivalent at the time of enforcement) is enforced and the enforcement proceedings in relation to such Security are not suspended or dismissed within three months;

(vi) **Unsatisfied judgment:** a judgment or order for the payment of an amount in excess of EUR 25,000,000 (or its equivalent in any other currency at the time of the judgement) is rendered against the Issuer or any of its respective Material Subsidiaries and no appeal or other legal remedy against such judgment or order that would suspend the payment obligation thereunder is possible and such judgment continues unsatisfied and unstayed for a period of three months after the date thereof or, if later, the date therein specified for payment; or

(vii) **Insolvency:**

- (A) the Issuer or any of its Subsidiaries is bankrupt or is unable to pay its debts as they fall due;
- (B) the Issuer or any Subsidiary initiates a bankruptcy proceeding or another insolvency proceeding or such proceedings are initiated against the Issuer or any Subsidiary, under applicable Belgian or foreign bankruptcy laws, insolvency laws or similar laws (including the Belgian Law of 8 August 1997 on bankruptcy proceedings and the Belgian Law of 31 January 2009 regarding judicial reorganisation), provided that if the Issuer or such Subsidiary defends itself in good faith against a proceeding initiated against it and such defence is successful, the Event of Default shall only be deemed to occur within one month after the initiation of such proceedings;
- (C) the Issuer or any Subsidiary is declared bankrupt by a competent court or a bankruptcy trustee, liquidator, administrator (or any similar official under any applicable law) is appointed with respect to the Issuer or any Subsidiary, or a bankruptcy trustee, liquidator, administrator (or any similar official under any applicable law) is appointed to take possession of all or a substantial part of the assets of the Issuer or any Subsidiary;
- (D) the Issuer or any Subsidiary stops, suspends or announces its intention to stop or suspend payment of all, or a material part of (or a particular type of) its debts;
- (E) the Issuer or any of its Subsidiaries (in each case by reason of actual or threatened insolvency) commences out-of-the-ordinary-course negotiations with one or more of its creditors with the view of deferring, rescheduling or otherwise readjusting any of its debts or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) the debts of the Issuer or of any Subsidiary;

(viii) **Reorganisation, change, cessation or transfer of business or transfer of assets:**

- (A) a material change of the nature of the activities of the Group as a whole, as compared to the activities as these are carried out on the Issue Date, occurs; or
- (B) the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations or a reorganisation or transfer of the assets of the Group occurs resulting in:
 - (I) a material change or cessation of the nature of the activities of the Group as a whole; or
 - (II) a transfer of all or substantially all of the assets of the Group,

other than on terms approved by the general meeting of Bondholders or on a solvent basis and for as long the Group, as a whole, remains active in the food industry or food ingredients industry, and ancillary services and sectors;

(ix) **Winding-Up:** a court order or an effective resolution passed for the winding-up or the liquidation of the Issuer or any of its Subsidiaries (except for, in the case of any of the Subsidiaries, a solvent winding-up or liquidation procedure);

- (x) **Unlawfulness:** it is or becomes unlawful for the Issuer to perform or comply with its obligations under or in respect of the Bonds;
- (xi) **Delisting of the Bonds:** the listing of the Bonds on Alternext Brussels is withdrawn or suspended for a period of at least 45 subsequent Business Days as a result of a failure of the Issuer, unless the Issuer obtains the listing of the Bonds on another multilateral trading facility or a regulated market of the European Economic Area at the latest on the last day of this period of 45 Business Days.

10. *Undertakings*

- (i) The Issuer will procure that it shall not become domiciled or resident in or subject generally to the taxing authority of any jurisdiction other than Belgium.
- (ii) Upon the Bonds becoming listed on Alternext Brussels on or prior to the Issue Date, the Issuer undertakes to furnish to Alternext Brussels all documents, information and undertakings and publish all advertisement or other material that may be necessary in order to effect and maintain such listing, and to cause such listing to be continued so long as any of the Bonds remain outstanding. If the Bonds are not or cease to be listed on Alternext Brussels, the Issuer undertakes to ensure admission of the Bonds to trading on another multilateral trading facility or regulated market in the European Economic Area.
- (iii) The Issuer will notify the Bondholders in the event a payment under the Bonds cannot be made on its due date as a result of the subordination set out in Condition 2(b).

11. *Prescription*

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

12. *Meeting of bondholders, modification and waiver*

(a) *Meetings of Bondholders*

The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions.

All meetings of Bondholders will be held in accordance with the provisions of Article 568 *sq.* of the Belgian Company Code with respect to bondholders meetings, provided however that the Issuer shall, at its own expense, promptly convene a meeting of Bondholders upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. Subject to the quorum and majority requirements set out in Article 574 of the Belgian Company Code, and if required thereunder subject to validation by the court of appeal of Ghent, the meeting of Bondholders shall be entitled to exercise the powers set out in Article 568 of the Belgian Company Code and, upon proposal of the Board of Directors, to modify or waive any provision of these Conditions, provided however that the following matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, any amount of the outstanding Bonds form a quorum: (i) proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds or to alter the method of calculating the amount of any payment in respect of the Bonds on redemption or maturity or the date for any such payment; (ii) proposal to effect the exchange, conversion or substitution of the Bonds for, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iii) proposal to change the currency in which amounts due in respect of the Bonds are payable; (iv) proposal to change the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution.

Any Bonds which are at the time of such meeting of Bondholders being held by or on behalf of either the Issuer, or any Affiliate or Subsidiary of the Issuer shall be disregarded and be deemed not to remain outstanding for this purpose.

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

The Agency Agreement provides that a resolution in writing signed by or on behalf of all Bondholders shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) Modification and Waiver

The Agent may agree, without the consent of the Bondholders, to any modification of the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement either (i) which in the Agent's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement, which is, in the opinion of the Agent, not materially prejudicial to the interests of the Bondholders.

Each such change is binding for all Bondholders and any such modification shall be notified to the Bondholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

(c) Meetings of Shareholders and Right to Information

The Bondholders shall be entitled to attend all general meetings of Shareholders of the Issuer, in accordance with Article 537 of the Belgian Company Code, and they shall be entitled to receive or examine any documents that are to be remitted or disclosed to them in accordance with the Belgian Company Code. The Bondholders who attend any general meeting of Shareholders shall be entitled only to a consultative vote.

13. Notices

Notices to the Bondholders shall be valid (i) if delivered by or on behalf of the Issuer to the X/N System for communication by it to the participants of the X/N System Participants and (ii) if published on the website of the Issuer. Any such notice shall be deemed to have been given on the latest day of (i) seven days after its delivery to the X/N System and (ii) the date of first publication on the website of the Issuer.

The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. In addition to the above communications and publications, with respect to notices for a meeting of Bondholders, any convening notice for such meeting shall be made in accordance with Article 570 of the Belgian Company Code, by an announcement to be inserted at least fifteen days prior to the meeting, in the Belgian Official Gazette (*Moniteur belge – Belgisch Staatsblad*) and in a newspaper with national coverage. Resolutions to be submitted to the meeting must be described in the convening notice.

14. Further issues

Subject to Condition 3 (*Negative Pledge*), the Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures having the same terms and conditions either in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or in all respects (including a subordination as set out in Condition 2(b)) except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, premium, redemption and otherwise as the Issuer may determine at the time of their issue. The Agency Agreement contains provisions for convening a single meeting of the Bondholders.

15. *Governing law and jurisdiction*

(a) Governing Law

The Agency Agreement and 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 are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement and the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Agency Agreement or the Bonds (Proceedings) may be brought in such courts. The Issuer has in the Agency Agreement irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue. These submissions are made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

IV. CLEARING

The Bonds will be accepted for clearance (settlement) through the X/N System under the ISIN number BE0002268374 and Common Code 151298532, and will accordingly be subject to the X/N System Regulations.

The number 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.

Access to the X/N System is available through those of its X/N System participants whose membership extends to securities such as the Bonds.

X/N System participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and SIX SIS (Switzerland), Monte Titoli (Italy), Euroclear and Clearstream, Luxembourg. Accordingly, the Bonds will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

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

The Domiciliary Agent will perform the obligations of domiciliary agent set out in (i) the clearing services agreement that will be entered into on or about 28 October 2016 and entered into by the NBB, the Issuer and the Domiciliary Agent and (ii) the Agency Agreement.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the X/N System or its X/N System participants of their obligations under their respective rules and operating procedures.

V. DESCRIPTION OF THE ISSUER

A. Overview

Vandemoortele NV (the Issuer) is a public limited liability company (*naamloze vennootschap*) under Belgian law with its registered office at Moutstraat 64, 9000 Gent, Belgium, with enterprise number 0429.977.343, RPR Gent, section Gent. Its telephone number is +32 9 242 45 11.

The Issuer is the holding company of a Belgium-based integrated group producing and marketing food products, mainly in the segments of margarines, culinary oils and and fats (MCOF) and frozen bakery products (Bakery Products). The Issuer also acts as sourcing company for raw materials and as purchase agent for ingredients and packaging, and provides IT, general procurement, tax and legal services to the members of the Group. In 2015, the Group realised consolidated revenues of EUR 1.3 billion with on average 5.250 full time equivalents working in 33 production and 17 commercial sites across 12 European countries. (See the Vandemoortele Corporate Governance Charter (available at www.vandemoortele.com) for a detailed description of the Group.)

The Issuer is entirely family-owned.

B. Corporate purpose

The corporate purpose of the Issuer is defined in Article 3 of its articles of association and encompasses the following: (i) acquisition of participations in corporations, (ii) management, monetization and sale of such participations, (iii) participation in the management and supervision of corporations in which it holds a participation, (iv) financing, through the granting of loans or credit facilities or the provision of guarantees, and all other commercial and financial operations other than those legally reserved to regulated credit institutions, (v) rendering services, assistance and advice on administration and finance, sale, production and general management other than regulated investment advice, (vi) performance of management assignments, (vii) development, purchase, sale or license of patents, know-how and other rights, (viii) rendering accounting, financial management, cash management, production planning, logistical management and other services for affiliates and related companies, (ix) purchase, sale, import and export of goods, (x) research, development and production or commercialisation of new products, new technologies and their applications (xi) acquisition, sale and all transactions on movable and immovable (real estate) assets, and (xii) the sale and purchase and/or intermediation in the sale and purchase of raw materials, by-products and packings for the production of margarines, culinary oils and lipids, bakery products, frozen pastry and any other end-of-life products and consumables, including the negotiations, the management of raw material positions and volume synergies and the associated risks as well as the development and management of IT-systems in order to facilitate such sale and purchase of raw materials, for the Issuer, affiliated companies and third parties.

The above enumeration is not limitative and must be construed in the widest sense. The Issuer may act in its own name as well as on behalf of other parties or in cooperation with them. The Issuer may perform all acts, of a commercial, industrial, immovable, movable or financial nature, directly or indirectly related to its purpose or essential to promote the achievement thereof. It may further aim to achieve its purpose, both in Belgium and abroad, in all manners or forms that it would deem suitable.

C. History and Development

Constant Vandemoortele founded the business in 1899 in Izegem, Belgium, as a family-owned business. Over more than a century, it has grown into a leading food group on a European scale with market leading positions in its two main activities:

- MCOF (EUR 541 million or 39.9% of the Group's revenues in 2015); and
- Bakery Products (EUR 811 million or 59.8% of the Group's revenues in 2015).

The split between MCOF and Bakery Products is based on segment information in accordance with IFRS.

Four main phases can be identified in the history of the Issuer (together with its subsidiaries, “**Vandemoortele**” or the “**Group**”):

- **Founding and growth into national producer of bulk edible oils (1899-1945):** The first factory was set up in 1899 in Izegem (Belgium) by Constant Vandemoortele and his son Adhémard. Vandemoortele grew from local manufacturer and supplier to the soap and cattle feed industries into a national producer of bulk edible oils.
- **From national oil producer to European producer of oils and fats, bakery products and soy food (1946-1997):** Vandemoortele expanded from a national manufacturer of edible oils into a European vertically integrated producer of oils and fats (crude oils, refined oils, bottled oils, margarines, fats and mayonnaise). The creation of Vamix in 1978 added a new segment to the Group, namely frozen bread and bakery products. With the creation of Alpro in 1980, Vandemoortele was able to expand into production of soy drinks and related products adding another important activity to the Group. Gradually, the Group established or acquired production units and commercial organizations in the major countries of the European Union.
- **Focus on and expansion of three activities (1998-2008):** Vandemoortele undertook a strategic realignment of its product portfolio and disposed, in 1998, of its low-margin upstream bulk activities (crushing and refining) and, in 2002-2003, of its oil bottling and mayonnaise production activities (except for Belgian brands). The focus was then directed on three core activities in which the Group already had or could aim at a market leadership position in Europe: *i.e.*, Soy Foods, Lipids (margarines and fats) and Bakery Products (frozen bakery products). From 2004 to 2008, Vandemoortele pursued a new phase of expansion through a combination of organic growth and acquisitions: Cottes, France (artisan bread - 2004), Columbus Food, Belgium (donuts - 2004), SoFine Foods, The Netherlands (tofu and meat replacers - 2006), Erkens Bakkerijen, The Netherlands (patisserie - 2006), Gourmand, Poland (bread and pastries - 2007) and Panavi, France (bread and pastries - 2008).
- **Focus on Lipids and Bakery Products (since 2009):** 2009 was an important year for Vandemoortele in which it conducted a strategic reorientation and reorganization, by selling its Alpro soy division and deciding to focus on Lipids and Bakery Products, renegotiating its then outstanding senior term and revolving facilities and attracting GIMV to invest in Vandemoortele with a subordinated credit facility. See “*Share capital, transfer restrictions, certain exit rights and governance*” and “*Material Contracts*” in this Section V.

The Group’s aim remains to expand its two core activities through further organic growth and acquisitions. In 2010, Vandemoortele acquired the margarines and fats business of Van Dijk Food Products. Effective as of 2 January 2012, Vandemoortele sold the ‘Gouda’s Glorie’ brand for sauces to Remia (while keeping the ‘Gouda Glorie’ brand for margarines and fats) and acquired the Remia semi-liquid oils and fats business in 2/3 liter cans for retail, both branded and private label. Through this acquisition Vandemoortele strengthened its leading position on the Dutch margarines and fats market. Beginning of 2015, the Group acquired LAG, the market leader in frozen focaccia and bread in Italy. See also “*Recent Developments*” in this Section V.

In both Lipids and Bakery Products business lines, Vandemoortele holds a leading position in Europe.¹ See also “*Core activities and markets*” in this Section V.

The Lipids business line has been renamed into the Margarines, Culinary Oils & Fats (MCOF) business line.

D. Share capital

The registered capital of the Issuer amounts to EUR 14,862,354 as of the date of the Information Memorandum, and is represented by 547,208 fully paid-up shares without par value.

NV Safinco owns 546,381 shares (99.9%) in the Issuer.

¹ *Source:* The Issuer’s internal strategic review of the MCOF and Frozen Bakery markets (based on both internal and, to the extent available, external market data).

The remaining 827 shares (0.1%) in the Issuer are held by the Issuer itself to service stock options accepted by the Issuer's members of the Executive Committee. Pursuant to the terms and conditions of the Stock Option Plans, the Issuer has a call option on the shares acquired through exercise of the share options to ensure the stability of the Issuer's shareholding structure.

E. Governance

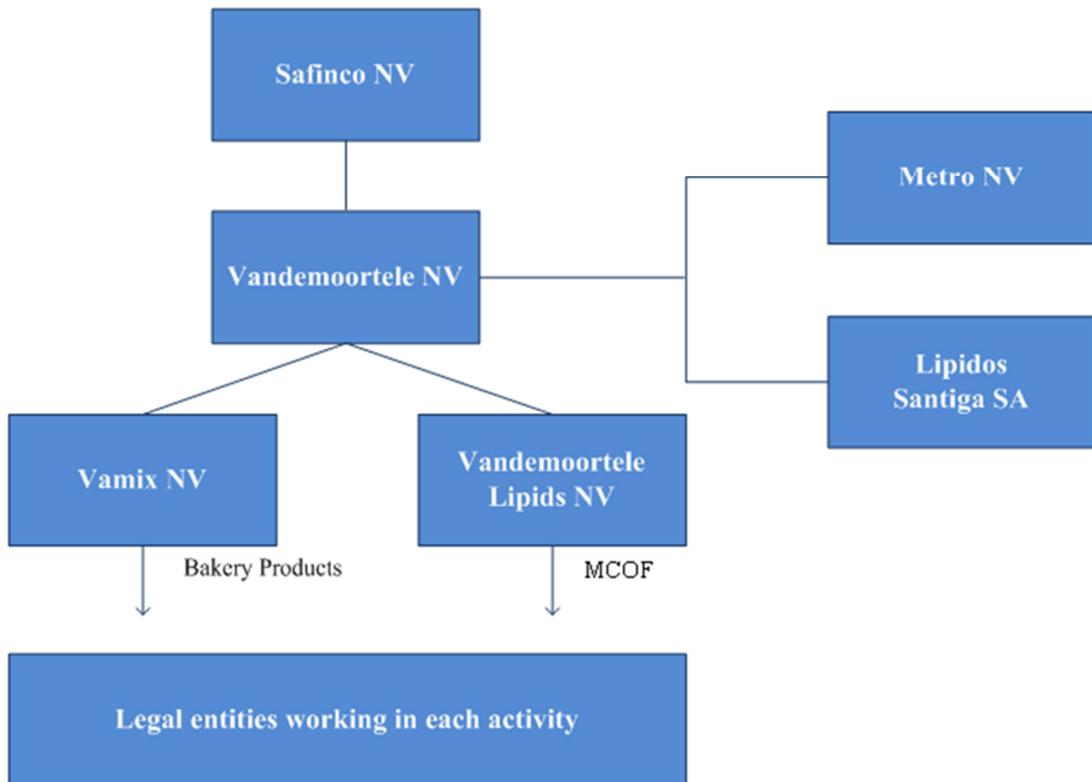
See “*Management and Corporate Governance*” in Section VII of this Information Memorandum.

F. Organisation structure

The Group is 100% owned by Safinco NV, the investment vehicle of the family shareholders (See “*Share capital*” in Section Schedule 1Part AV.D of this Information Memorandum)

The Issuer is the main holding entity of the Group. Its two Belgian subsidiaries (Vamix NV and Vandemoortele Lipids NV) are sub-holdings, holding the Bakery Products and MCOF business lines respectively. All subsidiaries, except for the 23.75% shareholding in Lipidos Santiga S.A. (Spain), are 100% owned, directly or indirectly, by the Issuer. (See Appendix 1 of the Vandemoortele Corporate Governance Charter (available at www.vandemoortele.com) for a detailed structure chart of the Group.)

The total liabilities of Vandemoortele UK Limited, Safinco Nederland BV, Vandemoortele Nederland BV and Vandemoortele Brunssum BV are fully guaranteed by the Issuer. Such guarantees relate to the exemption from the requirements to the audit of accounts pursuant to applicable law. See Note 34.3 to the consolidated financial statements for the financial year 2015 (available at www.vandemoortele.com).



The Group is active, through separate legal entities (which host primarily production facilities or commercial units) in the following European countries (listed by alphabetical order): Austria, Belgium, Czech Republic (branch), France, Germany, Hungary, Italy, Luxembourg, The Netherlands, Poland, Slovakia, Spain,

Switzerland, and the United Kingdom. The Issuer has incorporated a subsidiary in the United States Of America on 11 October 2016 to launch its activities there. A complete list of the Issuer's Subsidiaries and entities in which the Issuer holds a participation can be found in Note 37 to the consolidated financial statements for the financial year 2015 (available at www.vandemoortele.com).

G. Core activities and markets

The Group supplies food products to professional and retail customers in Europe. The Group holds a leading position, as further described below, in its two core businesses, Bakery Products (frozen bakery products) and MCOF (margarines, culinary oils and fats). (See also the operating segment information on page 25 of the consolidated financial statements for the financial year 2015 (available at www.vandemoortele.com.)

The Group's turnover is well spread over the seven Western European core countries which currently constitute the main focus of the Group: *i.e.*, Belgium, France, Germany, Italy, The Netherlands, Spain and the United Kingdom. Vandemoortele is further steadily increasing its presence in Central Europe. (See also Section "Market and Industry Information" on page 4 of the Information Memorandum.)

The Group also has ancillary transport execution and management activities via its subsidiaries Metro NV (Belgium) and Panalog SAS (France), and a minority interest in Lipidos Santiga S.A., a leading Spanish oils and fats refiner.

With its frozen bakery products, the Bakery Products business line targets professional users who appreciate the quality and convenience of the Vandemoortele frozen pastry, bread, sweet treats (including patisserie) and savoury products. These products are crafted and decorated by the users and sold ("oven") fresh to the consumer, as a final product or as part of a meal or snack.

The vast range of products across the categories targets different channels with varying service and convenience levels (for example, retail customers baking the products "in store", Quick Service Restaurants and other foodservice operators, artisan bakers selecting convenient solutions ranging from products that they can enhance by shaping and decorating themselves up to products that require short baking times or controlled defrosting).

The frozen offering allows for convenient fresh solutions optimizing time to prepare and serve, reducing waste and higher food safety and quality performance (pre-cut sandwiches, pre-cut patisserie).

As far as margarines, culinary oils and fats go, Vandemoortele owns famous retail brands in the Benelux and Germany and has a long term license to use the Alpro® brand in Belgium. At European level however, Vandemoortele targets professional users of margarines and fats. On the one hand, Vandemoortele offers functional and convenient solutions to artisan bakers and chefs ranging from butter and margarine blends to ready to shape sheets of dough for pastry products. On the other hand, Vandemoortele targets industrial users with a concept range of Baker's Margarines offering specific solutions ranging from E-free to low fat propositions. Next to these two target groups, Vandemoortele focuses on the sale of private label margarines and fats to European scale retailers.

1. MCOF Business Line (revenue EUR 541 million for the year ending on 31 December 2015)

(a) The European MCOF market

The European market for margarines, culinary oils and fats is important with a volume of 2,800 kT in the EU-28 and is overall a slightly declining market, however with big regional differences. The core market of Vandemoortele is declining (between 0.50% and 1% per year). The market is strongly consolidated with intense price competition. Overall, Vandemoortele is one of Europe's leading producers in the EU-28, with an estimated market share of 13%². Belgium, France, Germany, The Netherlands and Spain are the core countries of the Group's MCOF business.

The retail channel represents the biggest part of the market with circa 1,400 kT, out of which the private labels represent circa 360 kT, a part that is growing. The second important channel is the industry channel with circa

² **Source:** The Issuer's internal strategic review of the MCOF and Frozen Bakery markets (based on both internal and, to the extent available, external market data).

720 kT, followed by the food service channel with circa 360 kT. The artisan bakery channel represents circa 250 kT.

- In the retail private label distribution channel, Vandemoortele is the leader in the EU-28 with Bunge as main competitor, followed by a number of smaller national players.
- In the industry, foodservice and artisan bakery channels, Vandemoortele holds strong positions and has AAK as main competitor, followed by a number of smaller national players.
- Vandemoortele is also active, as a challenger, in brand margarines, culinary oils and fats. This activity is most developed in the Benelux. The main competitor is Unilever.

The market continues to evolve towards healthier alternatives, and in the case of fats, these are often culinary oils. This has a negative impact on Vandemoortele's MCOF volumes, which can partly be absorbed by developments in semi-liquid products. The latter provide a good balance for Vandemoortele's customers in terms of health, functionality and convenience. In the case of margarine, developments are not only towards healthier and more functional spreads, but also towards more tasty variants such as butter blends. Vandemoortele is also developing new products such as chocolate based spreads and a range of culinary oils for specific applications (baking, wok and cooking).

Vandemoortele expects that the general evolution in this market in the coming years is towards sustainability. Today Vandemoortele supplies all its palm oil based branded MCOF products with certified sustainable palm. Next to Round Table for Sustainable Palm Oil initiatives for a sustainable supply chain, Vandemoortele has also started an initiative for full traceability of palm which could in the end guarantee a fully zero-deforestation approach from 2020 onwards.

The MCOF business line aims to grow organically in volumes by focusing on four growth platforms to compensate for the overall inherent market decline. These growth platforms are:

- Competitive strategy: increase market share in retail private label and industry channels.
- Innovation: new products, new packaging concepts, butter blends.
- Diversification: chocolate spreads, bakery mixes and butter.
- Geographical expansion: Scandinavia, UK, Central and Eastern Europe and selected export markets in Africa and the Middle East.

(b) The Group's MCOF business line

With its MCOF business line, Vandemoortele is mainly active in the market for professional users. It offers an extensive range of margarines and packed fats to the artisan bakery and foodservice channels and its products find widespread applications in the food manufacturing industry. Vandemoortele is also a privileged supplier of private label margarines and fats to the main European retailers.

The MCOF business line has five production sites in four countries. In Belgium, the Izegem site produces retail and professional margarines and fats. The Santa Perpetua (Barcelona, Spain) plant focuses on industry margarines. In Germany, operations are split between Hamburg (professional products) and Dresden (retail products). The plant in Zeewolde (The Netherlands) produces retail and foodservice semi-liquid oils, margarines and fats. The MCOF business line employs 950 FTE's (Fulltime-Equivalent)

As a result of strict cost control measures, the results for the year ending on 31 December 2015 of the MCOF business line exceeded the budget expectations despite strong pressure on volumes due to the highly competitive environment.

(c) Products

In retail, Vandemoortele has a broad range of margarines, oils, frying fats and dressings with various fat contents and for different applications. In Belgium, Vandemoortele offers this range under the brands "Alpro"® (registered trademark under licence by Alpro Comm.VA), "Vitelma"®, "Fama"®, "Belolive"®,

“Vandemoortele”®, “Blanc de Boeuf”® and “Resi”®. “Sojola”® is Vandemoortele’s brand of soy margarine in Germany. In The Netherlands, the Group is the number one player in semi-liquid frying oils and fats with the “Diamant” ®-brand, and has launched recently sunflower based oils under the “Reddy”® brand.

In artisan bakery, Vandemoortele has developed numerous products of which functionality, taste and flavour are adjusted to meet local demands. The most important brands are “St Allery”®, “St Auvent”®, “Gold Cup”® and “Opal” ®, all targeted at the bakery professionals.

Vandemoortele also offers a wide range of products to the foodservice channel (catering sector), ranging from frying fats to margarine spreads, solid and semi-liquid fats and from single packs to economy-size packs. In the Benelux, the Group also offers oils and mayonnaises under the brands “Risso” and “Vandemoortele”.

Industrial clients active in the food manufacturing industry can choose between a range of standard products or opt for customized products. Customized products meet the individual demands of the customer as well as the specific needs of their production process. This tailor made approach is now branded under the overall “Baker’s margarine” brands.

(d) Raw materials

Over the last few years, the Group’s MCOF business line has been exposed to an unprecedented volatility in prices of its main raw material. The volatility in vegetable oil prices is driven by the growing demand from emerging markets, by the fluctuating demand for bio fuels (depending on the prices of mineral oils and the mandatorily blending rates), by geopolitical influences and by production of the different crops.

2. Bakery Products business line (revenue EUR 811 million for the year ending on 31 December 2015)

(a) The European frozen bakery products market

The BVP (*boulangerie, viennoiserie, patisserie*) consumption in the EU-28 represents circa EUR 130 billion annual sales. 73% of the total bakery products consumption is consumption of fresh bakery products. Already 18% of the bakery products sold to the end consumer as fresh bakery products have been produced industrially and are frozen semi-finished bakery products that are then “prepared” (defrosted / proved / baked off) in the selling points before being served as fresh products to the end consumer.

Today, the European market for frozen bakery products represents around EUR 7 billion annual revenues. The most dynamic channels are the foodservice and retail (in-store bakery) channels.

The frozen bakery products market is growing with 1.5% to 2.5% CAGR. The market drivers remain strong. Due to the demand for convenience (user-friendliness) and variety (wide range of fresh, natural, tasty products), the Group expects the penetration of frozen bakery products to increase further.

The European frozen bakery industry is highly competitive, still fragmented and mainly national and/or regional. The most important national markets for frozen bakery products are France, Spain and Germany, where the Group is active. Vandemoortele is one of the few pan-European players operating in more than twenty countries. With EUR 811 million of revenues, the Group is one of the top-3 European operators, present in many countries and distribution channels with one of the broadest products ranges.³ Its competitors on European level are Aryzta, Lantmännen/Unibake and Europastry.

The market is growing and the business is highly capital intensive. The industry is moving to a phase of consolidation.

(b) The Group’s Bakery Products business line

Originally, the Group was focused on the artisan bakery channel with premium, high-end specialty products. In 2003, the focus shifted to the more dynamic channels of the market, in-store bakeries of mass retailers, bake-off chains and foodservice outlets, to whom Vandemoortele was already selling its specialties and high-end

³ Source: The Issuer’s internal strategic review of the Frozen Bakery market (based on both internal and, to the extent available, external market data).

products. Since early 2006, the Group's strategy has been to build product category leadership positions with the main customers in certain frozen bakery product categories in certain countries.

The strategic adjustment has resulted in strong growth, showing that customers are responding positively to the new approach.

In this business line, the Group has 28 plants: 19 in France, three in Belgium, one in Germany and one in each of the following countries: the United Kingdom, The Netherlands, Spain, Italy and Poland. The Bakery Products business line employs approximately 4,300 FTE (Fulltime-Equivalent).

As a result of strict cost control measures and the focus on certain product market combinations, the results for the year ending on 31 December 2015 of the Bakery Products business line were roughly on budget on budgeted expectations and growing faster than the market despite a modest increase on volumes due to the highly competitive environment.

Today Vandemoortele is a top player in the European "frozen to fresh" bakery products market. Its aim is to grow twice as fast as the market by implementing its "Roadmap for Growth", continuous product improvement and operational excellence in order to become a lean, product and market focused company. Categories (bread, pastry, sweet treats and savoury products) are the cornerstone of the strategy of Vandemoortele and the ambition is to become the quality benchmark of the industry in each of these categories. In terms of distribution channels, Vandemoortele focusses on Quick Service Restaurants and foodservice, next to retail, hard discount, artisan bakers and proximity channels. For selected customer/channel combinations, Vandemoortele has created dedicated business units (e.g. Croustifrance/Paneria microdistribution, proximity, patisserie, export and QSR business units).

(c) Products

The Group's Bakery Products business line offers a wide range of products such as bread, pastry, patisserie, sweet treats and savoury products to professional users in the bakery and foodservice channels as well as to retailers.

Bread remains the core volume product category in most countries and distribution channels. Traditional bread types (mainly baguettes) play a prominent role in the Group's bread range and are commercialized, amongst others, under the brand names 'Banquet d'Or', 'Croustifrance' and 'Panavi'. Vandemoortele also offers a unique range of bread specialities, made according to a traditional recipe from the French Pyrenees, and sold under the brand name 'Les Pains Pérènes de Roland Cottes'. The acquisition of Panavi (France) in 2008 reinforced the Group's position as one of the European market leaders in the production and sale of basic frozen bread. The acquisition in 2015 of LAG (Italy) brought instant market leadership in the Italian bread ISB market channels.

The Group further produces a broad assortment of pastry (from French croissants to Canadian maple pecan pastries or Belgian butter pastries) for different applications: ready to serve, ready to bake and ready to prove. These products are sold, amongst others, under the brand names 'Banquet d'Or', 'Panavi' and 'Croustifrance'.

The Group offers an extensive range of ready to serve patisserie products, such as bavarois, tray-baked cakes, round cakes and gateau specialties, marketed in various packaging concepts – pre-sliced and un-sliced – under, amongst others, the 'Banquet d'Or' and 'La Patisserie du Chef' brands.

The Bakery business line has a number of regional specialty products in its range, not in the least the famous "*Galettes des Rois*" ("*Driekoningsaart*") which is delivered in huge volumes in just a couple of days in the beginning of January, which proves the real expertise of the business line's knowhow to manage such a complex operation.

The sweet treats are made on the basis of original American recipes and sold under, amongst others, the 'The Originals' brand. The key product is the donut, which the Group sells in over twenty European countries. As European leader, Vandemoortele produces over one million donuts every day. Muffins, cookies and brownies and americal style cakes complement the range.

The savoury products are a growing category especially in applications of added value ingredients to bread specialties such as herbs, spices, vegetables (tomatoes, olives, ...). With the acquisition of LAG in 2015, the Group strengthened its position in the savoury bakery products range, with focaccia as its flagship product.

(d) *Raw Materials*

The main raw materials for the business line are butter, flour, chocolate, sugar and egg yolk. Volatility is high and driven by different factors such as growing demand from emerging markets, geo-political influences and production results of the different crops.

3. *Ancillary activities*

(a) *Logistics*

The Group is also active in transport of refrigerated and frozen goods and in storage and distribution of frozen goods through, respectively, its Belgian and French subsidiaries, Metro NV and Panalog SAS.

Metro NV (“**Metro**”) is specializing in temperature-controlled and ambient operations. Metro oversees all Vandemoortele’s transports throughout Europe, and also organizes haulage on behalf of third-party customers. Through its large and modern fleet of 150 lorries, Metro provides daily services in all Western European countries. Metro realised a turnover of EUR 79 million in 2015.

Panalog SAS (“**Panalog**”) is specializing in the storage and distribution of frozen products in France. With 17 warehouses, 26 refrigerated large lorries and 101 small distribution vehicles, Panalog offers a frozen food network that covers the entire metropolitan French territory. Panalog realised a turnover of EUR 41 million in 2015.

The cost of logistics is key for the profitability of the different businesses of the Group. The Group considers owning its own logistics network and capabilities as a strategic asset.

(b) *Oils and fats refining activities*

The Group also has a 23.75% share in Lipidos Santiga S.A., the leading Spanish refiner, whose controlling shareholder is the Soler family. Lipidos Santiga refines all kinds of vegetable oils and fats in two refineries (Barcelona and Huelva plants) for a wide range of applications for customers, mainly located in Spain, Portugal and Southern France. Lipidos Santiga is an important supplier for Vandemoortele Iberica S.A.’s fat packing plant (a 100% subsidiary of the Group in Spain), which is situated on the same site as the Lipidos Santiga refinery in Barcelona.

Lipidos Santiga achieved for the financial year 2015 a turnover of about EUR 447 million. Lipidos Santiga employs approximately 173 people.

The three shareholders of Lipidos Santiga (Soler, Vandemoortele and Cargill) have entered into an amended shareholders’ agreement in 2010. Subject to the remaining provisions of the original shareholders’ agreement between Soler and Vandemoortele, both shareholders have put options in the event of enduring major disagreement.

In view of the importance of Lipidos Santiga for the supply of Vandemoortele’s Spanish operations, the Issuer intends to retain its 23.75% investment.

H. Strategy of the Group

The Group’s strategy is to build leading, sustainable and profitable positions in the European markets of margarines, culinary oils and fats and of frozen bakery products, mainly in the business to business relationship.

The Group aims at achieving sustainable and profitable growth by means of a combination of organic qualitative growth (by improvement of product and customer mix) and improvement of the internal processes and the production and logistic footprints. Although the prime focus is on organic growth and internal efficiency improvements, the Group does not exclude further acquisitions in both business lines.

I. Competitive Advantages

The Group considers that it is well positioned in the two markets of the food industry in which it operates and that it benefits from a unique combination of competitive strengths supporting the successful execution of its strategy.⁴

1. *Leading market positions with broad product portfolio*

The Group is a European market leader in both the MCOF and frozen bakery industries with a broad and diversified product portfolio, which allows it to reach all market categories in most of the countries in which it operates.⁴ This gives the Group the scale to substantially invest in product and operational innovation and in state of the art production sites which strengthens its competitive edge.

2. *European wide competitive production and logistic footprints*

The Group has in each business line a European footprint with state-of-the-art and highly competitive production units and logistic networks, which allow it to offer both competitive products and supply security throughout Europe.

3. *Direct access to its customers in 12 countries*

The Group has own commercial organisations in 12 European countries, adapted to serve directly the customers in the different distribution channels. This allows the Group to establish close contacts and a close cooperation with all its customers and to understand very well the individual customer needs.

4. *Good access to the raw materials markets*

Being one of the biggest buyers in Europe of vegetable oils, flour and butter, which are the key raw materials in MCOF and Bakery Products, the Group has privileged access to the main raw material suppliers and a very deep knowledge and understanding of the evolutions in those key raw material markets.

5. *Experienced management team*

The Group's strong management team has proven industry expertise in the food industry. It has successfully developed and consolidated the Group's market leadership by its effective and rapid response to the constantly changing consumer demands and competitive environment in the markets in which the Group operates.

6. *Continuous improvements*

The Group has a continuous improvement approach striving towards operational excellence and sustainable operations across the business. This results in process and costs improvements.

J. Recent developments

On 15 April 2016, Gimv has converted its 129.058 warrants in the Issuer into 129.058 Class B shares in the Issuer, which were shortly thereafter sold to Safinco NV. Safinco NV financed this acquisition amongst other by using a special dividend paid by the Issuer, which was in turn financed by the Issuer by drawing loans under its Revolving Facility (see Section Schedule 1Part AV.K.2 – “*Revolving Facility*”). The Issuer intends to use part of the proceeds of the Bonds to repay part of these loans under the Revolving Facility (see Section VIII – “*Use of proceeds*”).

K. Material contracts

1. *Supply Agreements for the MCOF Business*

Cargill and Lipidos Santiga S.A. are part of the Group's limited number of suppliers of crude and refined oils and fats. The agreement with Cargill (as amended) dates back to 1998. The agreement with Lipidos Santiga (as

⁴ Source: The Issuer's internal strategic review of the MCOF and Frozen Bakery markets (based on both internal and, to the extent available, external market data).

amended) dates back to 1996. In accordance with the terms and conditions of these supply agreements, both Cargill and Lipidos Santiga S.A. have to supply the Group on a most favoured customer principle. These agreements represent a substantial portion of the Group's supply of refined oils and fats.

2. Revolving Facility

Overview

On 10 March 2015, the Issuer and Vandemoortele Coordination Center NV (a wholly-owned subsidiary of the Issuer), as original borrowers and original guarantors, ING Bank N.V. and KBC Bank NV, as bookrunning mandated lead arrangers, BNP Paribas Fortis SA/NV, as mandated lead arranger, Belfius Bank SA/NV and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("Rabobank"), as lead arrangers, KBC Bank NV, acting as agent, and ING Bank N.V., acting as coordinator, have entered into a revolving facility agreement (the "**Revolving Facility**").

Pursuant to the Revolving Facility, facilities for an aggregate total amount of EUR 200,000,000 can be granted to the Issuer and Vandemoortele Coordination Center NV by the lenders, with the possibility of up to EUR 30,000,000 ancillary facilities to be provided by the lenders.

Guarantee

The Issuer and the following subsidiaries thereof guarantee the due payment of all borrowers' obligations under the Revolving Facility, subject to certain limitations: Vandemoortele Coordination Center NV, Metro NV, Vamix NV, Vandemoortele Lipids NV, Vandemoortele Izegem NV, Vandemoortele Eeklo NV, Cottes Action SA, Panavi SAS, Vandemoortele France SAS, Vandemoortele Nederland B.V., Vandemoortele Brunssum B.V., Vandemoortele Ghislenghien SA, Vandemoortele Seneffe SA, Vandemoortele Reims SAS, and Panalog SAS.

Neither the above-mentioned facilities nor the guarantees granted by the above-mentioned entities are secured on the Group's or any third party's assets.

Purpose

The Revolving Facility can be used for general corporate purposes, including working capital, the funding of permitted acquisitions, permitted one-off distributions, capital expenditure and repayment of the Existing Bonds (as defined below).

Repayment

Each facility is to be repaid on the last day of its interest period. The Revolving Facility is to be repaid in full on 10 March 2020.

Prepayment

The Revolving Facility is subject to mandatory prepayment, in whole or in part, in the following circumstances: (i) if it becomes illegal for a lender to perform any of its obligations relating to the Revolving Facility (in which case that lender must be prepaid); (ii) upon the occurrence of any flotation of any member of the Group, a change of control over the Issuer or upon the sale of all or substantially all Group's assets, in each case upon request by any lender, in which case, that lender must be prepaid; or (iii) upon certain disposals by any member of the Group.

The Revolving Facility may further be voluntarily prepaid, in whole or in part, by the Issuer upon five business days' prior written notice, in a minimum amount of EUR 5,000,000, subject to payment of break costs as the case may be.

Interest Rate

The interest rate margin (over EURIBOR) under the Revolving Facility is fixed until 31 December 2016 at 1.10 and thereafter fluctuates between 0.60 per cent. and 1.55 per cent. depending on the Issuer's leverage ratio.

Representations, Undertakings, Covenants and Events of Defaults

The Revolving Facility is subject to customary representations and warranties, covenants (including financial covenants, limitations on financial indebtedness and negative pledge provisions) and events of default (including cross-default).

Subject to certain exceptions and unless prior written consent of lenders representing more than two-thirds of the total commitments under the Senior Facilities Agreement would have been obtained, no member of the Group is entitled to incur additional financial indebtedness. Exceptions include, among others, financial indebtedness incurred by the Issuer and Vandemoortele Coordination Center NV to the extent the senior leverage at the time of incurrence is less than 2.50:1, financial indebtedness of Vandemoortele Lipids NV and/or the Issuer under the Irrevocable and Revolving Letter of Credit (as defined below), financial indebtedness under any derivative transaction, financial indebtedness under the Existing Bonds (as defined below), a general basket of EUR 50,000,000 of additional financial indebtedness in aggregate for all borrowers and guarantors (other than the Issuer and Vandemoortele Coordination Center NV) and a general basket of EUR 25,000,000 of additional financial indebtedness in aggregate for members of the Group which are not borrowers or guarantors. The issuance of the Bonds is permitted pursuant to the Revolving Facility as the senior leverage at the time of incurrence is less than 2.50:1.

The Group is further subject to various financial covenants under the Revolving Facility, including a maximum senior leverage ratio of 3.00 (subject to an agreed leverage spike of 3.25:1) and a minimum interest cover ratio of 3.00.

The Revolving Facility further allows the requisite majority of lenders to accelerate the Revolving Facility upon any borrower or guarantor being in a negative net assets position, taking into account contingent and prospective liabilities.

3. Existing Bonds

The Issuer has two outstanding bond issuances:

- the 2017 Existing Bonds, which were offered to retail and institutional investors in Belgium and the Grand Duchy of Luxembourg and are listed on the Luxembourg Stock Exchange; and
- the 2022 Existing Bonds which were offered to retail and institutional investors in Belgium and are listed on the regulated market of Euronext Brussels.

The prospectuses in relation to the Existing Bonds are available on the Issuer's website (www.vandemoortele.com).

The Existing Bonds constitute direct, unconditional, unsubordinated and (subject to the negative pledge condition) unsecured obligations of the Issuer.

4. Factoring Agreements

ING Commercial Finance Belux NV

On 13 November 2012, Vandemoortele Lipids NV and Vamix NV entered into a factoring agreement with ING Commercial Finance Belux NV ("ING ComFin"). On 18 December 2015, Vandemoortele Nederland B.V. acceded to the factoring agreement. Subject to the terms and conditions of the agreement, Vandemoortele Lipids NV, Vamix NV and Vandemoortele Nederland B.V. assign on an ongoing basis title to certain eligible receivables arising from the supply of goods and/or the provision of services to ING ComFin on a non-recourse basis and ING ComFin purchases these receivables against payment of the nominal value of these receivable reduced by a discount. ING ComFin pays 95% of the nominal value of these receivables (the "**Initial Purchase Price**") upon purchase. The remaining 5% of the nominal value is paid when ING ComFin receives payment under the receivables. The maximum aggregate Initial Purchase Price paid for all outstanding receivables that are sold to ING ComFin, is limited to EUR 40,000,000 at any time.

During the term of the factoring agreement and until the debtors have fulfilled all of their obligations vis-à-vis ING ComFin, Vandemoortele Lipids NV, Vamix NV and Vandemoortele Nederland B.V. are not permitted to assign their receivables to any other party than ING ComFin or to pledge or encumber the same in any way to the benefit of any other party than ING ComFin.

The factoring agreement entered into force on 13 November 2012 for an initial period of three (3) years, subject to tacit renewal for subsequent periods of one (1) year, unless terminated by either party upon six (6) months' notice. The agreement has been tacitly renewed on 13 November 2015. The Issuer is currently working on a renewal of the factoring agreement for a period of five (5) years, but with the possibility to terminate at the end of the third year.

BNP Paribas Fortis

On 18 October 2013 Panavi S.A.S. and BNP Paribas Fortis Factor NV ("BNPPFF") entered into a non-recourse factoring agreement. On 20 October 2016, Vandemoortele France SAS acceded to the factoring agreement. Subject to the terms and conditions of the agreement, Panavi S.A.S. and Vandemoortele France SAS assign on a continuing basis title to certain eligible receivables arising from the supply of goods or the provision of services to BNPPFF on a non-recourse basis and BNPPFF purchases these receivables against payment of the nominal value of these receivable reduced by a discount. BNPPFF will pay immediately 95% of the nominal value of these receivables (the "**Initial Purchase Price**"). The remaining 5% of the nominal value is paid when BNPPFF receives payment under the receivables. The maximum aggregate Initial Purchase Price paid for all outstanding receivables that are sold to BNPPFF is limited to EUR 50,000,000 at any time.

During the term of the factoring agreement Panavi S.A.S. and Vandemoortele France are not permitted to assign their receivables to any other party than BNPPFF or to pledge or encumber the same in any way to the benefit of any other party than BNPPFF.

The scheduled termination date of the factoring agreement is November 2021. Both parties have the possibility to early terminate this factoring agreement at any time after 31st January 2019 with a 6 months prior written notice.

5. Irrevocable and Revolving Letter of Credit

The Issuer, KBC Bank NV and a major supplier of Vandemoortele NV (the "**Supplier**") have entered into an agreement pursuant to which the Supplier has the right to submit its invoices to KBC Bank NV which accepts to pay the Supplier (without recourse) pursuant to an irrevocable and revolving letter of credit issued by KBC Bank NV (the "**Irrevocable and Revolving Letter of Credit**"). The Issuer and KBC Bank NV are party to a credit agreement in the amount of EUR 35,000,000 which can be used to issue such letters of credit to the Supplier. The Irrevocable and Revolving Letter of Credit has a duration of 1 year. KBC Bank NV accepts deferred repayment of these invoices by the Issuer.

L. Legal and arbitration proceedings

From time to time, the Issuer or a subsidiary is a party to legal proceedings arising out in the normal course of business.

However, neither the Issuer nor any of its subsidiaries is, nor has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) during the twelve months preceding the date of this Information Memorandum that may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

Vandemoortele Polska Spzoo, Lodz is subject to an ex officio administrative proceeding from the Energy Regulation Office ("ERO") in Poland for having breached the governmental restrictions of electricity consumption in the period from 10 to and including 31 August 2015. The maximum administrative fine which could be imposed upon Vandemoortele Polska Spzoo is 2,7 mio €. Vandemoortele Polska Spzoo, Lodz has contested the breach. In the absence of any precedents or guidance, the outcome of the proceedings cannot be determined at this stage. Vandemoortele Polska Spzoo, Lodz has not taken any provision in relation to this matter.

VI. SELECTED FINANCIAL INFORMATION

A. Overview of the 2016 mid-year financials

The first half year of 2016 has been marked by the purchase by Safinco, the family shareholder's holding, of the 23,58% participation in the Vandemoortele Group owned by Gimv. This transaction was to a large extent financed by the distribution of a special dividend of EUR 145 million by the Group to Safinco. It allowed Safinco to own again 100% of the Group.

Next to this major event, the first semester of 2016 has been characterized by a continued improvement of the recurring operational results of the Group.

The mid-year 2016 revenue has slightly increased by 0.6 % to EUR 647 million, whilst the recurring operational cash flow ("REBITDA") increased by 7.6% to EUR 60 Mio and the recurring operational profit ("REBIT") by 4.9% to EUR 33 million.

The Bakery Products business line has increased its revenues by 3.9% versus last year through a combination of sales volume growth and product mix improvement, to reach EUR 392 million. This volume growth and product mix improvement have been the main drivers of a further increase in the recurring operational profitability of the business line.

In the MCOF business line, revenues have decreased by 4.0 % versus last year to reach EUR 265 million primarily as a consequence of lower sales volumes, reflecting the market trend. The negative impact of this evolution on the recurring operational profitability of the business line has been largely compensated by a good management of our costs and our raw materials procurement.

Non recurring restructuring charges, mainly linked to a further streamlining of our Bakery Products industrial footprint, resulted in an operational profit ("EBIT") of EUR 23 million, versus EUR 31 million mid-year 2015. After taking into account the higher than normal financial expenses, primarily linked to non-cash effects of the voluntary early repayment of the Gimv subordinated loan, and the income taxes, the Group EAT (Earnings After Tax) amounts to EUR 5 million, compared to EUR 15 million mid-year 2015.

The special dividend of EUR 145 million is the main reason for the increase in senior net financial debt from EUR 122 million at 31/12/15 to EUR 300 million at 30/6/16. Despite this special dividend, the balance sheet remains solid with an equity of EUR 293 million.

Over the full year 2016 and absent unpredicted effects of the Brexit on our businesses, we expect the Group to realize a slight revenue growth versus last year while further improving its recurring operational profitability.

B. Audited and unaudited financial information

The full year end financial statements for the financial years 2014 and 2015 can be consulted on www.vandemoortele.com.

The key financial information for the financial years 2014 and 2015 and for the half years ended on 30 June 2015 and 2016 is listed below.

Income Statement Key Financial Information		(annual, audited)		(half-yearly, unaudited)	
in millions of EUR		31.12.2014	31.12.2015	30.06.2015	30.06.2016
Revenue		1,269	1,357	643	647
Recurring Operational Cash Flow (REBITDA)		110	123	56	60
Recurring depreciation, amortisation and write-offs.....		(44)	(55)	(25)	(27)
Recurring Operational Profit (REBIT)		66	68	31	33
Non-recurring items.....		(10)	(9)	0	(9)
Impairment.....		(2)	(3)	0	(1)
Operational Profit (EBIT)		54	56	31	23

Net financial income / (expense)	(10)	(21)	(10)	(17)
Result according to the equity method	0	2	1	3
Pre-Tax Current Profit / (Loss)	44	37	22	10
Income tax expense	(12)	(3)	(7)	(5)
Profit / (Loss) from Continuing Operations	32	34	15	5
Profit / (loss) from discontinued operations	0	0	0	0
Profit / (Loss) (EAT)	32	34	15	5

Balance Sheet Key Financial Information

in millions of EUR	(annual, audited)		(half-yearly, unaudited)	
	31.12.2014	31.12.2015	30.06.2015	30.06.2016
Net fixed assets (NFA)	465	580	544	587
Working capital need (WCN)	24	12	32	37
Capital Employed	489	592	577	624
Equity	354	379	366	293
Provisions and others	11	22	7	30
Subordinated debt	66	69	67	0
Senior net financial debt (NFD)	58	122	137	300
Capital Provided	489	592	577	624

Ratio's

	(annual, audited)		(half-yearly, unaudited)	
	31.12.2014	31.12.2015	30.06.2015	30.06.2016
Recurring operational cash flow (REBITDA) / Revenue	8.7%	9.1%	8.7%	9.3%
Recurring operational profit (REBIT) / Revenue	5.2%	5.0%	4.9%	5.1%
Net profit (loss) / Revenue	2.5%	2.5%	2.4%	0.8%
Senior NFD / Equity	16%	32%	37%	103%
Senior NFD / REBITDA	0.5*	1.0*	1.2**	2.3**
REBIT / Capital employed	13.5%	11.5%	12.0%	11.2%
Capital expenditures (in millions of EUR)	57	86	30	33

* Adjusted REBITDA

** Adjusted REBITDA rolling 12 months

C. Definitions

Capital employed	Net fixed assets plus working capital need.
Capital provided	Equity, net financial debt and provisions.
EAT	Earnings after tax.
EBIT	Profit from operations.
EBITDA	Profit from operations before interest, tax, depreciation, amortisation and impairments.
Equity	For ratio calculations total equity includes equity attributable to owners of the parents and non-controlling interests.
Net financial debt	Nominal amount of borrowings minus cash and cash equivalents,

	mutual funds, current and non-current loans.
Net fixed assets.....	Goodwill, other intangible assets, property, plant & equipment, investments in associates and financial assets (excluding mutual funds).
Non-recurring items	Operating income and expenses that are related to restructuring programs, impairment losses, environmental provisions or other events and transactions that are clearly distinct from the normal activities of the Group.
Operational working capital need.....	Inventories, trade receivables and trade payables.
Other working capital need	Other receivables (excluding current & non-current loans), other assets, current tax payables, other liabilities, current employee benefits and net commodity derivatives.
Provisions.....	Current and non-current provisions, non-current employee benefits, deferred tax liabilities minus deferred tax assets, derivatives (excluding commodity derivatives) and fair value adjustments on borrowings.
REBIT	Recurring EBIT = EBIT before non-recurring items.
REBITDA	Recurring EBITDA = EBITDA before non-recurring items.
Working capital need.....	Operational working capital need plus other working capital need.

VII. MANAGEMENT AND CORPORATE GOVERNANCE

A. Board of Directors

The Issuer's Board of Directors currently consists of twelve members: the CEO and Managing Director of the issuer, five non family board members and six family board members.

	<u>First appointed</u>	<u>Expiry of current term</u>	<u>Non Family Director</u>	<u>Audit Committee</u>	<u>C&N Committee</u> ⁽¹⁾
Jean Baron Vandemoortele ⁽²⁾	2009	2018		X	X (Chairman)
Financière des Cytises NV, represented by its permanent representative Mr. Michel Delloye ⁽³⁾	2011	2017	X	X (Chairman, independent director)	X
Arval NV, represented by its permanent representative Mr. Christian Vandemoortele	2003	2017			
Mrs. Ann Deruyttere	2010	2019			
Retail Development Services SPRL, represented by its permanent representative Mrs. Chantal Heymans	2011	2017			
Countess Marie-Christine de Brieij – Casier ⁽⁴⁾	1998	2017			
Arema SPRL, represented by its permanent representative Mr. François Casier	2001	2017		X	X
Ms Cécile Bonnefond	2016	2019	X		
Euro Invest Management NV, represented by its permanent representative Mr. Philippe Haspeslagh	2002	2017	X		
Mr. Michel Leonard	2010	2019	X		
Wall & Waltz EBVBA, represented by its permanent representative Mr. Eddy Walraevens	2011	2017	X		
Jules Noten Comm.V., represented by its permanent representative Mr. Jules Noten ⁽⁴⁾	2014	2017			

⁽¹⁾ Compensation and Nomination Committee

⁽²⁾ Chairman of the Board

⁽³⁾ Vice-Chairman of the Board

⁽⁴⁾ CEO and Executive Director

The articles of association of the Issuer currently provide that five members of the Board of Directors need to be independent directors in the meaning of Article 526ter of the Belgian Company Code (as if such Article were legally applicable to the Issuer, which it is not). These and certain other provisions in the articles of association and the Corporate Governance Charter of the Issuer relating to the governance of the Issuer are no longer relevant since Gimv has exercised its warrants and sold its shares in the Issuer to Safinco NV, as a result of which the Issuer has become wholly family-owned through its sole shareholder Safinco NV (see Section Schedule 1Part AV.J - *“Recent developments”*). However, the articles of association and the Corporate Governance Charter of the Issuer have not yet been changed to reflect this. The Issuer will shortly present to its general meeting of shareholders an update of its articles of association and the Board of Directors will resolve on an update of the Corporate Governance Charter.

The powers of the Board of Directors are described in Book VIII, Title IV, Chapter I, Section I, Subsection II of the Belgian Company Code, Title III of the articles of association of the Issuer and Part III of the Vandemoortele Corporate Governance Charter (available at www.vandemoortele.com).

The following paragraphs set forth biographical information regarding the members of the Vandemoortele Board of Directors.

Jean Baron Vandemoortele, Chairman

Jean Baron Vandemoortele (°1958) joined the Group in 1982 and spent his entire professional career with the Group. Prior to his appointment on 13 May 2014 as Chairman, he served as CEO of the Group since 2003. He holds a degree in Applied Economics from the Catholic University of Louvain and also an MBA from Insead.

Michel Delloye, Vice-Chairman and Independent Director (representing Financière des Cytises NV)

Mr. Michel Delloye (°1956) is the permanent representative of Financière des Cytises NV, a management and consulting company that serves as Vice-Chairman and Independent Director of Vandemoortele since 2015. (From 2011 until 2015, Cytindus NV, with permanent representative Mr. Michel Delloye served as Independent Director and as Chairman (until 13 May 2014) of Vandemoortele.) From 1998 to 1999, Mr. Delloye was CEO of Central European Media Enterprises, and from 1992 to 1996 he served as CEO of RTL Group, the European television and radio broadcaster. From 1984 to 1992, Mr. Delloye held numerous positions in both Belgium and the United States at Group Brussels Lambert, serving as General Manager prior to his departure. Mr. Delloye was Chairman of the Board at EVS Broadcast Equipment NV until 18 May 2010. He also serves on the boards of directors of, among other companies, Telenet Group Holding NV, Brederode SA and Matexi Group NV. Mr. Delloye obtained a law degree from the Université Catholique de Louvain.

Christian Vandemoortele, Director (representing Arval NV)

Mr. Christian Vandemoortele (°1960) represents Arval NV. He holds a Bachelor Degree in Law from the Catholic University of Louvain and has been active in several advertising agencies.

Ann Deruyttere, Director

Mrs. Deruyttere (°1958) is director of companies.

Chantal Heymans, Director (representing Retail Development Services SPRL)

Mrs. Chantal Heymans (°1961) represents Retail Development Services SPRL. She currently serves on the board of directors of Cash Converters Belgium Holding SA and Woké LLN SA. Prior to that she was Assistant-Manager at Materne-Döhler NV (1985-1987), held various posts (including Franchise Manager) at Mestdagh NV (1989-1998), was Development Manager at Laurus Belgium NV (1998-2001), participated in the real estate management of Decathlon Benelux SA (2001-2004) and served as CEO at Cash Converters Belgium (2004-2014). She holds a Degree in Business Administration from the University of Liège.

Countess Marie-Christine de Briey – Casier, Director

Countess Marie-Christine de Briey - Casier (°1954) worked in a political party (UDRT) after a training period at the European Community, and is currently vice-president of the AEMFE (Association Européenne de Micro-Crédits aux Femmes Entrepreneurs). She holds a Degree in Law from the Catholic University of Louvain.

François Casier, Director (representing Arema SPRL)

Mr. François Casier (°1957) represents Arema SPRL. He is founder and president of a Belgian NGO organization. He started his professional life in the marketing department of Procter & Gamble and subsequently became CEO of the Belgian subsidiary of a French company active in car accessories. He holds a Law Degree from the Catholic University of Louvain and an MBA from Insead. He is a board member of the De Duve Institute (international biomedical research center).

Philippe Haspeslagh, non-family director (representing Euro Invest Management NV)

Mr. Philippe Haspeslagh (°1950) represents Euro Invest Management NV. On 1 September 2008 he became the Dean of the Vlerick Business School. He is currently the Paul Desmarais Chaired Professor of Partnership and Active Ownership at INSEAD where he directs the Strategic Issues in Mergers and Acquisitions Programme and founded the International Directors Forum. He has served as a Professor in various capacities at INSEAD since 1979. He serves as Chairman of the board for Dujardin Foods, and Capricorn Venture Capital. He is a board member of Kinepolis, Quest for Growth and an advisory board member of Governance for Owners. He formerly served as Chief of Cabinet for the Ministry of Agriculture and SME (1997-1999). He holds an MBA and PhD. in Business Administration from Harvard Business School, a diploma in Clinical Psychology from Insead and is a graduate of the Vlerick School and Leuven University.

Michel Leonard, Independent Director

Mr. Michel Leonard (°1949) served as Product and Group Manager at the Danone Group (1971-1978), Marketing Director of Evian Water Company (1978-1982), General Manager of branch of the Prouvost Group (1982-1985), General Manager of Fromarsac at the Bongrain Group (1986-1991), General Manager of Western Europe at the Bongrain Group (1991-1996), Chairman of the Management Board of Bongrain Europe (1996-2001), Chairman of the Management Board of the Bongrain Group (2000-2003), and Chairman of the Management Board of the Lactalis Group (2003-2009). He holds a Degree of HEC and Insead.

Eddy Walraevens, Independent Director (representing Wall & Waltz EBVBA)

Mr. Eddy Walraevens (°1954) served as Manager PR Department at Zeekanaal NV (1978-1979), Production Manager at Publicarto (1979-1981), Account Executive New Business at Accent (1981-1983), held various posts at Vamix, including Product Manager Bakery Division, Senior Marketing Export Division, Commercial Director Benelux and General Manager Industrial (1983-1994), was General Manager at Dumeco (1994-2001), CEO of Belpan Holding (2002-2006), and Managing Director of Gudrun Group (since 2006). He holds a Degree in Chemistry from the University of Ghent.

Ms Cécile Bonnefond, Independent Director

Ms. Cécile Bonnefond (° 1956) has more than 30 years of experience in the food industry, of which 20 years in mass market food brands, 15 years in luxury food and drinks and a few years in department store management. As part of her mass market food experience she spent several years within the bakery products activity of Grand Metropolitan/Sara Lee. Other international groups for whom she has performed include EPI Group, DMC Group, Danone, Kellogg's and the LVMH Group. She holds a degree in business administration from the European Business School Paris/London/Frankfurt and an executive MBA at IMD, Lausanne, Switzerland.

Jules Noten, CEO and Executive Director (representing Jules Noten Comm.V.)

Mr. Jules Noten (°1960) joined the Group on 1 August 2012. Beforehand, he was Sales Member Foods Executive Europe and North America at Unilever (1993-1996), General Manager at Mora Benelux (a Unilever company) (1996-1999), Managing Director at Van den bergh Foods (a Unilever company) (1999-2001), General Manager and Chairman at Unilever Bestfoods Belgium (2001-2003), CEO of Partners in Lighting International (Massive) (2003-2008), Senior Advisor Consumer Goods Europe at 3i Group (2008-2009), and CEO at Balta Industries (2009-2012). He holds a degree in Commercial & Financial Sciences from Vlekho Business School and enjoyed executive education at Kellogg School of Management (1996) and Harvard Business School (2000). Mr. Noten has been the Managing Director Bakery Products Business Line since 1 August 2012 and since 13 May 2014 he serves as well as CEO of the Group.

B. Executive Management: the Vandemoortele Group Executive Committee

Name	Position	Appointed
Jules Noten Comm.V., represented by its permanent representative Mr. Jules Noten	CEO and Managing Director Bakery Products Business Line	13 May 2014 ⁽¹⁾
Mr. Jan Gesquière	CFO	17 February 2014
Mr. Jan Van Hootegem	Group HR Director	7 October 2003
Mr. Bart Bruyneel	Managing Director MCOF Business Line	4 September 2008
Mr. Dirk Durez	Secretary General	7 October 2003

⁽¹⁾ Managing Director Bakery Products Business Line since 1 August 2012

The powers of the Vandemoortele Group Executive Committee are described in Part VI of the Vandemoortele Corporate Governance Charter (available at www.vandemoortele.com).

The following paragraphs set forth biographical information regarding the members of the Vandemoortele Group Executive Committee

Jules Noten, Chief Executive Officer and Managing Director Bakery Products Business Line (representing Jules Noten Comm.V.)

Mr. Jules Noten (°1960) joined the Group on 1 August 2012. Beforehand, he was Sales Member Foods Executive Europe and North America at Unilever (1993-1996), General Manager at Mora Benelux (1996-1999), General Manager at Van den bergh Foods (1999-2001), General Manager and Chairman at Unilever (2001-2003), CEO of Partners in Lighting International (2003-2008), Senior Advisor Consumer Goods Europe at 3i Group (2008-2009), and CEO at Balta Industries (2009-2012). He holds a degree in Commercial & Financial Sciences from Vlekho Business School and participated in an Advanced Management Programme at Harvard Business School. Mr. Noten has been the Managing Director Bakery Products Business Line since 1 August 2012 and since 13 May 2014 he serves as well as CEO of the Group.

Jan Gesquière, Chief Financial Officer

Mr. Jan Gesquière (°1961) joined the Group on 17 February 2014. He served as the Chief Financial Officer at Elia System Operator SA from 2003 until 2013. In 1986, Mr. Gesquière began his career as an Audit Assistant at Ernst & Young, specializing in Controlling. Three years later, he moved to Sidmar, a subsidiary of European steel producer Arcelor, where he started out as an Internal Auditor and later moved up to Finance & Administration Manager in the scrap division. In 1993, Mr. Gesquière was appointed as Chief Financial Officer of textile and chemical firm Domo. He served as a Director of Commercial Catering, Global Hotel and Hot Cuisine, subsidiaries of Autogrill Belux N.V. He earned his diploma in Commercial Engineering in 1984 from the Catholic University of Leuven.

Jan Van Hootegem, Group Human Resources Director

Mr. Jan Van Hootegem (°1959) joined the Group in 1995. He formerly served in a variety of local and international HR roles at Ford New Holland Belgium (1988-1994). He holds a degree in Clinical Psychology from the University of Ghent and a Master in Coaching & Consulting for Change from Insead.

Bart Bruyneel, Managing Director MCOF Business Line

Mr. Bart Bruyneel (°1960) is since September 2008 the Managing Director responsible for the MCOF Business Line. He joined the Group in 1991 after having worked as a project engineer and manager at Radar, a Belgian producer of specialty animal compounds. At Vandemoortele, he has mainly been active in the MCOF business line where he has held several positions. From 2003 to 2007 he was Commercial Director of the combined MCOF and Bakery Products Business Line and since 2007 he was Business Unit Director MCOF in that same

combined business line. He holds an engineering degree and a Ph.D. in Chemistry and Agricultural Sciences from the University of Ghent and also an MBA from Insead.

Dirk Durez, Secretary General

Mr. Dirk Durez (°1955) is Secretary General for Vandemoortele and joined the Group in 1991. He formerly served as Deputy Managing Director for the Coordination Center of the Sabena Group (1987-1991). He holds a Law degree as well as a Criminology degree from the Vrije Universiteit Brussels. He also holds a post-graduate in financial management.

C. Committees of the Board of Directors

The Board of Directors has established two advisory committees: the Audit Committee and the Compensation and Nomination Committee.

1. Audit Committee

The composition of the Audit Committee complies with the requirements set forth in Article 526bis, §2 of the Belgian Company Code.

Name	Expiry of current term
Financière des Cytises NV (chairman), represented by its permanent representative Mr. Michel Delloye	2017
Jean Baron Vandemoortele	2018
Arema SPRL, represented by its permanent representative Mr. François Casier	2017

The powers of the Audit Committee are described in Article 526bis, §4 of the Belgian Company Code, Article 23 of the articles of association of the Issuer and Part IV.3 of the Vandemoortele Corporate Governance Charter (available at www.vandemoortele.com).

The Audit Committee has the following powers which are designed to bring specific problems to the attention of the Board:

- Risk management and internal audit:
 - To oversee the general internal audit systems;
 - To examine the general philosophy regarding identification and analysis of the risks inherent in the activities carried out;
 - To monitor the processes and procedures for following up risks identified by the management.
- Soundness and integrity of financial reporting:
 - Regular checking of the internal and external financial reporting and the IT systems;
 - Examining key accounting and reporting items, including significant changes in the valuation rules;
 - Examination of significant extra-business activities, agreements, undertakings, and other relationships with non-consolidated legal entities or other persons which might have a significant impact on the Issuer, its subsidiaries, and affiliated enterprises;
 - Inspection of the annual financial accounts to make sure that they portray an accurate, honest, and comprehensible impression of the financial state of affairs, pursuant to the articles of association as well as from a consolidated point of view.
- Compliance with statutory and regulatory provisions, internal policies, procedures and Code of conduct:

- The Audit Committee monitors the application of Vandemoortele's Code of conduct as well as the manner in which the management ensures compliance with the Code of conduct (attached to the Corporate Governance Charter);
- The Audit Committee examines all cases of non compliance with the external regulatory principles and/or the internal policies and procedures which are reported to the Audit Committee by the manager of the internal audit department, the auditor(s), the Secretary General, the QESS manager, or any other person.
- Appointment, evaluation of the performance, powers and independence of the external auditors:
 - The Audit Committee is the body responsible for managing relationships with the external auditors, specifically including:
 - Proposal to the Board regarding nomination and approval of the remuneration and services to the external auditors (without prejudice to the respective powers of the works councils and the general meeting of the shareholders);
 - Inspection of the external auditor's report to the Board and the management's response to it;
 - Examination of all audit problems or difficulties and the management's reaction to those problems and difficulties;
 - Assessment of the performances, powers, and independence of the external auditors.
- Performance of the internal audit operation:
 - Examination of the status reports of the internal audit department and follow-up of outstanding issues and action points with a view to concluding them;
 - Checking the effectiveness of the internal audit department;
 - Approval of the (re)appointment of Vandemoortele's internal auditor manager of the recommendation of the CEO.
- Annual meeting:
 - At least one member of the Audit Committee attends the Vandemoortele annual general meetings and is at the disposal of the Chairman to answer any questions from the meeting.
- Investigative powers:
 - In order to perform its task, the Audit Committee may request information from any director, manager, or employee and from any adviser, agent, or representative of Vandemoortele; the Board will urge these people to co-operate with the Audit Committee.

2. **Compensation and Nomination Committee**

The Compensation and Nomination Committee is composed as follows:

Name	Expiry of current term
Jean Baron Vandemoortele (Chairman)	2018
Financière des Cytises NV, represented by its permanent representative Mr. Michel Delloye	2017
Arema SPRL, represented by its permanent representative Mr. François Casier	2017

The powers of the Compensation and Nomination Committee are described in Article 23 of the articles of association of the Issuer and Part IV.2 of the Vandemoortele Corporate Governance Charter (available at www.vandemoortele.com, which will be updated shortly, See VIID below):

- With regard to (re)appointments:
 - Recruits and selects the CEO and submits the appointment to the Board;
 - Submits to the Board, on the recommendation of the CEO, the appointment of the members of the executive committee;
 - Recruits and selects the non family directors and recommends suitable candidates to the Board.
- With regard to performance review:
 - Assesses the performance of the CEO;
 - Discusses on the basis of the report of the CEO the performance review of the members of the executive committee;
 - Assesses the individual performances of the independent directors in the context of their reappointment.
- With regard to remuneration:
 - Lays down the general principles of the remuneration policy for staff on the basis of the proposal of the CEO and approves its global budget every year;
 - Fixes the remuneration of the members of the executive committee on the basis of the proposal of the CEO and fixes the remuneration of the CEO;
 - Transfers proposals to the Board about the remuneration of the Chairman of the Board of directors and the directors;
 - Exceptionally authorises the members of the executive committee to exercise and additional mandate or activity outside the executive committee, with or without the intention of making gain.

The Nomination and Remuneration Committee meets at least twice a year.

D. Corporate Governance

The Issuer attaches great importance to adequate corporate governance policies and, although its shares are not listed on any exchange or market to date, undertakes its best efforts to apply the governance best practices of the 2009 Belgian Code on Corporate Governance of 12 March 2009. The Board of Directors approved the first version of the Issuer's corporate governance charter on 6 April 2006 and adopted its fourth update on 3 March 2015.

The current Corporate Governance Charter can be consulted on the website of the Issuer (www.vandemoortele.com). The Issuer will present shortly to its general meeting of shareholders an update of its articles of association in light of the fact that the Issuer has become wholly family-owned through its sole shareholder Safinco NV as a result of the exercise by Gimv of its warrants and sale of its shares in the Issuer to Safinco NV (see Section Schedule 1Part AV.J - "*Recent developments*"). The Board of Directors will shortly also resolve upon an update of the corporate governance charter.

E. Statutory Auditors

The statutory auditor of the Issuer (the "**Statutory Auditor**") is Deloitte Bedrijfsrevisoren CVBA, with registered office at Berkenlaan 8b, 1831 Diegem, Belgium, represented by Mr. Kurt Dehoorne and Ms. Charlotte Vanrobaeys.

Deloitte Bedrijfsrevisoren CVBA is a member of the Belgian *Instituut van de Bedrijfsrevisoren*.

The consolidated financial statements of the Issuer for the financial years ended 31 December 2014 and 2015 have been audited and approved without qualifications by Deloitte Bedrijfsrevisoren CVBA.

F. Conflicts of Interests

In accordance with Article 523 of the Belgian Company Code, a member of the Board of Directors must give the other members prior notice of any agenda items in respect of which he or she has a direct or indirect conflict of interests of a financial nature with the Issuer and should refrain from participating in the discussion of and voting on those items.

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, other than the following:

- certain members of the Board of Directors, directly or indirectly, hold a significant interest in the share capital of the Issuer; and
- the CEO and the Chairman have a conflict of interest with respect to any resolutions of the Board of Directors in relation to their remuneration.

VIII. USE OF PROCEEDS

The gross proceeds of the Bonds, which amount to EUR 75,000,000, will together with the Issuer's cash flows and existing financing be used to prepay part of the outstanding amount under the Revolving Facility, to finance the Issuer's business development (including, the extension or optimisation of production capacities in Lyon (Saint-Vulbas), Arras, Kutno and Ravenna), as well as to finance its general corporate purposes including future acquisitions.

With the issue of the Bonds, the Issuer aims to further reduce its reliance on bank financing by achieving an optimal global balance between the Issuer's existing bank financing and financing through the debt capital markets, as well as to extend the maturity of its funding.

IX. TAXATION

A. Exchange of information – Common Reporting Standard

Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU as regards mandatory automatic exchange of information in the field of taxation (“**DAC2**”)) implemented the exchange of information based on the Common Reporting Standard (“**CRS**”) within the European Union. So as to prevent overlap, the EU Savings Directive was repealed as from 1 January 2016 (1 January 2017 in the case of Austria). Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by **DAC2**) and **CRS** have been transposed in Belgium by the law of 16 December 2015.

Under **CRS**, financial institutions resident in a **CRS** country (more than 100 jurisdictions) are required to identify their customers and report, according to a due diligence standard, personal data and 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 include e.g. trusts) with fiscal residence in another **CRS** country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

At present, more than 50 countries, including Belgium, have committed to start reporting under **CRS** in 2017 with respect to calendar year 2016.

The Bonds are subject to the regulations laid down in **DAC2**. Under this Directive (and the Belgian law of 16 December 2015), Belgian financial institutions holding these Bonds for tax residents in another **CRS** contracting state shall report financial information regarding these Bonds (income, gross proceeds, etc.) to the Belgian competent authority, who shall communicate the information to the competent authority of the **CRS** state of the tax residence of the beneficial owner.

B. Foreign Account Tax Compliance Act

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010, commonly referred to as “**FATCA**” impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or “**FFI**” (as defined by **FATCA**)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) or become subject to provisions of local law intended to implement an intergovernmental agreement (“**IGA Legislation**”) entered into pursuant to **FATCA**, to provide the **IRS** with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with **FATCA** and (ii) any investor (unless otherwise exempt from **FATCA**) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of the Issuer (a “**Recalcitrant Holder**”). The Issuer may be classified as an **FFI**.

The new withholding regime is now in effect for payments from sources within the United States and will apply to “**foreign passthru payments**” (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Bonds characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the “**grandfathering date**”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Bonds characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Bonds are issued on or before the grandfathering date, and additional Bonds of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Bonds, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of **FATCA** (each, an “**IGA**”). Pursuant to **FATCA** and the “**Model 1**” and “**Model 2**” **IGAs** released by the United States, an **FFI** in an **IGA** signatory country could be treated as a “**Reporting FI**”

not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally is not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes on securities such as the Bonds. Under each Model IGA, a Reporting FI is still required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Belgium have entered into an agreement (the “**U.S.-Belgium IGA**”) based largely on the Model 1 IGA. Moreover, Belgium has meanwhile implemented FATCA in its domestic legislation by a law of 16 December 2015 (“*Wet tot regeling van de mededeling van inlichtingen betreffende financiële rekeningen, door de Belgische financiële instellingen en de FOD Financiën in het kader van automatische uitwisseling van inlichtingen op internationaal niveau en voor belastingdoeleinden*”). Under this law, Belgian financial institutions holding Bonds for “US accountholders” and for “Non US owned passive Non Financial Foreign entities” are held to report financial information regarding the Bonds (income, gross proceeds,..) to the Belgian competent authority, who shall communicate the information to the US tax authorities.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-Belgium IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes on securities such as the Bonds. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Bonds are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Bonds are cleared through the X/N System, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Bonds by the Issuer and any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the X/N System is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Bonds.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and IGAs as of the date hereof, all of which are subject to change at any time, possibly with retroactive effect. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Bonds.

C. Taxation in Belgium

The information below is of a general nature and is not intended to deal with all aspects of an investment in the Bonds. In some cases other rules might apply. Moreover, the applicable tax regulations and their interpretation can change over the course of time (possibly with retroactive effect). Potential investors who wish to have more detailed information concerning the tax consequences, both in Belgium and elsewhere, on the purchasing, holding and transfer of the Bonds, are urged to consult their own financial and tax advisors.

1. Belgian withholding tax

(a) General rules

The payments of interest on the Bonds by or on behalf of the Issuer are, as a rule, subject to Belgian withholding tax on the gross amount of the interest. This withholding tax currently amounts to 27%. It should be noted that the Belgian government has recently announced its intention to increase the general withholding tax rate (which applies a.o. to interest payments on debt securities) from 27 to 30%. It is currently still somewhat unclear when exactly this increase will take effect.

For Belgian income tax purposes, interest includes (i) periodic interest income, (ii) amounts paid by the Issuer in excess of the issue price (upon full or partial redemption, whether or not at maturity, or upon purchase by the Issuer), and (iii) if the Bonds qualify as fixed income securities pursuant to Article 2, §1, 8° of the Belgian Income Tax Code 1992 (*Wetboek van de inkomstenbelastingen van 1992 / Code des impôts sur les revenus 1992*; hereinafter: “**ITC 1992**”), in case of a sale of the Bonds between interest payment dates to any third party, excluding the Issuer, the *pro rata* of accrued interest corresponding to the detention period.

(b) *The X/N clearing system of the NBB*

The holding of the Bonds in the X/N System permits investors to collect interest on their Bonds free of Belgian withholding tax if and as long as at the moment of payment or attribution of interest the Bonds are rightfully held by certain investors (the “**Eligible Investors**”, see below) on a tax-exempt securities account (an “**X Account**”) opened by an institutional account holder that is directly or indirectly a participant (“**Participant**”) in the X/N System. Euroclear and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

The holding of Bonds in the X/N System enables Eligible Investors to receive interest on their Bonds without incurring Belgian withholding tax and to trade the Bonds on a gross basis.

The Participants in the X/N System must enter the Bonds that they hold on account for Eligible Investors on 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*), which includes the following categories:

1. Belgian resident companies referred to in Article 2, §1, 5°, b) ITC 1992;
2. Without prejudice to Article 262, 1° and 5° ITC 1992, institutions, associations or companies referred to in Article 6 of the Law of 13 March 2016 concerning the supervision of insurance and re-insurance companies other than those referred to in 1° and 3°;
3. Semi-governmental organizations for social security and equivalent organisations referred to in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the ITC 1992 (“**RD ITC 1992**”);
4. Non-resident investors referred to in Article 105, 5° RD ITC 1992 whose holding of the Bonds is not connected to a professional activity in Belgium;
5. Investment funds referred to in Article 115 RD ITC 1992;
6. Investors referred to in Article 227, 2° ITC 1992, subject to non-resident income tax (*belasting van niet inwoners / impôt des non-résidents*) in accordance with Article 233 ITC 1992 and whose Bonds are held as part of a business activity in Belgium;
7. The Belgian State, for its investments that are exempt from withholding tax in accordance with Article 265 ICT 1992;
8. Investment funds governed by foreign law (such as *fonds de placement / beleggingsfondsen*) that are an undivided estate managed by a management company, for the account of the participants, provided the funds units are not publicly issued in Belgium and are not traded in Belgium; and
9. Belgian resident companies, not referred to under 1. above, whose sole or principal activity consists of granting credits and loans.

Eligible Investors do not include, *inter alia*, Belgian resident individuals and Belgian non-profit organisations, other than those mentioned under 2. and 3. above, or Belgian pension funds that have adopted the form of an Organism for Financing Pensions (*Organisme voor de Financiering van Pensioenen/Organisme de Financement de Pensions*) as meant in the law of 27 October 2006 (the “**Non-Eligible Investors**”).

The Participants in the X/N System must enter the Bonds which they hold on behalf of Non-Eligible Investors on a non-exempt securities account (an “**N Account**”). In this event (i) all interest payments to the holders of the N Accounts, and (ii) upon the transfer of Bonds by the holders of N Accounts, the *pro rata* accrued interest since the date of the previous interest payment, are subject to a withholding tax of currently 27%. This withholding tax is withheld by the NBB from the interest payment and paid to the tax authorities.

When opening an X Account for holding the Bonds, the Eligible Investor will be required to certify its eligible status on a standard form approved by the Belgian Minister of Finance and send it to the Participant where this account is kept. This statement needs not be periodically reissued (although Eligible Investors must update their

certification should their eligible status change). Participants are however required to make declarations to the NBB as to the eligible status of each investor for whom they hold the Bonds in an X account during the preceding calendar year.

These identification requirements do not apply to Bonds held by Eligible Investors through Euroclear or Clearstream Luxembourg as Participants in the X/N System, provided that Euroclear or Clearstream Luxembourg (as well as their subparticipants) only hold X Accounts and are able to identify the holder of the account.

Transfers of Bonds between an X Account and an N Account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N Account to an X Account gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer from an X Account to an N Account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Bonds between two X Accounts do not give rise to any adjustment on account of withholding tax.

Transfers of Bonds between two N Accounts give rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date, and to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the same interest amount.

2. Belgian income tax

(a) Belgian resident individuals

For Belgian resident individuals (*i.e.*, individuals who have their residence or seat of wealth in Belgium) who hold Bonds as private investments, the payment of interest on the Bonds in Belgium will in principle be subject to a 27% withholding tax in Belgium. Payment of the current 27% withholding tax fully discharges them from their personal income tax liability with respect to these interest payments (*précompte mobilier libératoire/bevrijdende roerende voorheffing*). This means that they do not have to declare the interest obtained on the Bonds in their personal income tax return, provided withholding tax was levied on these interest payments.

Belgian resident individuals may nevertheless elect to declare the interest in their personal income tax return. Where the beneficiary opts to declare them, interest payments will normally be taxed at the interest withholding tax rate of 27% or at the progressive personal tax rates taking into account the taxpayer's other declared income, whichever is more beneficial. If the interest payment is declared, the withholding tax retained by the NBB may be credited.

In principle, capital gains realized upon the sale of the Bonds are tax exempt, except for the pro rata interest included in a capital gain on the Bonds, which is taxable as interest. Capital losses are in general not deductible for tax purposes.

Specific rules apply to Belgian resident individuals who hold Bonds outside the normal administration of their private estate, or within the framework of a professional activity.

(b) Belgian resident companies

The interest that is attributed or paid to a Bondholder that is subject to Belgian corporate income tax, as well as the capital gains realised as a result of the transfer of the Bonds, are in principle subject to corporate income tax at the ordinary rate of currently 33%, plus a 3% crisis surcharge, *i.e.*, 33.99%. The losses realised upon the transfer of the Bonds are tax deductible in accordance with the applicable rules.

Different rules apply to companies that are subject to a special tax regime, such as the investment companies referred to in Article 185bis ITC 1992.

(c) *Belgian resident legal entities*

Belgian legal entities subject to the Belgian legal entities tax (*i.e.*, legal entities that are not companies subject to corporate income tax, and which have their registered office, main establishment or their seat of management or administration in Belgium), and which are Non-Eligible Investors, are subject to the withholding tax of currently 27% on the interest, which is a final tax.

Belgian legal entities qualifying as Eligible Investors will receive the interest without deduction of withholding tax, but, pursuant to Article 262, 1° ITC 1992, must themselves declare the income and pay the withholding tax.

In principle, capital gains realized upon the sale of the Bonds are tax exempt, except for the *pro rata* interest included in a capital gain on the Bonds, which is taxable as interest. Capital losses are in general not deductible for tax purposes.

(d) *Organism for Financing Pensions*

Interest and capital gains derived by Organisms for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision are in principle not subject to Belgian corporate income tax. Capital losses are in principle tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due, and any excess amount is in principle refundable.

(e) *Non-residents*

Bondholders who are not resident in Belgium for Belgian tax purposes, who have not attributed the Bonds to a Belgian establishment, and who hold the Bonds as a private investment, will not incur or become liable for any Belgian tax on income or capital gains by reason only of the acquisition, holding or transfer of the Bonds, subject to the condition that they qualify as Eligible Investors and hold their Bonds on an X Account.

3. *Tax on stock exchange transactions*

Secondary market trades in respect of the Bonds will give rise to a stock exchange tax (*taxe sur les opérations de bourse / taks op de beursverrichtingen*) if they are carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases is 0.09%. The tax is due separately from each party to any such transaction, *i.e.*, the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. The amount of the transfer tax is, however, capped at EUR 650 per transaction per party. It should be noted that the Belgian government has recently announced its intention to double the aforementioned EUR 650 cap, but it is currently still somewhat unclear when exactly this increase will take effect.

However, the tax referred to above will not be payable by exempt persons acting for their own account including investors who are non-residents of Belgium, subject to the delivery of 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 various duties and taxes (*Code des droits et taxes divers / Wetboek diverse rechten en taksen*).

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

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

4. The proposed financial transactions tax

The European Commission has published a proposal for a directive for a common financial transactions tax (the “FTT”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). Estonia has, however, meanwhile expressed its intention not to implement the FTT.

The proposed FTT has a very broad scope and could, if introduced in its current form, 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 current proposals 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 established in a participating Member State, 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) in situations where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal however remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. The proposed FTT may still be abandoned or repealed. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

X. SUBSCRIPTION AND SALE

A. Placement Agreement

KBC Bank NV (having its registered office at Havenlaan 2, B-1080 Brussels); Belfius Bank SA/NV (having its registered office at Pachecolaan 44, B-1000 Brussels) and BNP Paribas Fortis SA/NV (having its registered office at Warandeberg 3, B-1000 Brussels) (together the “**Joint Lead Managers**” or the “**Managers**” and each a “**Joint Lead Manager**” or a “**Manager**”) have, pursuant to a placement agreement dated 28 October 2016 (the “**Placement Agreement**”), agreed with the Issuer, subject to certain terms and conditions, to use best efforts to place the Bonds at the Issue Price and at the conditions specified below.

The Bonds will be offered by way of a private placement on or around 28 October 2016. The Bonds will have a denomination of EUR 100,000 each.

The Placement Agreement solely provides for rights and obligations of the Issuer and the Managers, and the Bondholders cannot derive any right, directly or indirectly, against the Issuer or the Managers from the Placement Agreement.

Each of the services provided by the Managers may be granted by any Manager acting through any of its branches, affiliates or related companies, and all references to “Managers” herein will be understood as to include such branches and affiliated companies, to the extent that such services are provided by such entities.

B. Conditions for the issue of the Bonds

The issue of the Bonds is subject to a limited number of conditions set out in the Placement Agreement, which are customary for this type of transaction, and which include, amongst others: (i) the correctness of the representations and warranties made by the Issuer in the Placement Agreement, (ii) the Placement Agreement, the Clearing Agreement and the Agency Agreement have been executed by all parties thereto prior to the Issue Date, (iii) the admission to trading of the Bonds on Alternext Brussels has been granted on or prior to the Issue Date, (iv) there having been, as at the Issue Date, no material adverse change (as defined in the Placement Agreement) affecting the Issuer or the Group and no event making any of the representations and warranties contained in the Placement Agreement untrue or incorrect on the Issue Date as if they had been given and made on such date and the Issuer having performed all the obligations to be performed by it under the Placement Agreement on or before the Issue Date, (v) the extraordinary shareholders’ meeting of the Issuer and the Board of Directors of the Issuer have approved the issue and placement of the Bonds, and (vi) at the latest on the Issue Date, the Managers having received customary confirmations as to certain legal and financial matters pertaining to the Issuer.

These conditions can be waived (in whole or in part) by each of the Managers. The Placement Agreement does not entitle the Managers to terminate their obligations prior to payment being made to the Issuer, except in certain limited circumstances.

If the conditions to issue the Bonds are not met on the Issue Date (subject to waiver by the Managers of the conditions that could not be fulfilled) or any Manager terminates the Placement Agreement in one of the circumstances mentioned above, the Bonds will not be issued. Termination of the Placement Agreement by one of the Managers, does not trigger the termination of the Placement Agreement for the other Managers, but there is no obligation for the non-terminating Managers to place the Bonds assigned to the terminating Manager. In case of cancellation of the issue of the Bonds, the total amount of funds already paid by investors for the Bonds will be reimbursed. For the avoidance of doubt, no interest will accrue on such amount.

C. Issue Price

The issue price for the Bonds will be 100.500 per cent. (the “**Issue Price**”).

The investors who are not qualified investors (as defined in the Prospectus Law, the “**Qualified Investors**”) (the “**Non-Qualified Investors**”) will pay the Issue Price.

The Qualified Investors will pay the Issue Price that includes a distribution commission of 0.500 per cent. (the “**Placement Fee**”) less a discount, such resulting price being subject to change based among others on (i) the evolution of the credit quality of the Issuer (credit spread), (ii) the evolution of interest rates, (iii) the success (or

lack of success) of the placement of the Bonds, and (iv) the amount of Bonds purchased by an investor, each as determined by each Joint Lead Manager in its sole discretion.

D. Aggregate Nominal Amount

The final aggregate amount of the Issue will be EUR 75,000,000.

E. Payment date and details

The Bonds are expected to be issued and paid on the Issue Date.

The payment for the Bonds can only occur by means of debiting from a current account.

On the date that the subscriptions are settled, the X/N System will credit the custody account of the Agent according to the details specified in the rules of the X/N System.

Subsequently, the Agent, at the latest on the payment date, will credit the amounts of the subscribed securities to the account of the participants for onward distribution to the subscribers, in accordance with the usual operating rules of the X/N System.

F. Costs and fees

The net proceeds (before deduction of expenses) will be an amount equal to the aggregate nominal amount of the Bonds issued (the “**Aggregate Nominal Amount**”) multiplied by the Issue Price expressed in percentage, minus the total base fee of 1 per cent. (borne by the Issuer) and the placement fee of 0.5% (borne by the subscribers; see also “Issue Price” above).

The Issue Price shall include the selling and distribution commission described below, such commission being borne and paid by the subscribers.

Expenses specifically charged to the subscribers:

- the Non-Qualified Investors will bear a placement fee of 0.5 per cent., included in the Issue Price; and
- the Qualified Investors will bear a placement fee of 0.5 per cent., subject to the discount foreseen in this section under “Issue Price” above. The placement fee paid by the Qualified Investors will range between 0 and 0.5 per cent.

G. Costs

Each investor should make its own enquiries with financial intermediaries on the related or incidental costs (transfer fees, custody charges, etc.), which the latter may charge him with.

H. Transfer of the Bonds

Subject to compliance with any applicable selling restrictions, the Bonds are freely transferable. See also “Selling Restrictions” below.

I. Selling Restrictions

I. General restrictions

The Bonds are being offered only to investors to whom such offer can be lawfully made under any law applicable to those investors. The Issuer has not taken any action to permit any public offering of the Bonds in any jurisdiction.

The distribution of this Information Memorandum and the subscription for and acquisition of Bonds may, under the laws of certain countries other than Belgium, be governed by specific regulations or legal and regulatory restrictions. Individuals in possession of this Information Memorandum, or considering the subscription for, or acquisition of, Bonds, must inquire about those regulations and about possible restrictions resulting from them,

and comply with those restrictions. No person receiving this Information Memorandum (including trustees and nominees) may distribute it in, or send it to, such countries, except in conformity with applicable law.

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, or an offer to sell or the solicitation of an offer to buy Bonds in any circumstances in which such offer or solicitation is unlawful. Neither the Issuer nor the Managers have authorised, nor do they authorise, the making of any offer of Bonds in circumstances in which an obligation arises for the Issuer or the Managers to publish a prospectus for such offer.

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

2. *Selling restriction in the EEA*

The offering of the Bonds in any member state of the European Economic Area which has implemented the Directive 2003/71/EC of the European Parliament and 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 (the "**Prospectus Directive**"), as amended by Directive 2010/73/EU, is made through a private placement and does not qualify as a public offering, in the meaning of the Prospectus Directive since the denomination of each Bond is EUR 100.000.

3. *United Kingdom*

The distribution of the Information Memorandum, the offer of the Bonds and the participation in such offer in the UK is subject to compliance with all applicable provisions of the Financial Services and Markets Act.

4. *United States*

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, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. 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**"). Terms used in this paragraph have the meaning given to them in Regulation S.

The Managers have agreed that they will not offer, sell or deliver the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and that they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration (if any) to which they sell Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them in Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

XI. DOCUMENTS INCORPORATED BY REFERENCE

The Information Memorandum should be read and construed in conjunction with (the relevant parts of) all documents incorporated by reference (as mentioned below).

- Consolidated Annual Accounts of the Issuer for the financial year ending on 31 December 2014
- Consolidated Annual Accounts of the Issuer for the financial year ending on 31 December 2015
- Consolidated Interim Financial Statements of the Issuer for the half year ended 30 June 2015 (unaudited)
- Consolidated Interim Financial Statements of the Issuer for the half year ended 30 June 2016 (unaudited)

The information so incorporated by reference herein shall form an integral part of this Information Memorandum, save that any statement contained in a document that is incorporated by reference herein, shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified shall not, except as so modified or superseded, constitute a part of this Information Memorandum.

The documents incorporated by reference herein are available on the website of the Issuer (www.vandemoortele.com). Copies of the documents incorporated by reference may be obtained (free of charge) from the registered offices of the Issuer and the Managers.