

**KINEPOLIS GROUP NV,
public limited company
Eeuwfeestlaan 20, 1020 Brussels
Enterprise Number VAT BE 0415.928.179 RPR Brussels**

Free Translation

**Report of the Board of Directors related to the Statutory Financial Statements for
fiscal year 2016 to the Ordinary General Meeting of 10 May 2017**

Dear Shareholders,

In accordance with Articles 95 and 96 of the Companies Code and our Articles of Association, we have the honour to report to you on the policy and profit and loss of our company during the fiscal year from 1 January 2016 to 31 December 2016.

**1. NOTES TO THE STATUTORY FINANCIAL STATEMENTS OF KINEPOLIS GROUP NV
(ART. 96, 1° COMPANIES CODE)**

Kinepolis Group NV shareholders' equity at 31 December 2016 is € 69 116 716.09 compared with € 67 372 467.80 at the end of 2015.

The underlying reason for this change is explained below in 1.2.1. The balance sheet total of the company is € 413 704 216.72 compared with € 389 611 804.15 in 2015. The underlying reason for this change is explained below in 1.1 and 1.2.

1.1. Unconsolidated balance sheet: comments on the main assets

1.1.1. Intangible assets

The intangible assets increase by € 3 767 630.22, and this is primarily due to depreciations in the fiscal year under review for € 1 002 974.16 and due to new investments for the future rollout of the new software for the time registration system, the investments for the new website and new technologies (such as mobile apps). Also the future rollout of the new ticketing system has an impact on these investments.

1.1.2. Property, plant and equipment

Investments were made for a total amount of € 3 553 658.45.

These primarily concern the future rollout and development of the new ticketing platform. Disposals totalling an amount of € 1 149 402.15 were recorded in Property, plant and equipment. The depreciations amounted € 2 510 140.55 and € 862 438.93 in depreciations were reversed as a result of disposals.

1.1.3. Financial fixed assets

The financial fixed assets rose by € 26 952 863.52 due to the acquisition of an additional participating interest.

1.1.4. Inventories and orders in progress

Inventory rose by € 592 962.44, primarily due to the purchase of projection material for the installation of three new theatres and hardware material for the new ticketing platform.

1.1.5. Current receivables

Current receivables decreased by € 4 038 544.95. The amounts receivables decreased due to the better follow-up of the debtors, as well as the ending of the income of VPF

1.1.6. Investments

Investments decreased by € 711 481, mainly due to the exercise of granted options.

1.1.7. Accrued charges and deferred income

Accrued charges and deferred income, consisting of costs to be carried forward to future fiscal years, being primarily refinancing costs, amounts € 1 677 308.53.

1.2. Unconsolidated balance sheet: comments on the main liabilities

1.2.1. Capital, share premium and profit carried forward

Profit for the fiscal year was € 25 436 828.66. Operating profit decreased by € 2 277 502.39. Due to the sale of company shares, the non-distributable reserves decrease to € 2 526 829.67.

1.2.2. Provisions and deferred taxes

The provision of € 9 355 000.00 set up in response to the decision of the European Commission on the Belgian Excess Profit Ruling, decrease with € 6 267 095.71 due to a payment that was done in this procedure.

1.2.3. Non-current loans and borrowings

Non-current loans and borrowings rose by € 27 162 753.81, largely due to a rise of the intercompany debts.

1.2.4. Current loans and borrowings

Current loans and borrowings increase with € 1 897 609.28.

On the one hand lease debts decrease with € 1 690 178.59 and on the other hand there was a rise of the outstanding debtors at the end of the year, mainly due to the purchase of material for the installation of three new theaters. The loans regarding taxes decrease with € 1 163 460.36. The other amounts payable rise with € 3 842 605.55 due to a higher dividend payment.

1.2.5. Accrued charges and deferred income

The accrued charges and deferred income decrease by € 445 103.10. The largest decrease is to be found in the deferred income of the film vouchers.

1.3. Comments on the unconsolidated income statement

More overhead costs were made, due to the expansion of the Group and the implementation of new software. This results in a decrease of the operating profit for an amount of € 2 277 502.39.

Financial income declined with € 945 640.58, mainly due to less added value on the sale of shares.

Financial income rose with € 830 617.68, mainly due to the charges of interest on the additional equity participations.

The tax cost for last year decreased with € 7 577 875.79 , where an exceptional provision of € 9.4 million was made as a result of the decision of the European Commission with regard to the Belgian Excess Profit Ruling.

2. KEY EVENTS AFTER THE END OF THE FISCAL YEAR (ART. 96,2° COMPANIES CODE)

There were no key events after the end of the fiscal year.

3. INFORMATION ABOUT THE CIRCUMSTANCES THAT COULD HAVE A SIGNIFICANT IMPACT ON THE DEVELOPMENT OF THE COMPANY – PRINCIPAL RISKS AND UNCERTAINTIES (ART. 96, 1° AND 3° COMPANIES CODE)

Performance indicators

The financial statements and the annual report give a true and fair view of the development and position of the Company, so no further description of essential financial and other performance indicators is needed in addition to the data provided in the consolidated annual report of Kinopolis Group.

Primary risks

On an annual basis, the Board of Directors and the Management conduct a risk assessment to gain insight into the main business risks, which assessment is subsequently analyzed and approved by the Board of Directors. As in previous years, in 2016 this again occurred on the basis of a written survey of the participants to gain both quantitative and qualitative results, enabling risks to be assessed in order of scale. Although this way of working enables Kinopolis to distinguish important risks from less important risks in a well-founded way, it remains an estimation that, inherent to the definition of risk, provides no guarantee whatsoever of the actual occurrence of risk events. The following list (made up in random order) therefore contains only some of the risks to which Kinopolis is exposed.

Availability and quality of supplied material

Bearing in mind that Kinopolis Group NV does not produce any material itself (such as movies), it is dependent on the availability, diversity and quality of movies as well as the possibility of being able to rent this material from distributors.. Kinopolis Group NV endeavors to protect itself wherever possible by maintaining good long-term relations with the major distributors or producers, by pursuing to some extent a content diversification policy and by playing a role as distributor in Belgium. The investments in Tax Shelter projects should also be viewed in this light.

Seasonal and weather effects

The operating revenues of Kinopolis Group can vary from period to period, because the producers and distributors decide when their movies are released completely independently of the cinema operators and because certain periods, such as holidays, can traditionally have an impact on visitor numbers. The weather can also play an important role in the frequency of the cinema visits. Kinopolis largely accepts this risk, considering that the costs of a financial hedging policy would exceed the revenue from it, but endeavors to mitigate the consequences among other things by variabilizing its cost structure to a maximum degree.

Risks associated with current and future acquisitions

In the event of any acquisition, competition authorities can impose additional conditions and restrictions with regard to the growth of Kinopolis Group (see also 'Political, regulatory and competition risks' below). Certain inherent risks are also associated with any acquisition which can have a negative impact on the goals set. With this in mind, Kinopolis Group will thoroughly examine acquisition opportunities in advance, to ensure these risks are properly assessed and, where necessary, controlled.

Political, regulatory and competition risks

Kinopolis Group strives to operate within the legal framework at all times. However, additional or amended legislation, including tax laws, could restrict Kinopolis' growth and operations or result in additional investments or costs. Where possible, Kinopolis Group actively manages these risks by notifying the relevant political, administrative or legal bodies of its positions and defending them in an appropriate way. Belgium's Competition Council has imposed a number of conditions and restrictions on Kinopolis Group, such as the requirement for a prior approval of plans to build new cinema complexes or acquire existing cinema complexes in Belgium if these do not entail the rundown of existing complexes.

Employee risks

As a service company, Kinopolis Group largely depends on its employees to provide high-quality service. Hiring and retaining the right managers and employees with the requisite knowledge and experience in all parts of the Company is therefore a constant challenge. Kinopolis accepts this challenge by offering attractive terms of employment, good knowledge management and a pleasant working atmosphere. Kinopolis measures employee satisfaction on the basis of employee surveys and where necessary improves its policies.

Other risks

Lastly, it can be reported that Kinopolis is currently involved in proceedings relating to a tax ruling applied to it in 2012. On 11 January 2016 the European

Commission published its decision that the Belgian tax rulings with regard to excess profit are considered to be unlawful state aid. The decision of the European Commission obliges the Belgian government to make an additional claim for tax that would have been owed if such tax rulings had not been applied. As a consequence of the decision of the European Commission, in accordance with IAS 12, Kinopolis has set up a provision of € 9.4 million for a potential additional claim for tax on the excess profit that was not included in the taxable base due to the ruling. The amount of the provision covers the full potential claim, including interest charges.

Together with other companies involved, Kinopolis filed an appeal against the European Commission's decision at the Court of Justice of the European Union on 1 July 2016. If the appeal lodged by Kinopolis Group is successful Kinopolis will be refunded all amounts paid. The final judgment of the Court of Justice of the European Union is not expected for a couple of years.

Kinopolis is confident that these proceedings will end satisfactorily.

With regard to the proceedings brought by FSMA's Management Committee against Kinohold Bis SA, Mr. Joost Bert, PGMS NV, Mr Philip Ghekiere and Mr Eddy Duquenne due to alleged insider dealing with regard to their purchase of shares for their account in 2011, the Court of Appeal in Brussels confirmed on 1 March 2017 the administrative sanctions imposed by the Sanctions Committee. The aforementioned persons have notified the Company that their good faith in this matter was not questioned by the Court of Appeal. The Board of Directors confirmed her trust in these persons.

4. ACQUISITION OF TREASURY SHARES (ART. 624 AND 630 COMPANIES CODE)

After the delivery of 111 875 shares within the framework of the exercise of options, at 31 December 2016 Kinopolis Group held 132 346 treasury shares with a capital value of € 91 658.74.

The Extraordinary General Meeting of 11 May 2016 authorized the Board of Directors to acquire 410 958 shares of the company to cover the new options to be issued under the 2016 Share Option Plan and also decided, if the Board of Directors deems it expedient, to use 132 346 shares acquired under the earlier authorizations to cover the new options to be issued under the 2016 Share Option Plan.

5. USE OF FINANCIAL INSTRUMENTS (ART. 96, 8^e COMPANIES CODE)

The Company had no outstanding financial instruments at 31 December 2016

6. CORPORATE GOVERNANCE STATEMENT

The Board of Directors approved a revised version of the Corporate Governance Charter of Kinopolis Group NV on 16 February 2017 in response to the introduction of a new Dealing Code. The Charter can be consulted at the Kinopolis Investor Relations website.

In this chapter of the annual report more factual information is provided on the Corporate Governance policy pursued in the fiscal year 2016, together with an explanation of the deviations from the Code in accordance with the 'comply or explain' principle.

6.1. Share capital

The share capital at 31 December 2016 was € 18 952 288.41.

The share capital was represented by 27 365 197 shares without mentioning the nominal value, all of which give the same rights to holders.

6.2. Rights to nominate candidates for a seat on the Board Of Directors

According to the articles of association, eight directors can be appointed from among the candidates nominated by Kinohold Bis SA, limited company under the laws of Luxembourg, insofar as it or its legal successors, as well as all entities directly or indirectly controlled by (one of) them or (one of) their respective legal successors (within the meaning of Article 11 of the Companies Code) solely or jointly hold at least thirty-five per cent (35%) of the shares of the Company, both when the candidate is nominated and when the candidate is appointed by the General Meeting, on the understanding that, if the shares held by Kinohold Bis SA or its respective legal successors, as well as all entities directly or indirectly controlled by (one of) them or (one of) their respective legal successors (within the meaning of Article 11 of the Companies Code) represent less than thirty-five per cent (35%) of the capital of the Company, Kinohold Bis SA or its respective legal successors shall only be entitled to nominate candidates to the Board of Directors for each group of shares representing five per cent (5%) of the capital of the Company.

6.3. Shareholder agreements

Kinepolis Group NV is not aware of any shareholder agreements that could restrict the transfer of securities and/or the exercise of voting rights in the context of a public acquisition bid.

6.4. Change of control

Under the terms of the Credit Facility Agreement concluded on 15 February 2012 between, on the one hand, Kinepolis Group NV and some of her subsidiaries, and on the other, Fortis Bank NV, KBC Bank NV and ING Belgium NV, and as amended and renewed on 22 June 2015, 17 December 2015 and 13 December 2016, a participating financial institution can end its participation in that agreement, in which case the relevant part of the outstanding loan amount will be immediately due if other natural persons or legal entities than Kinohold Bis SA (or its legal successors) and Mr. Joost Bert acquire control (as defined in the Credit Agreement) of Kinepolis Group NV.

Furthermore, in case of a change of control, under the General Terms and Conditions of the Listing and Offering Prospectus dated 17 February 2012 with regard to a bond issue in Belgium, any bond holder will have the right to oblige Kinepolis Group to repay the nominal amount of all or a part of the bonds, under the conditions set forth in the Prospectus. This Prospectus can be consulted at the Kinepolis Investor Relations website.

Furthermore, under the General Terms and Conditions of the Prospectus dated 12 May 2015 concerning an Unconditional Public Offer to Exchange the aforementioned bonds, in case of a change of control (as defined in the Prospectus) any bond holder will have the right to oblige Kinepolis Group NV to refund the nominal amount of all or a part of the bonds, under the conditions set forth in the Prospectus. This Prospectus can also be consulted at the Kinepolis Investor Relations website.

Lastly, there is a clause in the General Terms and Conditions dd. 16 January 2015 with regard to the private placement of bonds with institutional investors, valued at € 96.0 million euros in the event of a change of control that is identical to the one set down in the aforementioned Prospectus.

6.5. Shareholder structure and received notifications

Based on the notifications received within the framework of Article 74 of the Public Acquisition Bids Act of 1 April 2007, from Kinopolis Group NV, Kinohold Bis SA, Stichting Administratiekantoor Kinohold, Joost Bert, Koenraad Bert, Geert Bert and Peter Bert, acting by mutual agreement (either because they are ‘affiliated persons’ within the meaning of Article 11 of the Companies Code or they are otherwise acting by mutual agreement) and collectively holding more than 30% of the voting shares of Kinopolis Group NV, on subsequent transparency statements (within the meaning of the Act of 2 May 2007 and the Royal Decree of 14 February 2008 regarding the disclosure of major holdings) and statements within the meaning of the share buyback program, as of 31 December 2016:

- ★ Kinohold Bis SA held 12 700 050 shares or 46.41% of the shares of the Company; Kinohold Bis SA is controlled by Stichting Administratiekantoor Kinohold under Dutch law, which in turn is jointly controlled by the following natural persons (in their capacity as directors of Stichting Administratiekantoor Kinohold): Joost Bert, Koenraad Bert, Geert Bert and Peter Bert;
- ★ Kinohold Bis SA otherwise acts in close consultation with Joost Bert;
- ★ Kinopolis Group NV, which is controlled by Kinohold Bis SA, held 132 346 shares or 0.48% treasury shares;
- ★ Mr. Joost Bert, who acts in close consultation with Kinohold Bis SA, held 554 540 shares or 2.03% of the shares of the Company.

SHAREHOLDERS’ STRUCTURE AT 31 DECEMBER 2016 ⁽¹⁾

SHAREHOLDER	NUMBER OF SHARES	%
Kinohold BIS SA	12 700 050	46.41
Mr. Joost Bert	554 540	2.03
Kinopolis Group NV	132 346	0.48
Free Float of which:	13 978 261	51.08
- Axa SA	1 523 555	5.57
- BNP Paribas Investment Partners NV	1 365 695	4.99
TOTAL	27 365 197	100%

1) The transparency declaration of 28 February 2017 shows that BlackRock Investment Management Ltd held a 4.10% stake in Kinopolis group NV on the aforementioned date. The transparency declaration of 14 February 2017 shows that Ameriprise Financial Inc. held a 3.05% stake in Kinopolis group NV on the aforementioned date.

6.6. Amendments to the articles of association

Amendments can be made to the articles of association with due consideration for the stipulations in the Companies Code.

6.7. Board of directors and special committees

Composition of the Board of Directors

The Board of Directors consists of nine members, six of whom are independent of the majority shareholders and management. These directors fulfil the criteria for independent directors as stated in the Article 526ter of the Companies Code 'establishing the criteria for independent directors' and were appointed upon nomination by the Board of Directors, which was advised on this matter by the Nomination and Remuneration Committee. The majority shareholders did not use their nomination right with regard to these appointments.

The Board regularly reviews the criteria for its composition and of its committees, in light of ongoing and future developments and expectations, as well as its strategic objectives. In the coming years the Board will give attention to the appropriate complementarity and diversity among its members, including gender and age diversity, and ensure a balance between innovation and continuity in order that the acquired knowledge and history can be passed on efficiently in the Board and its committees. As part of this, the Board was diversified further with the appointment of Adrienne Axler, CEO of the DACH region (Germany, Austria, Switzerland) of the Sodexo Group.

Contrary to Stipulation 2.9 of the Belgian Corporate Governance Code of 2009, the Board of Directors has not appointed a secretary, as it believes these duties can be fulfilled by the President assisted by the Senior Legal Advisor, bearing in mind the limited size of the Company.

COMPOSITION BOARD OF DIRECTORS

The table below shows the composition of the Board of Directors as well as the attendance record of the respectively directors to the eight meetings that took place in 2016.

NAME	POSITION	TERM ENDS	OTHER POSITIONS AT LISTED COMPANIES	ATTENDANCE RECORD (8)
Mr Philip Ghekiere ^{(1) (2)}	Chairman	2020	/	All meetings
Mr Eddy Duquenne	CEO	2020	/	All meetings
Mr. Joost Bert ⁽²⁾	CEO	2020	/	All meetings
Ms Marion Debruyne, permanent representative of Marion Debruyne bvba	Independent Director	2017	Recticel NV: director	All meetings
Ms Annelies van Zutphen permanent representative of Zutphen Consulting bv ⁽³⁾	Independent Director	2017	/	All meetings
Mr Rafaël Decaluwé, permanent representative of Gobes Comm. V.	Independent Director	2017	Jensen Group NV: Chairman	All meetings
Mr Jo Van Biesbroeck, permanent representative of Gobes Comm. V. JoVB bvba	Independent Director	2017	Telenet NV: Director	All meetings
Mr Geert Vanderstappen, permanent representative of of Pallanza Invest bvba ⁽⁴⁾	Independent Director	2018	smartphoto Group NV: Director	Seven meetings
Ms. Adrienne Axler (since 11 May 2016)	Independent Director	2018	/	Four meetings

(1) Non-executive director

(2) Represent the majority shareholders

(3) After the discharge of Mrs. Annelies van Zutphen, Van Zutphen Consulting bv was co-opted on 23 March 2016 by the Board of Directors, which was certified by the General Assembly on 11 May 2016.

(4) Management Center Molenberg bvba was taken over by Pallanza Invest bvba on 19 July 2016.

Activity Report of the Board of Directors

In addition to the duties assigned to the Board of Directors by the Companies Code, the articles of association and the Kinopolis Corporate Governance Charter, the following items were handled on a regular basis:

- ★ Review of the monthly revenues and financial results together with the forecasts;
- ★ Evolution in the customer and personnel satisfaction index;
- ★ Progress reports on ongoing cinema and real estate projects;
- ★ Discussion and decision on new cinema and property opportunities;
- ★ Up-to-date treasury situation and cash flow forecast.

Appropriate attention was also given inter alia to the following items:

- ★ Discussion and establishment of the profit and investment plan for the following fiscal year;
- ★ Evaluation and approval of expansion projects;
- ★ Determination of the short-term and long-term strategy;
- ★ The short- and long-term financing;
- ★ Reports of the Nomination and Remuneration Committee and the Audit Committee;
- ★ Evaluation and establishment of the quantitative and qualitative management targets for the Executive Management;
- ★ Assessment of the functioning of the Board of Directors and its committees;
- ★ Restructuring of the ICT architecture;
- ★ The primary risks to which the Company can be exposed to and the measures to control them.

Other items, including human resources, external communication, investor relations, disputes and legal issues are addressed as needed or desired.

At least nine meetings are scheduled in 2017. Additional meetings may be held if needed.

Composition and activity report of the Nomination and Remuneration Committee

In accordance with the possibility provided for in the Corporate Governance Code, Kinopolis Group has one joint committee - the Nomination and Remuneration Committee. This committee consists of the following non-executive directors, the majority of whom are independent directors with the necessary expertise and professional experience in human resources, bearing in mind their previous and/or current business activities:

- ★ Mr. Philip Ghekiere (Chairman Kinopolis Group NV and Managing Partner at Metis Capital);
- ★ Gobes Comm. V., whose permanent representative is Mr. Rafaël Decaluwé (former CEO of Bekaert NV and Chairman of the board of Jensen Group NV);
- ★ JoVB BVBA, whose permanent representative is Mr. JoVan Biesbroeck (for years senior manager at AB Inbev).

The Chief Executive Officers may attend the meetings of the Nomination and Remuneration Committee (NRC) by invitation.

The NRC met three times in 2016 in the presence of all members and mainly dealt with the following:

- ★ Evaluation of the management targets for the Executive Management and establishment of the variable remuneration for the fiscal year 2015;
- ★ Evaluation of the criteria for granting the balance of the outperformance bonus for the fiscal year 2014;
- ★ Qualitative and quantitative management targets with regard to the fiscal year 2016 for the Executive Management and the corresponding variable remuneration;
- ★ The evaluation and remuneration policy for the senior management;
- ★ The evaluation process and bonus policy for budget owners;
- ★ The possible introduction of a new share option plan, arrangements for its implementation and the allocation of the share options;
- ★ The evolution in the composition of the Board of Directors and the ensuing process for selecting and appointing candidates;
- ★ Preparation of the Remuneration Report.

Composition and activities report of the Audit Committee

Pursuant to Article 526bis of the Companies Code, the Audit Committee was exclusively composed of non-executive and independent directors with the appropriate expertise and professional experience in accounting and auditing, bearing in mind their previous and/or current business activities:

- ★ Pallanza Invest bvba, whose permanent representative is Mr. Geert Vanderstappen, who combines five years' experience as Corporate Officer at Generale Bank's Corporate & Investment Banking with seven years' operational experience as CFO at Smartphoto group NV and is now Managing Partner at Pentahold;
- ★ Gobes Comm. V, whose permanent representative is Mr. Rafaël Decaluwé, who is a former CEO of Bekaert NV and had a long career in financial management positions at a number of multinationals, including Samsonite, Fisher-Price and Black & Decker.

The Chief Financial Officer, the Chief Executive Officers and the internal auditor attend the meetings of the Audit Committee.

The representatives of the majority shareholders may attend meetings upon invitation.

In 2016 the Audit Committee met four times, with all members present (or represented), and primarily the following items were handled:

- ★ Discussion on financial reporting in general and the unconsolidated and consolidated annual and interim financial statements in particular;
- ★ Discussion, establishment and monitoring of the internal audit activities, including the discussion of the annual report of the Internal Audit department;
- ★ Discussion and evaluation of the internal control and risk management systems as well as the annual risk management action plan;
- ★ Evaluation of the effectiveness of the external audit process;
- ★ Evaluation of the functioning of the internal auditor;
- ★ Monitoring of the financial reporting and its compliance with the applicable reporting standards;
- ★ Proposal for the reappointment of the statutory auditor for the period 2016-2019.

Evaluation of the Board of Directors, its committees and its individual directors

As part of the open and transparent way in which the meetings of the Board and its committees are held, its operation and performances are constantly and informally evaluated during the meetings, as is the interaction with the Executive Management, which is communicated within the same transparent way.

In 2017 the Board once again has plans to have a thorough education in order to optimize, on the basis of the results thereof, the existing Management and process structures.

6.8. Executive Management

The Executive Management consists of both Chief Executive Officers. The Board of Directors is authorized to appoint additional members of the Executive Management.

6.9. Insider Trading policy – code of conduct – transactions with related parties

In 2016 the insider trading policy was brought into line with the new EU insider trading rules of 16 April 2014, which came into force on 3 July 2016. This Dealing Code applies to the members of the Board of Directors, the Chief Executive Officers and other persons who might have inside knowledge. The Protocol is designed to ensure that share trading by the persons in question only occurs strictly in accordance with applicable EU and national rules and in accordance with the guidelines issued by the Board of Directors. The Chief Financial Officer is responsible, as Compliance Officer, for monitoring compliance with the rules on insider trading as set out in this Protocol.

A Code of Conduct has also been in force since 2013, containing the appropriate guidelines, values and standards with regard to the ethical and fitting way Kinopolis wishes to treat employees, customers, suppliers, shareholders and the general public.

The transactions with related parties as included in Note 28 to the Consolidated Financial Statements were conducted in complete transparency with the Board of Directors.

6.10. Remuneration report

Kinopolis Group tries to provide transparent information regarding the remuneration of members of the Board of Directors and the Executive Management to its shareholders and other stakeholders.

Procedure for establishing the remuneration policy and level for the Board of Directors and Executive Management

Principles

The principles of the remuneration policy and level for the directors and the Executive Management are stated in the Company's Corporate Governance Charter.

The remuneration policy is designed in such a way that the remunerations for the directors and the Executive Management are reasonable and appropriate enough to attract, retain and motivate the persons meeting the profile established by the Board of Directors, with due consideration for the size of the Company and the external benchmark data.

The following principles are also used:

- ★ For the fulfilment of their duties as a member of the Board of Directors, the non-executive directors receive a fixed amount taking account of an attendance of a minimum number of meetings of the Board of Directors they attend;
- ★ The members of the committees are allocated a fixed amount every time they attend a meeting for the committee, with additional fixed remuneration for the president of the Audit Committee and of the Nomination and Remuneration Committee;
- ★ The Chairman of the Board of Directors and the Chief Executive Officers are allocated a fixed annual amount for participating in the meetings of the Board of Directors;
- ★ The non-executive directors do not receive any bonuses, participation in long-term share-based incentive programs, benefits in kind (with the exception of the right to attend a number of film screenings each year) or benefits related to pension plans;

- ★ Alongside a fixed remuneration, the Executive Management receives variable remuneration dependent on the attainment of the management targets set by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. These include both quantitative targets, which are set and measured annually based on the improvement of the financial results compared to the previous year, and qualitative targets, which are defined as targets that are to be attained over several years, progress of which is evaluated on an annual basis. The variable part of the remuneration ensures that the interests of the Executive Management run parallel to the Group's, lead to value creation and loyalty, and provide the appropriate incentive to optimize the short-term and long-term objectives of the Group and its shareholders. 30% of the variable remuneration is linked to the attainment of the qualitative targets and 70% is linked to the attainment of the quantitative targets;
- ★ As well as this variable remuneration, long-term incentives in the form of share options or other financial instruments of the Company or its subsidiaries may also be allocated to the Executive Management. The remuneration package for the Executive Management may additionally include participation in the corporate pension plan and/or the use of a company car;
- ★ The Company's formal right to claim back variable remuneration granted on the basis of incorrect financial data was not explicitly provided for in such cases;
- ★ The exit compensation of a member of the Executive Management in the event of early termination of a contract (entered into after 1 July 2009) will not exceed twelve (12) months' basic and variable remuneration. A higher compensation may be granted in specific justifiable circumstances, on the recommendation of the NRC and with the prior approval of the General Meeting, but may never exceed eighteen (18) months' basic and variable remuneration. In any event, the exit compensation may not exceed twelve (12) months' basic remuneration and the variable remuneration cannot be taken into account if the departing person has not met the performance criteria referred to in his or her contract.

Procedure

The annual overall remuneration for the members of the Board of Directors will be determined by the General Meeting following a proposal from the Board of Directors advised by the Nomination and Remuneration Committee, which will be based on the amounts set in the past, with due regard for a minimum number of actual meetings of the Board of Directors and its committees.

The above-mentioned amounts, set in 2011 and adjusted in 2013, are based on benchmarking using surveys conducted by independent third parties with regard to listed and other companies and resulted in the following remunerations:

- ★ € 87 250 as fixed remuneration for the chairmanship of the Board of Directors;
- ★ € 30 000 as fixed remuneration for attendance by the Chief Executive Officers of the meetings of the Board of Directors;
- ★ € 32 500 for the actual attendance of the other directors of six or more meetings of the Board of Directors; the remuneration will be reduced proportionately if fewer meetings are attended;
- ★ € 3 000 for attendance of a meeting of the Audit Committee or the Nomination and Remuneration Committee;
- ★ € 3 750 as additional fixed remuneration for the chairman of the Audit Committee and of the Nomination and Remuneration Committee.

The Board of Directors determines the remuneration as well as the remuneration policy of the Executive Management based on the proposal of the Nomination and Remuneration Committee, with due consideration for the relevant contractual stipulations and benchmark data from other comparable listed companies to ensure that these remunerations are in line with market rates, bearing in mind the duties, responsibilities and management targets.

The management targets to which the variable remuneration is linked are proposed annually by the Nomination and Remuneration Committee and approved by the Board of Directors. The Board of Directors evaluates the attainment of these quantitative and qualitative targets annually on the basis of an analysis by the Nomination and Remuneration Committee.

The achievement of the quantitative targets is measured based on the improvement of the financial results compared to the previous fiscal year, with due consideration for the changes in the critical parameters for value creation in the existing businesses and the achievement of business plans in expansion projects. The qualitative targets to be attained over more than one year will be evaluated on an annual basis against progress towards each specific target.

On the proposal of the Board of Directors, which is of the opinion that the quantitative and qualitative management targets are set to also favour the long-term goals of the Company, on 11 May 2016 the General Meeting approved the proposal to base the integral annual variable remuneration of the CEOs for the fiscal years 2017 through 2020 on objective and measurable performance indicators agreed in advance and always measured over a period of one year, in accordance with Article 520 ter of the Companies Code

Application of the remuneration policy on the members of the Board of Directors

In line with the remuneration policy and its underlying principles, the non-executive directors of the Company were remunerated for their services in the past fiscal year as shown in the following table. All amounts are gross amounts before deduction of tax.

Exceptionally, the General Meeting of 11 May 2016 offered the possibility of granting 45 000 share options under the 2016 Share Option Plan to the Chairman of the Board of Directors, who is a non-executive director but, as the representative of the majority shareholder, is closely involved in implementing the Company's long-term value creation strategy. In fulfilment of the above mentioned decision 45 000 share options were offered to the Chairman, who has accepted these in 2017.

With the exception of the aforementioned remuneration, in the year under review the non-executive directors received no other remuneration, benefits, share-based or other incentive bonuses from the Company.

All members of the Board of Directors as well as directors of the subsidiaries of the Company are also covered by a 'civil liability of directors' policy, of which the total premium amounts to € 22 123, including taxes, and which is paid by the company.

REMUNERATION BOARD OF DIRECTORS

NAME	TITLE	REMUNERATION 2016 (in €)
Mr. Philip Ghekiere ⁽¹⁾⁽²⁾	Chairman of the Board of Directors and of the Nomination and Remuneration Committee	100 000
Mr. Eddy Duquenne	CEO	30 000
Mr. Joost Bert ⁽²⁾	CEO	30 000
Ms. Marion Debruyne, permanent representative of Marion Debruyne bvba	Independent Director	32 500
Ms. Annelies van Zutphen permanent representative of Van Zutphen Consulting bv ⁽³⁾	Independent Director	32 500
Mr. Rafaël Decaluwé , permanent representative of Gobes Comm. V.	Independent Director	53 500
Mr Jo Van Biesbroeck, , permanent representative of JoVB bvba	Independent Director	41 500
Mr Geert Vanderstappen, , permanent representative of Pallanza Invest bvba ⁽⁴⁾	Independent Director	45 250
Ms. Adrienne Axler (since 11 May 2016)	Independent Director	21 668
TOTAL		386 918

(1) Non-executive director

(2) Represent the majority shareholders

(3) After the resignation of Ms. Annelies van Zutphen, Van Zutphen Consulting bv was coopted by the Board of Directors as of 23/03/2016, which was confirmed by the General Meeting of 11 May 2016.

(4) Management Center Molenberg bvba was acquired by Pallanza Invest bvba on 19 July 2016.

Application of the remuneration policy on the members of Executive Management

Principles

The remuneration for Executive Management is set on the proposal of the Nomination and Remuneration Committee, with due consideration for the benchmark data from external surveys and with regard to the ratio of the fixed to the variable part of the remuneration package and to keep the remuneration in line with the practice at comparable listed companies as well as market rates, bearing in mind the roles, responsibilities, management targets and value created.

The remuneration for the Executive Management was accordingly set in 2015 for the fiscal years 2015-2016.

In setting the targets for the fiscal year 2016, the Board of Directors used the current EBITDA parameter to set the quantitative management targets as it feels that this is the relevant measure of the development of value creation within the company. When assessing whether they have been achieved, account is taken of how the current EBITDA of the mature cinema complexes (those that have been part of the Kinopolis group for more than three years) has changed compared to the targets set by the Board of Directors as well as how the expansion projects have advanced compared to the business plans.

The qualitative targets relate to the further growth and development of the company, the further development of the Talent Factory, the strengthening of the ICT organization and the further optimization of management reporting and corporate processes and models.

All targets were established to ensure that they help attain not only the short-term goals but also the long-term goals of the Group.

These targets will be evaluated at the beginning of the fiscal year 2017 and if they have been attained the variable remuneration with regard to the performances in the fiscal year under review will be paid out.

Application

In 2016 the Board of Directors evaluated the targets set for fiscal year 2015 and observed that, with regard to the qualitative targets, the milestones had been achieved or at least concrete progress was made and that, with regard to the quantitative targets, the goals were largely exceeded.

On the recommendation of the Nomination and Remuneration Committee, the Board therefore decided to award the full variable remuneration linked to qualitative targets and quantitative targets. Bearing in mind the exceptional results, the considerable expansion efforts and the successful integration of the acquired cinemas, it was also decided to award an exceptional bonus of € 60 000 to Mr Duquenne.

Furthermore, it was observed that the condition of the award of the remaining balance of the 2014 outperformance bonus being, the achievement of the underlying business cases for the acquired complexes in Madrid and Alicante and for the WolffGroup, had been met, so this balance of € 65 000 was paid out in 2016.

Finally, it can be noted that, pursuant to contractual agreements reached prior to 1 July 2009, in the event of the early termination of the contract of one of the members of the Executive Management and if there is a change in the control of the Company, the exit package can be 24 months' fixed remuneration plus the pro-rata part of the variable remuneration for the ongoing year.

Hereafter follows a summary of the fixed part of the remuneration, the other components of the remuneration (such as pension contributions and insurances, etc.) and the variable part, as paid out in 2016 (excluding VAT):

★ bvba Eddy Duquenne

- Fixed remuneration ⁽¹⁾	€ 538 242
- Variable remuneration ⁽²⁾	€ 400 000
- Balance of 2014 outperformance bonus	€ 65 000
- Exceptional bonus	€ 60 000
- Expense allowance	€ 9 000
TOTAL	€ 1 072 242

★ Mr. Joost Bert

- Fixed remuneration ⁽¹⁾	€ 350 120
- Variable remuneration ⁽²⁾	€ 220 000
- Pension scheme ⁽³⁾	€ 9 723
TOTAL	€ 579 843

(1) Other than remuneration received as a member of the Board of Directors (which amounts to € 30 000 for each director)

(2) Received in 2016 for performances in 2015

(3) Mr Joost Bert participates in a supplementary pension scheme providing for an annual indexed fixed contribution

Long-term incentives

Under the 2007-2016 Share Option Plan the remaining 111 875 allocated options were exercised in full by management staff, which means this plan came to an end in 2016.

On 11 May 2016 the General Meeting approved a new Share Option Plan, under which 543 304 options (maturing on 10 May 2024) on existing shares can be offered to the Chairman of the Board of Directors, the Executive Management and eligible management staff of the Company or its subsidiaries in order to enable the aforementioned persons to participate in the long-term shareholder value they will help create and so bring their interests into line with the interests of the shareholders. In granting the share options the Company's goal is to be able to attract, motivate and in the long term retain the best management talent in the company.

A further description of the characteristics of these options is provided in note 19 to the Consolidated Financial Statements.

Fiscal years 2017-2018

The Company has no plans for fundamental policy changes for the aforementioned fiscal year.

6.11. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Kinopolis Group uses the Integrated Framework for Enterprise Risk Management as developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework integrates internal control and risk management processes with the purpose of identifying and managing strategic, operational and reporting risks as well as complying and regulatory risks as to enable the achievement of the corporate objectives.

Kinopolis Group uses this framework to implement a system of Risk Management or to control the above risks in the business processes and financial reporting. The system is developed centrally and is as much as possible uniformly applied in the various parts of the organization and subsidiaries. The system fills in the various components, as prescribed by the reference model, as well as the various roles and responsibilities with regard to internal controls and risk control.

Roles and Responsibilities

Within Kinopolis Group, risk management is not the exclusive responsibility of the Board of Directors and Executive Management; every employee is responsible for the proper and timely application of the various risk management activities within the scope of his or her job.

The responsibilities regarding risk management of the Board of Directors (and its various committees) and the Executive Management are established and described in detail in legal stipulations, the Belgian Corporate Governance Code 2009 and the Kinopolis Corporate Governance Charter. In brief, it can be stated that the Executive

Management bears final responsibility for the appropriate implementation and management of the risk management system, whereas the Board of Directors has a supervisory role in this matter.

The implementation and management of the risk management system is based on a pyramidal responsibility structure in which each manager is responsible not only for the proper introduction and application of the risk management processes within the scope of his or her job but also has a duty to monitor its proper implementation by his or her direct reports (who may in turn be managers).

In this way, management can be confident of proper and comprehensive risk management throughout the Company and have peace of mind that related risks in the various business processes and departments are tackled in an integrated way.

Application of the various components

The way in which the Company applies the various components of the COSO framework is outlined below.

This description covers only the most important elements and is therefore not comprehensive. In addition, the appropriateness of the application is regularly evaluated and so permanently subject to change.

Internal Control Environment

An appropriate internal environment is a precondition of being able to effectively apply other risk management components. With this in mind, Kinopolis Group values integrity and ethical action highly. Alongside the existing legal framework, Kinopolis Group endeavors to encourage and enforce this type of behavior through preventive measures (such as Code of Conduct, work regulations, various policies and procedures) and detection measures (such as the reporting procedure and compliance inspections).

Another important aspect of the internal environment is the organizational structure. Kinopolis has a clear and uniform organizational structure, which fits with the various countries and business processes. The organizational structure, the determination of the various objectives, management of the budget and the remuneration process are also aligned to each other.

In addition, correct employee training and guidance is essential to the proper application of risk management. To this end, the training needs of every employee are examined on an annual basis, distinct from the existing compulsory courses for certain jobs. An introductory risk management course is also given to new managers, on an annual basis.

Objective setting

Business objectives are established over various durations in line with the Kinopolis mission. As described in the Corporate Governance Charter, these are confirmed on an annual basis by the Board of Directors, which also ensures they are in line with the Company's risk appetite.

The (financial and non-financial) objectives established at consolidated level are gradually developed into specific objectives for individual countries, business units and departments on an annual basis. The lowest level is the determination of the

individual objectives for each employee. The attainment of these objectives is linked to the remuneration policy.

Progress with regard to these objectives is regularly assessed through business controlling activities based on management reports. The individual objectives are assessed at least once every year as part of a formal HR evaluation process.

Internal Control

Internal Control is defined as the identification and assessment of business risks as well as the selection, implementation and management of the appropriate risk responses (including the various internal control activities).

As stated above, it is first and foremost the duty of every manager to properly set up and implement the various internal risk management activities (including monitoring) within the scope of his or her job. In other words, each line manager is responsible for the appropriate and timely identification and evaluation of business risks and the ensuing control measures to be taken and managed. Although the individual line manager has some latitude when applying these rules, Kinopolis endeavors to standardize the process as much as possible. This is achieved by organizing corporate ERM trainings, implementing the structured policy guidelines and procedures, and using standard lists of internal audits to be conducted.

The Board of Directors and the Management of Kinopolis conduct an annual risk assessment to acquire a general understanding of the business risk profile. The acceptability of residual risks is also assessed as part of this. If these are not acceptable, additional risk response measures are taken.

Information and Communication

The appropriate structures, consultation bodies, reporting and communication channels have been set up within Kinopolis Group for business operations in general and risk management in particular to ensure that the information required for those operations, including risk management, is made available to the appropriate persons in a timely and proper way. The information in question is retrieved from data warehouse systems that are set up and maintained in such a way as to meet the reporting and communication requirements.

Monitoring

In addition to the monitoring activities by the Board of Directors (including the Audit Committee) as stipulated in legal provisions, the Corporate Governance Code 2009 and the Corporate Governance Charter, Kinopolis primarily relies on the following monitoring activities:

- ★ **Business Controlling:** The Management, supported by the Business Controlling department, analyzes the progress made towards the targets and explains the discrepancies on a monthly basis. This analysis may identify potential improvements that could be made to the existing risk management activities and measures;
- ★ **Internal Audit:** The existing risk management activities and measures are evaluated and compared with internal rules and best practices on a regular basis by the Internal Audit department. Potential improvements are discussed with Management and lead to the implementation of action points that further enhance risk management.

6.12. Compliance with the Corporate Governance Code

Kinopolis Group NV complies with the principles of the Belgian Corporate Governance Code.

In line with the 'comply or explain principle', the Company has decided that it was in the best interests of the Company and its shareholders to depart from the stipulations of the Code in a limited number of specific cases in addition to the circumstances described above:

- ★ Contrary to Stipulation 5.5. of the Code, the Board of Directors believes that an Audit Committee comprising two independent members - both with the requisite auditing and accounting expertise - provides sufficient guarantees with regard to the efficient functioning of the committee;
- ★ Contrary to Stipulation 7.7. of the Code, after approval by the General meeting of 11 May 2016, in 2016 45 000 share options under the Share Option Plan were offered to the Chairman of the Board of Directors, who accepted them in 2017. The allocation of options fits within the framework of this authorization, given that the Chairman, as a representative of the majority share- holder, is closely involved in implementing the Company's long-term value creation strategy.
- ★ Contrary to Stipulation 4.6. of the Code, the professional qualifications and duties of the directors to be reappointed were not stipulated in the convening notices to the General Shareholders' Meeting of 11 May 2016, given that these qualifications are already published in several press releases and annual reports.

7. CONFLICT OF INTERESTS COVERED BY ARTICLE 523 OF THE COMPANIES CODE (ART. 523 COMPANIES CODE)

On **23 March 2016**, pursuant to Article 523 of the Companies Code and after the directors in question had left the meeting, deliberations were held and decisions taken on the evaluation of the attainment of the targets for the fiscal year 2015, the attainment of the balance of the outperformance bonus of the fiscal year 2014, the setting of the targets for the fiscal year 2016 and the discussion of the proposal of the 2016 Share Option Plan and allocation proposal.

Excerpt from the minutes

Approval of the variable remuneration for the fiscal year 2015 and approval of the outperformance bonus 2014 Eddy Duquenne - for approval

Notification in accordance with Article 523 of the Companies Code

Messrs. Joost Bert and Eddy Duquenne informed the other directors that they have a potential conflict of interest of a proprietary nature within the meaning of Article 523 of the Companies Code, given that the Board of Directors has to take decisions regarding the variable remuneration for the fiscal year 2015 and outperformance bonus of Eddy Duquenne for the fiscal year 2014.

Messrs. Joost Bert and Eddy Duquenne duly left the meeting and did not participate in the deliberations or vote on these agenda items.

Deliberations and decision

After the explanation by the Chairman of the Nomination and Remuneration Committee and the conclusion that:

- with regard to the qualitative targets, the targeted milestones were achieved or at least sufficient concrete progress was made;*
- with regard to the quantitative targets, the milestones were amply achieved, the Board of Directors decided to award, after deliberation and on the recommendation of the Nomination and Remuneration Committee, to attribute the full variable remuneration linked to qualitative targets and quantitative targets, resulting in a total sum of € 400 000 for Mr. Eddy Duquenne and € 220.000 for Mr. Joost Bert.*

After the statement of the achievements of the underlying business cases for the acquisition of the complexes in Alicante, Madrid Diversia and the Wolff Group, the Board of Directors decides to attribute, after deliberation and on the recommendation of the Nomination and Remuneration Committee, the remaining amount of the outperformance bonus of 2014, for an amount of € 65 000 to Mr. Eddy Duquenne.

Finally the Board of Directors, after extensive explanation of the Chairman of the Nomination and Remuneration Committee, decides to attribute exceptionally, an discretionary bonus for an amount of €60 000 to Eddy Duquenne for the extraordinary results and the great efforts taken to execute the expansion strategy and the successfully integration of the taken over theaters in Spain and in the Netherlands.

The payment of these amounts to the Executive Management will be done during May 2016. The maximum property consequences for the company amounts € 745 000.

Approval of the 2016 management targets for Executive Management - for approval

Notification in accordance with Article 523 of the Companies Code

Messrs. Joost Bert and Eddy Duquenne informed the other directors that they had a potential conflict of interest of a proprietary nature within the meaning of Article 523 of the Companies Code, given that the Board of Directors was to take a decision on the management targets for the Executive Management for the fiscal year 2016. Messrs Joost Bert and Eddy Duquenne duly left the meeting and did not participate in the deliberations or vote on this agenda item.

Deliberations and decision

After extensive clarification by the Chairman of the and Remuneration Committee, the Board of Directors decides, that for the fiscal 2016 the realisation of the quantitative targets will be measured using the evolution of the current EBITDA of the concerned year in a perimeter of the mature cinema complexes (those that have been part of the Kinopolis group for more than three years) as well as how the expansion projects have advanced compared to the business plans.

For the mature cinema complexes those targets will be based on the maximum target result of the past year as well as the budgeted ratios of the current year applied to the number of visitors of the past year. For the expansion projects the targets will be based on the results as foreseen in the underlying business cases. At the evaluation of the achievements, external factors that are not controlled by the management can be taken in consideration.

If the realised recurrent EBITDA of the concerned year 2016 is situated between the established targets, pro rata between the 0 and 100% of the variable remuneration based on the realisation of the quantitative targets will be paid.

The qualitative targets, related among other things to the long term strategy of the company, the continuing industrialisation of specific procedures, the development of the "Talent Factory" and the optimisation of the group structure, will be evaluated by the realized progress per specific target.

The maximum property consequences for the company amounts €620.000.

Discussion of the proposal of the 2016 Share Option Plan and allocation proposal - for approval

Share Option Plan

Deliberations and decision

After the broad explanation by the Chairman of the Nomination and Remuneration Committee, the Board of Directors decides to present for approval to the General Assembly the 2016 Share Option Plan. In accordance with this plan 543 304 options at the most may be granted, as explained and attached in Annex 3, to the chairman of the Board of Directors, to the Executive Management and eligible management staff of the Company and affiliates. A mandate is also given to the Nomination and Remuneration Committee for the implementation of the plan and the draft of a standard option agreement.

The Board of Directors also decides to propose a share buyback program for the covering of above mentioned options to the Extraordinary General Assembly, as well as to propose to the Assembly to use 132 346 capital shares, bought under previous authorization, to use for covering of above mentioned options.

Allocation proposal

Messrs. Joost Bert, Eddy Duquenne and Philip Ghekiere informed the other directors that they had a potential conflict of interest of a proprietary nature within the meaning of Article 523 of the Companies Code, given that the Board of Directors was to take a decision regarding the attribution of those share options in their interest.

Messrs Joost Bert, Eddy Duquenne and Philip Ghekiere duly left the meeting and did not participate in the deliberations or vote on this agenda item.

Deliberations and decision

After thorough deliberations and on proposal of the Nomination and Remuneration Committee , the Board of Directors decides, under condition of the approval of the General Assembly of the Share Option Plan and the assignment to the chairman, to the following attribution:

- Eddy Duquenne: Sole allocation of 90 000 share options*
- Joost Bert: Sole allocation of 45 000 share options*
- Philip Ghekiere: Sole allocation of 45 000 share options.*

The Board of Directors is of the opinion that the attribution of the share options to the chairman is justified as he is closely involved in implementing the Company's long-term value creation strategy.

The maximum patrimonial consequences for the company, consist of the price to be paid by the company for the purchase of the 180 000 shares minus the option price to be paid by the optionholders when exercising the options.

8. RESEARCH AND DEVELOPMENT (ART. 96, 4° COMPANIES CODE)

In the year under review, Kinopolis developed a number of new concepts for the benefit of the operating entities within the framework of the three strategic pillars. Kinopolis is committed to constantly adapting the experience it provides to the changing demographic trends, to be innovative with regard to picture and sound and other factors, in order to improve the experience of the customers and protect the profitability of the group.

As part of this, the Kinopolis Innovation Lab was set up in 2016 with the aim of generating much more bottom-up innovation from the operating entities rather than the top-down sort. An example is the Cinetray concept. The new Kinopolis app was also released.

9. APPLICATION OF VALUATION RULES (ART. 96, 6° COMPANIES CODE)

The valuation rules remained unchanged and were applied for the purposes of the continuity of the Company.

10. PROFIT APPROPRIATION

The Board of Directors will propose to the General Meeting of 10 May 2017 application of a pay-out ratio of 50% of net profit, resulting in an amount of € 23 692 580. Taking into account the number of shares entitled to dividend on 17 February 2017, which is € 27 232 851, this means a gross dividend of

€ 0.87⁽¹⁾ per share for the financial year 2016. This represents an increase of 10.1% compared to 2015 (€ 0.79 per share). The dividend will be made available from 16 May 2017 (ex-date: 12 May 2017, record date: 15 May 2017).

(1) Based on the number of dividend eligible shares on 17/02/2017

The annual accounts were drawn up after allocation of the result, in accordance with the Royal Decree of 30 January 2001.

The following result appropriation was proposed:

Profit of the fiscal year to be appropriated:	€ 25 436 828.66
Profit carried forward from previous fiscal year:	€ 35 082 616.80
Withdrawal from equity:	
To the unavailable reserves:	€ 711 481.00
Profit to be carried forward:	€ 37 538 346.09
Dividends	€ 23 692 580.37

Messrs Eddy Duquenne, CEO, and Joost Bert, CEO, declare that to the best of their knowledge:

- the financial statements, which have been prepared in accordance with applicable standards for financial statements, give a true and fair view of the Company's financial position and profit and loss;
- the annual report gives a true and fair view of the Company's development and profit and loss, as well as the main risks and uncertainties it has to deal with.

The Board of Directors, Brussels, 20 March 2017

Joost Bert

Eddy Duquenne