



## Kinepolis Group NV

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

€60,000,000 2.40 per cent fixed rate bonds due 15 December 2025

Gross actuarial yield: 2.40 per cent. (on an annual basis)

Issue Price: 100 per cent. - ISIN Code: BE0002576545 - Common Code: 173427328

(the “**8Y Bonds**”)

€65,000,000 2.90 per cent fixed rate bonds due 15 December 2027

Gross actuarial yield: 2.90 per cent. (on an annual basis)

Issue Price: 100 per cent. - ISIN Code: BE0002577550 - Common Code: 173427352

(the “**10Y Bonds**”, and, together with the 8Y Bonds, for an aggregate nominal amount of €125,000,000, the “**Bonds**” and each a “**Series**”)

Issue Date: 15 December 2017

Before making any investment decision, potential investors are invited to read the Information Memorandum in its entirety and in particular Part I (*Risk Factors*) on page 7 to 16 of the Information Memorandum. Copies of the Information Memorandum can be obtained at the registered seat of the Issuer and on the registered seat of each of the Joint Bookrunners. These Bonds constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on an annual basis and to reimburse the nominal amount on the Maturity Date. In case of bankruptcy of or default by the Issuer, investors may not recover the amounts they are entitled to and risk losing their investment partially or entirely.

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

### Coordinator



### Joint Bookrunners



Information Memorandum dated 5 December 2017.

Kinepolis Group NV, a limited liability company (*naamloze vennootschap/société anonyme*) incorporated under Belgian law, having its registered office at Eeuwfeestlaan 20, 1020 Brussels, Belgium and registered with the Crossroads Bank for Enterprises under number 0415.928.179, commercial court of Brussels (the “**Issuer**” or “**Kinepolis**”) intends to issue the Bonds for an aggregate principal amount of €125,000,000. The 8Y Bonds will bear interest at the rate of 2.40 per cent. per annum and the 10Y Bonds will bear interest at the rate of 2.90 per cent. per annum (each an “**Interest**”). Interest on the Bonds is payable annually in arrear on the Interest Payment Dates (as defined below) falling on, or nearest to 15 December in each year. The first payment of Interest will occur on 15 December 2018. The 8Y Bonds will mature on 15 December 2025 and the 10Y Bonds will mature on 15 December 2027 (each a “**Maturity Date**”). All references in this Information Memorandum to “**Kinepolis Group**” refer to the Issuer together with its subsidiaries (within the meaning of Article 6 of the Belgian Companies Code).

KBC Bank NV is acting as coordinator (the “**Coordinator**”) and BNP Paribas Fortis SA/NV (having its registered office at Warandeberg 3, 1000 Brussels, Belgium), ING Bank N.V., London Branch (having its office at 8-10 Moorgate, London EC2R 6DA, United Kingdom) and KBC Bank NV (having its registered office at Havenlaan 2, 1080 Brussels, Belgium) are acting as joint bookrunners (together the “**Joint Bookrunners**” and each a “**Joint Bookrunner**”) for the purpose of the offer of the Bonds (the “**Offer**”).

Application has been made to Euronext Brussels for the Bonds to be admitted to trading on the multilateral trading facility Euronext Growth Brussels organised by Euronext Brussels (“**Euronext Growth**”). References in this Information Memorandum to the Bonds being “listed” (and all related references) shall mean that the Bonds have been admitted to trading on Euronext Growth.

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

This information memorandum dated 5 December 2017 (the “**Information Memorandum**”) intends to provide the information with regard to the Issuer and the Bonds, which according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the rights attaching to the Bonds and of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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

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

An investment in the Bonds involves risks. Potential investors should take note of Part I (*Risk Factors*) on page 7 to 16 of the Information Memorandum to understand which factors may affect the Issuer's ability to fulfil its obligations under the Bonds.

## RESPONSIBLE PERSON

The Issuer, having its registered office at Eeuwfeestlaan 20, 1020 Brussels, Belgium and correspondence address at Moutstraat 132-146, 9000 Ghent, Belgium (the “**Responsible Person**”) accepts responsibility for the Information Memorandum and any supplements of the Information Memorandum.

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

## OFFER OF THE BONDS

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer and the Joint Bookrunners do not represent that this 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 Joint Bookrunners 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.

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

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

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 Joint Bookrunners. 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 of the Information Memorandum or otherwise that there has been no change in the affairs of the Issuer or its subsidiaries since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented;

- that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or its subsidiaries since the date hereof or, if later, the date upon which this 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.

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

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

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

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

Neither the Joint Bookrunners nor any of their affiliates have authorised the whole or any part of the 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 the Information Memorandum. To the fullest extent permitted by law, the Joint Bookrunners accept no responsibility whatsoever for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Joint Bookrunners or on their behalf in connection with the Issuer or the issue and private placement of the Bonds. The Joint Bookrunners accordingly disclaim all liability, whether arising in tort or in contract or in any other event, in relation to the information contained or incorporated by reference in this Information Memorandum or any other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state or other jurisdiction of the United States. The Bonds are being offered and sold solely outside the United States to non-U.S. persons in reliance on *Regulation S* under the Securities Act (“**Regulation S**”). Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S). For a further description of certain restrictions on the offering and sale of the Bonds and on the distribution of this document, please refer to Part XI (*Subscription and Sale*) of the Information Memorandum.

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

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

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

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

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

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

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

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

## **WARNING**

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

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

### **FURTHER INFORMATION**

For more information about the Issuer, please contact:

Kinepolis Group NV  
Nicolas De Clercq  
Moutstraat 132-146  
9000 Ghent  
Belgium  
Tel.: + 32 241 00 22  
Fax: + 32 241 00 01  
e-mail: [ndeclercq@kinepolis.com](mailto:ndeclercq@kinepolis.com)  
[investors.kinepolis.com](http://investors.kinepolis.com)

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## **PART I– RISK FACTORS**

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

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

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

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

### **RISK FACTORS IN RELATION TO THE ISSUER**

#### ***Availability and quality of materials delivered.***

Taking into account that the Kinopolis Group does not produce any material (such as movies) itself, it is dependent on the availability, diversity and quality of movies as well as the opportunity to rent such materials from distributors.

The Kinopolis Group endeavours to protect itself wherever possible by maintaining good long-term relations with the major distributors or producers, by pursuing a content diversification policy and by playing a role as distributor in Belgium. The investments in tax shelter projects in Belgium, i.e. a tax regime encouraging the production of and investments in audio-visual and cinematographic works, should also be viewed in light of this.

#### ***Seasonal effects.***

The operating revenues of the 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 cinema visits. The Kinopolis Group largely accepts this risk, considering that the costs of a financial hedging policy would exceed the revenue from it, but endeavours to mitigate the consequences among other things by variabilizing its cost structure to a maximum degree.

#### ***Competition.***

The Kinopolis Group's position as a cinema operator is subject to competition just like every other product or service for which substitution exists. The Kinopolis Group's position is impacted by increasing competition from other leisure activities, such as concerts and sporting events, which can influence the behaviour of Kinopolis customers. This competition also comes from the cinemas of other operators – both existing and prospective – in the markets where the Kinopolis Group is active and from the increasing distribution and availability of films through non-cinema channels, such as video-on-demand, pay-per-view and the internet. This development can also be influenced by the shortening of the period ordinarily observed by the distributors, between the first screening of a movie in the cinema and its availability through other channels, as well as the



constant technical improvement in the quality of these alternative ways of watching movies. Besides these legal alternatives, the cinema industry also has to deal with illegal downloads. The Kinopolis Group is working actively with distributors to agree measures to counter any increasing illegal sharing of material online. The Kinopolis Group strives to strengthen its competitive position as a cinema operator by implementing its strategic vision, which is focused on being able to provide customers with a premium service and film experience.

#### ***Economic situation.***

Changes to the general, global or regional economic situation or the economic situation in areas where the Kinopolis Group is active and that can impact consumer behaviour and the production of new movies, can have a negative impact on the Kinopolis Group's operating profits. The Kinopolis Group endeavours to arm itself against this threat by being rigorously efficient and closely monitoring and controlling costs and margins. Changing economic conditions can also increase competitive risks.

#### ***Risks arising from acquisitions and growth opportunities.***

Certain inherent risks are associated with growth opportunities, either through acquisition or new-build projects, that can have a negative impact on the goals set. Acquisitions have been and are likely to remain a part of the Kinopolis Group growth strategy. There is a risk for acquisitions which have not been integrated entirely yet or for future acquisitions, amongst others, that corporate cultures do not match, expected synergies do not fully realise, restructurings prove to be more costly than initially anticipated, and acquired companies prove to be more difficult to integrate than foreseen.

Furthermore, competition authorities may impose additional conditions and restrictions with regard to the growth of the Kinopolis Group in the event of further growth (see also '*Political, regulatory and competition risks*' below). With this in mind, the Kinopolis Group will thoroughly examine growth opportunities in advance, to ensure these risks are properly assessed and, where necessary, controlled

#### ***Political, regulatory and competition risks.***

The Kinopolis Group strives to operate within the legal framework at all times. However, additional or amended legislation, including tax laws, could restrict the Kinopolis Group's growth and operations or result in additional investments or costs. Where possible, the 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. On 31 May 2017, the Belgian Competition Authority has partially granted the request of the Issuer for cancellation of the behavioural measures which were imposed on it in 1997 by the Belgian Competition Council. As of 31 May 2019, Kinopolis Group can open new cinemas in Belgium without prior approval from the Belgian Competition Authority. The other behavioural measures imposed in 1997, such as the need to obtain prior approval for the acquisition of existing Belgian cinemas or the prohibition to request exclusivity or priority from film distributors, have been maintained for a renewable period of three years. At the end of such period, Kinopolis Group can make a request for removal of the remaining behavioural measures. The decision of 31 May 2017 was appealed before the Court of Appeal of Brussels by two Belgian cinema operators. A decision by the Court of Appeal is expected in the first quarter of 2018.

#### ***Technological risks.***

Cinema has become a highly computerized and automated sector in which the correct technological choices and optimal functioning of projection systems and other ICT systems are critical to be able to offer customers optimal service. The Kinopolis Group manages these risks by closely following the latest technological developments, regularly analysing system architecture and, where necessary, optimizing and implementing best ICT practices.

***Employee risks.***

As a service company, the 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 Kinopolis Group is therefore a constant challenge. The Kinopolis Group accepts this challenge by offering attractive terms of employment, good knowledge management and a pleasant working atmosphere. The Kinopolis Group measures employee satisfaction on the basis of employee surveys and where necessary improves its policies.

***Risks arising from exceptional events.***

Events of an exceptional nature, including but not limited to extreme weather, political unrest and terrorist attacks, in a country where the Kinopolis Group is active and that result in material damage to one of the multiplexes, a fall in the number of customers or disruption in the delivery of products can have a negative impact on activities. The Kinopolis Group strives to minimize the potential impact of such risks through a combination of preventive (such as construction decisions, evacuation planning) and detection measures (such as fire detection systems) and by taking out proper insurance.

***Environmental liability and real estate risks.***

The property that Kinopolis Group owns and leases is subject to regulations with regard to environmental liability and potential real estate risks. In addition to the abovementioned measures to control political and regulatory risks, Kinopolis will take appropriate measures to prevent environmental damage and limit real estate risks.

***Operating and other risks.***

In addition, Kinopolis Group can also be exposed to a number of operating and other risks. These and the aforementioned business risks are analysed by the Issuer on an annual basis and monitored through a risk management system.

***Use of financial instruments.***

The Kinopolis Group is exposed to a number of financial risks in its daily operations, such as interest risk, currency risk, credit risk and liquidity risk. Derivative financial products concluded with third parties can be used to manage these financial risks. The use of derivative financial products is subject to strict internal controls and rules. It is the policy of the Kinopolis Group not to undertake any trading positions in derivative financial instruments. The Kinopolis Group manages its debts by combining short-, medium- and long term borrowings. The mix of debts with fixed and floating interest rates is established at the Kinopolis Group level.

At the end of December 2016, the Kinopolis Group's net financial debt was €169.8 million. Kinopolis Group has concluded interest rate swap agreements to manage the risk associated with interest fluctuations. The nominal amount of these interest hedges was €35.7 million at 31 December 2016. At 30 June 2017, the net financial debt was €195.0 million and the nominal amount of the interest hedges was €35.7 million.

At the end of December 2016, no forward foreign exchange contracts were outstanding to hedge exchange rate risks resulting from the purchase and guarantee obligations. At the end of June 2017, forward foreign exchange contracts were entered into for a nominal amount of \$1.6 million.

***As the Issuer develops its activities mainly through Subsidiaries, the repayment towards the Bondholders is structurally subordinated to any other debt at the level of the Subsidiaries of the Issuer.***

The most important assets of the Issuer are direct and indirect interests in Subsidiaries. The Issuer is mainly dependent on the revenues, cash flows, dividends and other contributions of its Subsidiaries to meet its

obligations in respect of its outstanding debts. The ability of the Subsidiaries to make dividends and other payments to the Issuer may depend on their profitability and may be subject to certain legal (including fiscal barriers) or contractual restrictions, which may limit such transfer or may make such payments expensive. Moreover, these Subsidiaries are under no obligation to pay dividends to the Issuer. The extent to which the Issuer is able to receive or raise such funds will, in turn, affect its ability to make payments on the Bonds and any other debt of the Issuer. The Bonds do not benefit from any guarantee from any of the Subsidiaries.

Consequently, the Bondholders will be structurally subordinated to other creditors who hold debt at the level of one or more of the operating subsidiaries of the Issuer. At the date of this Information Memorandum none of the Subsidiaries of the Issuer has any external debt obligations outstanding other than leasing arrangements and intercompany debt.

***The Bonds do not restrict the Issuer in its ability to incur further debt.***

In the future the Issuer could decide to incur additional indebtedness or further increase its indebtedness. This could have an impact on its ability to meet its obligations under the Bonds or could cause the value of the Bonds to decrease. The Conditions of the Bonds do not limit the amount of unsecured debt that the Issuer may incur. Furthermore, the Conditions do not restrict the ability of the Issuer to grant security in respect of debt other than Relevant Debt.

***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 such indebtedness will be repaid first with the proceeds of the enforcement of such security.

Without prejudice to Condition 3 (*Negative Pledge*), certain Subsidiaries have provided and may in the future provide guarantees or security interests for the benefit of holders of other indebtedness than Relevant Debt incurred by the Issuer and certain Subsidiaries. In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Kinopolis Group, the holders of any indebtedness which benefit from guarantees from Kinopolis 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.

***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 Kinopolis 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. 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.

## **RISK FACTORS IN RELATION TO THE BONDS**

***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.

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

***The Bonds may be early redeemed.***

Upon the occurrence of an Event of Default (as defined in Condition 10 (*Events of Default*)), pursuant to certain changes in tax law or regulations set out in Condition 6(b) (*Redemption for taxation reasons*) or upon the occurrence of a Change of Control as set out in Condition 6(c) (*Redemption at the option of the Bondholders following a Change of Control*), the Bonds may be redeemed prior to maturity at their nominal amount together with interest accrued until the date fixed for redemption. 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.

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

Condition 12 (*Meeting of Bondholders and Modifications*) contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

***The Issuer may not be able to repay the Bonds.***

The Issuer may not be able to repay the Bonds at their maturity. The Issuer's ability to repay the Bonds will depend on his respective financial condition at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that the Issuer may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness. The Issuer's failure to repay the Bonds may result in an event of default under the terms of other outstanding indebtedness. The Issuer may also be required to repay all or part of the Bonds upon the occurrence of an Event of Default (as defined in Condition 10 (*Events of Default*)). If the Bondholders were to request repayment of their Bonds upon the occurrence of an Event of Default (as defined in Condition 10 (*Events of Default*)), the Issuer cannot assure that it will be able to pay the required amount in full.

***The Issuer and the Bonds do not have a credit rating.***

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

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

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

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

***The Agent is not required to segregate amounts due in respect of the Bonds.***

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

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

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

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

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

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

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

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

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

In the event that the Change of Control Put right is exercised by holders of Bonds of a Series of at least 85% of the aggregate nominal amount of the Bonds of that Series, the Issuer may, at its option, redeem all (but not less than all) of the Bonds of that Series then outstanding pursuant to Condition 6(c). However, Bondholders should be aware that, in the event that (i) holders of 85% or more of the aggregate nominal amount of the Bonds of a Series exercise their option under Condition 6(c), but the Issuer does not elect to redeem the remaining outstanding Bonds of that Series, or (ii) holders of a significant proportion, but less than 85% of the aggregate nominal amount of the Bonds of that Series exercise their option under Condition 6(c), Bonds of that Series in respect of which the Change of Control Put is not exercised may be illiquid and difficult to trade.

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

***The Bondholders' put option upon a Change of Control under the Bonds is subject to shareholders' approval***

The exercise by any of the Bondholders of the option to demand an early redemption in the event of a Change of Control as set out in Condition 6(c) (*Redemption at the option of the Bondholders following a Change of Control*) may only be effective against the Issuer under Belgian law if and when (i) Condition 6(c) (*Redemption at the option of the Bondholders following a Change of Control*) has been approved by the shareholders of the Issuer and (ii) such resolution has been filed with the clerk of the relevant Commercial Court.

Furthermore, Bondholders should note that if (i) a Change of Control occurs prior to the approval of the annual meeting of shareholders of the Issuer of Condition 6(c) (*Redemption at the option of the Bondholders following a Change of Control*) and the filing of the Change of Control Resolutions (as defined in the Conditions) with the clerk of the competent Commercial Court; and (b) the Change of Control Resolutions are approved by the general meeting of shareholders of the Issuer and filed with the clerk of the competent Commercial Court prior to the Long Stop Date (as defined in the Conditions), the Bondholders may not be able to exercise the put option pursuant to Condition 6(c) (*Redemption at the option of the Bondholders following a Change of Control*) nor shall they be entitled to the interest step up set out in Condition 5(b).

***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.

***There is currently no active trading market for the Bonds***

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial 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 Issuer's results of operations. Although application has been made for the Bonds to be listed on the multilateral trading facility Euronext Growth, there is no assurance that such application will be accepted or 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 prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

***The Bonds are exposed to market interest rate risk.***

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

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



***The Bonds may be exposed to exchange rate risks and exchange controls.***

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

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

***The Bonds are exposed to inflation risk.***

The inflation risk is the risk of future value of money. The actual yield of an investment in the Bonds will be 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 rate of the Bonds, then the actual output is equal to zero, or the actual yield could even be negative.

***Changes in governing law and practices could modify certain Conditions.***

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

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

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

If the Issuer or any other person is however required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, the Issuer or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

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

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

Belgian insolvency laws which should be applicable because the main residence and corporate seat of the Issuer are located in Belgium may adversely affect a recovery by the holders of amounts payable under the Bonds. The application of these insolvency laws may adversely affect the Bondholders' claim to obtain repayment (partial or in full) of the Bonds, e.g., as the result of a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the Bonds.

## PART II – DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the annual report and audited consolidated financial statements of the Issuer for the years ended 31 December 2016 and 31 December 2015 (consolidated in accordance with IFRS), together with the audit reports thereon;
- (b) the unaudited consolidated financial statements for the first six months ended 30 June 2017; and
- (c) the press release of the Issuer dated 16 November 2017 “Business Update Q3 2017”.

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

Copies of documents incorporated by reference in this Information Memorandum may be obtained (without charge) from the registered offices of the Issuer and the website of the Issuer ([investors.kinepolis.com](http://investors.kinepolis.com)). The Issuer confirms that it has obtained the approval from its auditors to incorporate the consolidated financial statements and the auditors’ reports thereon for the financial years ended 31 December 2016 and 31 December 2015 in this Information Memorandum. The unaudited consolidated financial statements for the first six months ended 30 June 2017 are also incorporated by reference in this Information Memorandum.

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

### **Audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2015.\***

Consolidated balance sheet	p. 60
Consolidated income statement	p. 58
Consolidated statement of comprehensive income	p. 59
Consolidated statement of changes in equity	p. 62
Consolidated statement of cash flows	p. 61
Notes	p. 64-113
Statutory auditor’s report	p. 114-115

### **Audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2016.\***

Consolidated balance sheet	p. 64
Consolidated income statement	p. 62
Consolidated statement of comprehensive income	p. 63
Consolidated statement of changes in equity	p. 66
Consolidated statement of cash flows	p. 65

Notes	p. 68-121
Statutory auditor's report	p. 122-123

**Unaudited (nor reviewed) IFRS consolidated financial statements of the Issuer and explanatory notes of the Issuer for the first six months ended 30 June 2017.\***

Consolidated condensed balance sheet	p. 15
Consolidated condensed income statement	p. 13
Consolidated condensed statement of comprehensive income	p. 14
Consolidated condensed statement of changes in equity	p. 17
Consolidated condensed statement of cash flows	p. 16
Notes	p. 10-11

\*Page references are to the English language PDF version of the relevant incorporated documents.

Information contained in the documents incorporated by reference other than information listed in the table above is for informational purposes only.

## PART III – TERMS AND CONDITIONS OF THE BONDS

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

*The issue of the 2.40 per cent. fixed rate bonds due 15 December 2025 for an amount of €60,000,000 (the “**8Y Bonds**”) and the 2.90 per cent. fixed rate bonds due 15 December 2027 for an amount of €65,000,000 (the “**10Y Bonds**”, and together with the 8Y Bonds, the “**Bonds**” and each a “**Series**”, which expression shall, in these Conditions unless otherwise indicated, include any further 8Y Bonds or 10Y Bonds (as the case may be) issued in accordance with Condition 13 and consolidated and forming a single series with the then outstanding 8Y Bonds or 10Y Bonds (as the case may be) (the “**Further Bonds**”)) was (save in respect of any Further Bonds) authorised by the resolutions of the board of directors of Kinopolis Group NV (the “**Issuer**”) passed on 9 November 2017. The Bonds are issued subject to and with the benefit of an agency agreement dated on or about 5 December 2017 entered into between the Issuer and KBC Bank NV acting as agent (the “**Agent**”), which expression shall include any successor as Agent under the Agency Agreement) (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) and a service contract concerning the issue of dematerialised bonds entered into on or about 12 December 2017 between the Issuer, the National Bank of Belgium (the “**NBB**”) and the Agent (such agreement as amended and/or supplemented and/or restated from time to time from time to time, the “**Clearing Services Agreement**”). The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. Copies of the Agency Agreement and the Clearing Services Agreement are available for inspection during normal business hours at the specified office of the Agent. The specified office of the Agent is at Havenlaan 2, 1080 Brussels, Belgium. The holders of the Bonds are bound by and deemed to have notice of all the provisions of the Agency Agreement and the Clearing Services Agreement applicable to them.*

*In these Conditions, any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.*

### 1 Form, Denomination and Title

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

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

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

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

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

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

## 2 Status

The Bonds constitute direct, unconditional, unsubordinated and (without prejudice to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will at all times rank *pari passu*, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

## 3 Negative Pledge

- (a) So long as any Bond remains outstanding and up to the effective and full (re)payment of principal and interest of the Bonds, 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 present or future undertaking, assets or revenues 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 present or future undertaking, assets or revenues to secure any Relevant Debt of the Issuer or any Relevant Debt of a Subsidiary or to secure any guarantee of or indemnity in respect of any Relevant Debt of the Issuer or a Subsidiary; and
  - (iii) will procure that no Subsidiary grants any guarantee or indemnity in respect of any 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 and rateably therewith or benefit from a guarantee or indemnity on substantially the same terms (including, for the avoidance of doubt, any terms providing for the automatic addition and release of any such security, guarantees or 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 any such Security, guarantee or indemnity is

equally and rateably 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).

- (b) The prohibition contained in this Condition 3 (*Negative Pledge*) does not apply to any Security, guarantee or indemnity in respect of any Relevant Debt of the Issuer or a Subsidiary which:
  - (i) exists in respect of any Relevant Debt which is acquired or assumed by the Issuer or a Subsidiary at the time of such acquisition;
  - (ii) exists over undertakings, assets or revenues which are acquired by the Issuer or a Subsidiary at the time of such acquisition;
  - (iii) exists prior to an entity becoming a Subsidiary;
  - (iv) comes into existence by operation of law or pursuant to any mandatory provision of any applicable law;
  - (v) constitutes Permitted Project Finance Security.

#### 4 Definitions

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

“**Alternative Securities Settlement System**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*).

“**Belgian Companies Code**” means the Belgian companies code (*Code des sociétés/Wetboek van vennootschappen*) dated 7 May 1999.

“**Business Day**” has the meaning given to it in Condition 7 (*Payments*).

a “**Change of Control**” shall be deemed to have occurred:

- (a) for so long as the Reference Shareholder has the right to appoint the majority of the directors according to the articles of association of the Issuer, if any person or group of persons acting in concert (other than the Reference Shareholder) acquires or obtains
  - (i) the ownership of more than 50% of the Ordinary Shares or other voting rights of the Issuer;  
*and*
  - (ii) the power to appoint the majority of the directors of the Issuer;
- (b) upon and following an amendment to the articles of association of the Issuer pursuant to which the Reference Shareholder no longer has the right to appoint the majority of the directors of the Issuer, if any person or group of persons acting in concert (other than the Reference Shareholder) acquires or obtains
  - (i) the ownership of more than 50% of the Ordinary Shares or other voting rights of the Issuer;  
*or*
  - (ii) the power to appoint the majority of the directors of the Issuer,

it being understood that, in each of the circumstances described in paragraphs (a) and (b) above, the Change of Control will be deemed to have occurred, on (i) the date of the publication by the bidder of the final results of any voluntary or mandatory offer (and, for the avoidance of doubt, before the reopening of any offer in

accordance with Article 42 of the Royal Decree of 27 April 2007 on public takeover bids) (if such publication is required), (ii) the date on which any other disclosure is required by law (in relation to such matters) or (iii) if no publication is required, the date on which any such control is effectively acquired.

**"Change of Control Resolutions"** means one or more resolutions validly taken by the general meeting of shareholders of the Issuer approving Condition 6 (c) (*Redemption at the option of the Bondholders following a Change of Control*).

**"Day Count Fraction"** has the meaning given to it in Condition 5 (*Interest*).

**"Euronext Growth"** means Euronext Growth Brussels, a multilateral trading facility operated by Euronext Brussels.

**"Extraordinary Resolution"** has the meaning given to it in Condition 11 (*Meeting of the Bondholders and Modifications*).

**"Event of Default"** has the meaning given to it in Condition 10 (*Events of Default*).

**"Extraordinary Resolution"** has the meaning given to it in Schedule 2 (*Provisions on meetings of Bondholders*).

**"Final Redemption Amount"** has the meaning given to it in Condition 6 (*Redemption and Purchase*).

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

**"Interest Rate"** has the meaning given to it in Condition 5 (*Interest*).

**"Interest Payment Date"** has the meaning given to it in Condition 5 (*Interest*).

**"Interest Period"** has the meaning given to it in Condition 5 (*Interest*).

**"Issue Date"** has the meaning given to it in Condition 5 (*Interest*).

**"Long Stop Date"** means 30 June 2018.

**"Material Subsidiary"** means at any time, a Subsidiary of which the total assets (as determined on a non-consolidated basis and determined on a basis consistent with the preparation of the consolidated financial statements of the Issuer) represent not less than 10 per cent. of the consolidated total assets of the Group, all as calculated by reference to the then latest audited financial statements.

**"Maturity Date"** has the meaning given to it in Condition 6 (*Redemption and Purchase*).

**"NBB"** means the National Bank of Belgium.

**"Ordinary Shares"** means all fully paid ordinary shares in the capital of the Issuer, which currently have no par value.

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).

**"Permitted Project Finance Security"** means any Security granted by a Project Finance Entity or Entities and any Security granted in respect of the shares in such Project Finance Entity or Entities to secure, and any guarantee granted by the Issuer to guarantee, any Relevant Debt issued by the relevant Project Finance Entity or Entities for the purpose of financing all or part of a project, provided that the aggregate amount of guarantees granted by the Issuer in respect of any Relevant Debt issued by Project Finance Entities shall not exceed €75,000,000 (or its equivalent in any other currency).

“**Project Finance Entities**” means one or more members of the Group (other than the Issuer) which has or have been formed or incorporated for the purpose of, and whose activities are, the acquisition, construction or development of any project in respect of which the person or persons providing the financing of such project have agreed to limit their recourse to (i) the project financed and the revenues derived from such project as the sole source of repayment and (ii) if applicable, a guarantee from the Issuer.

“**Put Event Notice**” means a notice in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control and the procedure for exercising the option contained in Condition 6 (c).

“**Put Option Notice**” means a duly completed put option notice in the form in Schedule 1.

“**Put Option Period**” means the period commencing on the date of the Put Event Notice and ending, not less than 30 days but not more than 60 days after the date of and as shall be specified in the Put Event Notice.

“**Put Redemption Amount**” means, in respect of each Bond, 101 per cent. of the nominal amount of such Bond together with, if applicable, interest accrued to (but excluding) the Put Settlement Date.

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

“**Reference Shareholder**” means Mr. Joost Bert and/or Kinehold Bis SA (including any successor thereto as long as the relevant shares remain within the same family structure).

“**Relevant Date**” has the meaning given to it in Condition 9 (*Prescription*).

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

“**Securities Settlement System**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*).

“**Securities Settlement System Regulations**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*).

“**Security**” has the meaning given to it in Condition 3 (*Negative Pledge*).

“**Specified Denomination**” has the meaning given to it in Condition 1 (*Form, Denomination and Title*).

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

“**TARGET System**” has the meaning given to it in Condition 7 (*Payments*).

“**Taxes**” has the meaning given to it in Condition 8 (*Taxation*).

“**Tax Redemption Notice**” has the meaning given to it in Condition 6 (*Redemption and Purchase*).

## 5 Interest

- (a) **Interest and Interest Payment Date:** Each Bond shall bear interest on its outstanding nominal amount from (and including) the date on which the Bonds are issued (the “**Issue Date**”). The 8Y Bonds shall bear interest at the rate of 2.40 per cent. per annum and the 10Y Bonds shall bear interest at the rate of 2.90 per cent. per annum (each, an “**Interest Rate**”).



Interest on the Bonds shall be payable annually in arrear on 15 December each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 15 December 2018.

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

The interest payable for each Bond for any Interest Period shall be equal to the product of (A) the Interest Rate, (B) the outstanding nominal amount of the Bond and (C) the actual number of days in the Interest Period divided by 365 (or if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365) (the “**Day Count Fraction**”).

When interest is required to be calculated in respect of any period which is shorter than an Interest Period, the Day Count Fraction shall be equal to (i) the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the date on which it falls due divided by (ii) by 365 (or if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365).

- (b) **Interest Step-up:** In the event that on or before the Long Stop Date:
- (i) the Change-of-Control Resolutions have not been approved or accepted by a general meeting of shareholders of the Issuer; or
  - (ii) the Change-of-Control Resolutions have not been filed with the clerk of the competent commercial court,

then the amount of interest payable in relation to the Bonds will be increased by 0.5% per annum as from the Interest Period beginning on the first Interest Payment Date following the Long Stop Date until the last day of the Interest Period during which the Change-of-Control Resolutions were approved by a general meeting of shareholders of the Issuer and were filed with the clerk of the competent commercial court.

## 6 Redemption and Purchase

- (a) **Final Redemption:** Unless previously purchased, cancelled or redeemed as provided below, each 8Y Bond shall be finally redeemed at its nominal amount on 15 December 2025 and each 10Y Bond shall be finally redeemed at its nominal amount on 15 December 2027 (each such date, a “**Maturity Date**” for the relevant Bond) in each case together with interest accrued to the relevant Maturity Date (the “**Final Redemption Amount**”). The Bonds may only be redeemed prior to the relevant Maturity Date in accordance with Condition 6 (b) (*Redemption for Taxation Reasons*) or Condition 6 (c) (*Redemption at the option of the Bondholders following a Change of Control*).
- (b) **Redemption for Taxation Reasons:** Each Series may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to the Bondholders of that Series in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable) with a copy to the Agent (the “**Tax Redemption Notice**”), if
- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of (i) any change in, or amendment to, the laws or regulations

of Belgium or any political subdivision or any authority thereof or therein having power to tax, or (ii) any change in the application or official interpretation of such laws or regulations, which change or amendment, application or interpretation becomes effective on or after the date on which agreement is reached to issue the Series, and

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

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

No failure to exercise, nor any delay in exercising, any right by the Issuer under this Condition 6 (b) (*Redemption for Taxation Reasons*) shall operate as a waiver.

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

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

Upon the occurrence of a Change of Control, the Issuer shall, promptly and in any event within 10 Business Days of the date on which such Change of Control occurs, give a Put Event Notice to the Bondholders.

In order to exercise the option contained in this Condition 6 (c), the holder of a Bond must deliver to the Agent (with a copy to the Issuer) a Put Option Notice during the Put Option Period. A duly completed Put Option Notice will be irrevocable and may not be withdrawn.

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

If, as a result of this Condition 6 (c), holders of Bonds of a Series submit Put Option Notices in respect of at least 85 per cent. of the aggregate nominal amount of the Bonds of that Series which are outstanding at that time, the Issuer may, within 15 Business Days of the end of the Put Option Period, by giving not less than 15 nor more than 30 days' notice to the Bondholders of that Series in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Bonds of that Series then outstanding at the Put Redemption Amount. Payment in respect of any such Bond of that Series shall be made as specified above.

The 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 Bondholders should be aware that exercising the option stipulated in this Condition 6 (c) may only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the FSMA of a*

*formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of a Change of Control, (i) the shareholders of the Issuer have approved this Condition 6 (c) in a general meeting and (ii) such resolutions have been filed with the clerk of the competent commercial court. It is uncertain whether the shareholders of the Issuer will approve Condition 6 (c). If a Change of Control occurs prior to the approval of the shareholders and filing of the resolutions, Bondholders may not be entitled to exercise the option set out in Condition 6 (c).*

- (d) **Purchases:** The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price.
- (e) **Cancellation:** All Bonds redeemed will be cancelled and may not be reissued or resold. Bonds purchased by or on behalf of the Issuer or its Subsidiaries may be cancelled, held or resold at the option of the Issuer or the relevant subsidiary.
- (f) **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 Companies Code, all payments of principal or interest in respect of the Bonds shall be made through the Agent and the Securities Settlement System in accordance with the Securities Settlement System Regulations and the Clearing Services Agreement. The payment obligations of the Issuer under the Bonds will be discharged by payment to the NBB in respect of each amount so paid.
- (b) **Payments:** Each payment in respect of the Bonds pursuant to Condition 7 (a) (*Principal and Interest*) will be made by transfer to a euro account maintained by the payee with a bank in a city where banks have access to the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET 2) System, or any successor thereto (the “**TARGET System**”).
- (c) **Payment subject to fiscal laws:** All payments in respect of the Bonds will be subject in all cases to (i) any applicable fiscal or other laws and regulations, without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (d) **No charges:** No commissions or expenses shall be charged by the Agent to the Bondholders in respect of any payments in respect of the Bonds.
- (e) **Appointment of Agents:** The Agent shall act solely as agent of the Issuer and will not assume any obligations towards or relationship of agency with any of the Bondholders. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent and to appoint additional or other Agents, provided, however, that the Issuer shall at all times maintain (i) a paying agent and (ii) a domiciliary agent which will at all times be a participant in the Securities Settlement System. Notice of any such change or any change of any specified office shall promptly be given to the Bondholders.
- (f) **Fractions:** When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded up to the nearest unit if equal to or above 0.5 and rounded down to the nearest unit if below 0.5.

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

## 8 Taxation

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

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such Taxes, in respect of such Bond by reason of his having some connection with the Kingdom of Belgium other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of that Series; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Series is presented for payment; or
- (c) **Payment to non-Eligible Investors:** to, or to a third party on behalf of, a holder who on the date of acquisition of a Bond, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Series but, for reasons within the Bondholder’s control, either ceased to be an Eligible Investor or, at any relevant time on or after the date of acquisition of such Series, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the Belgian law of 6 August 1993 relating to transactions in certain securities and its implementation decrees; or
- (d) **Conversion into registered securities:** to a Bondholder who is liable to such Taxes because the Series were upon his/her request converted into registered Bonds and could no longer be cleared through the Securities Settlement System.

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

References in these Conditions to (i) “**principal**” shall be deemed to include any principal payable in respect of the Bonds, all Final Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 (*Payments*) and Condition 10 (*Events of Default*) or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all interest amounts and all other amounts payable pursuant to Condition 5 (*Interest*) or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

## 9 Prescription

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

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

## 10 Events of Default

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

- (a) **Non-payment:** the Issuer fails to pay the principal of or interest on any of the Bonds when due and such failure continues for a period of 5 Business Days (in the case of principal) or 10 Business Days (in the case of interest); or
- (b) **Breach of other covenants, agreements or undertakings:** the Issuer does not perform or comply with any one or more of its other covenants, obligations, agreements or undertakings relating to the Bonds (other than any payment obligation set out in (a) above), which default is incapable of remedy or, if capable of remedy, is not remedied within 15 Business Days after notice of such default shall have been given by any Bondholder to the Issuer at its registered office; or
- (c) **Cross-acceleration:** any other present or future indebtedness of the Issuer or any Subsidiary (other than any indebtedness vis-à-vis suppliers) for or in respect of moneys borrowed equal to or exceeding € 20,000,000 or its equivalent in aggregate, (i) becomes due and payable prior to its stated maturity following the acceleration of an event of default (howsoever described) by the relevant creditors or (ii) is not paid when due, or as the case may be, within any originally applicable grace period; or
- (d) **Security Enforced:** any Security created or assumed by the Issuer or any of its Subsidiaries in respect of any property or assets of the Issuer or any Subsidiary is enforced for an amount of at least € 40,000,000 (or its equivalent in any other currency at the time of enforcement) and the enforcement proceedings in relation to such Security are not suspended or dismissed within 90 calendar days; or
- (e) **Insolvency or judicial reorganisation:** (i) the Issuer or any Material Subsidiary initiates bankruptcy proceedings or any other insolvency proceedings (or such proceedings are initiated against the Issuer or any Material Subsidiary), under applicable Belgian or foreign bankruptcy laws, insolvency laws or similar laws (including the Belgian Law of 8 August 1997 on bankruptcy proceedings, the Belgian Law of 31 January 2009 regarding judicial reorganisation and Book XX of the Belgian Code of Economic Law), or if the Issuer or any Material Subsidiary are declared bankrupt by a competent court or if a bankruptcy trustee, liquidator, administrator (or any similar official under any applicable law) is appointed with respect to the Issuer or any Material Subsidiary, or a bankruptcy trustee, liquidator, administrator (or any similar official under any applicable law) takes possession of all or a substantial part of the assets of the Issuer or any Material Subsidiary, or the Issuer or any Material Subsidiary is not capable to pay its debts as they fall due, stops, suspends or announces its intention to stop or suspend

payment of all, or a material part of (or a particular type of) its debts or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type) 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 any Material Subsidiary or (ii) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer or any Material Subsidiary (other than a solvent winding-up, liquidation or dissolution of the Issuer or any Material Subsidiary); or

- (f) **Reorganisation, change of or transfer of business or transfer of assets:** (x) 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 (y) a reorganisation or transfer of the assets of the Group occurs resulting in (i) a material change of the nature of the activities of the Group as a whole or (ii) a substantial decrease of the assets of the Group provided that, in the case of sub-paragraph (i) and (ii) above, such event materially prejudices the interests of the Bondholders;
- (g) **Illegality:** it becomes illegal or unlawful for the Issuer to perform its obligations under the Bonds; or
- (h) **Suspension of trading or delisting:** the Bonds are delisted or suspended from trading on Euronext Growth for a period of 30 consecutive Business Days for a reason attributable to the Issuer, unless the Issuer obtains an effective listing and admission to trading of the Bonds on another multilateral trading facility or a regulated market in the European Economic Area by the end of that period.

## 11 Undertakings

- (a) The Issuer undertakes that it shall not transfer its registered seat, its principal place of business (*établissement principal/voornaamste vestiging*) or its place of management to any jurisdiction outside the European Union.
- (b) The Issuer will use reasonable efforts to ensure that (i) the Change of Control Resolutions are approved by the annual general meeting of the shareholders of the Issuer scheduled on 9 May 2018 and (ii) an extract of the Change of Control Resolutions is filed with the clerk of the competent commercial court in accordance with Article 556 of the Belgian Companies Code within a period of 10 Business Days following their approval.
- (c) The Issuer undertakes to furnish to Euronext Growth all documents, information and undertakings and publish all advertisement or other material that may be necessary in order to effect and maintain the listing of the Bonds on Euronext Growth, and to use all reasonable endeavours to cause such listing to be continued so long as any of the Bonds remains outstanding. If the Bonds are not or cease to be admitted to trading on Euronext Growth, the Issuer shall use its best endeavours to promptly list the Bonds on another multilateral trading facility market or regulated market in the European Economic Area.
- (d) The Issuer procures that, so long as any Bond remains outstanding, an Agent having credit ratings (long-term) of at least A- (the “**Required Rating**”) shall be appointed.

If a rating downgrade occurs in respect of an agent following which this requirement is no longer complied with, the Issuer undertakes to replace such agent with an agent having the Required Rating. Such replacement shall take place at the latest of: (i) 80 days following the publication of the relevant downgrade in credit rating(s) or (ii) 10 days prior to the next Interest Payment Date of the publication or, if no more Interest Payment Date shall occur, before the Maturity Date.

If no financial institution (similar to the Agent that is to be replaced) with the Required Rating exists, then the Issuer undertakes to appoint a similar institution with the highest possible rating.

## **12 Meeting of Bondholders and Modifications**

### **(a) Meetings of Bondholders:**

- (i) Subject to paragraph (ii), all meetings of holders of Bonds of a Series will be held in accordance with the provisions on meetings of Bondholders set out in Schedule 2 to these Conditions. Meetings of Bondholders of a Series may be convened to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification or waiver of any of the Conditions applicable to a Series. For the avoidance of doubt, any such modification or waiver shall always be subject to the consent of the Issuer.

A meeting of Bondholders of a Series may be convened by the board of directors of the Issuer and shall be convened by the Issuer upon the request in writing of Bondholders of a Series holding not less than one fifth of the aggregate nominal amount of the outstanding Bonds of that Series. A meeting of Bondholders of a Series will be entitled to exercise the powers set out in Schedule 2 and generally (subject to the consent of the Issuer) to modify or waive any provision of the Conditions applicable to the Bonds of such Series in accordance with the quorum and majority requirements set out in Schedule 2, provided however that any proposal (i) to modify the maturity of a Series or the dates on which interest is payable in respect of a Series, (ii) to reduce or cancel the nominal amount of, or interest on, a Series or (iii) to change the currency of payment of a Series or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders of a Series may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders of that Series at which one or more persons holding or representing not less than 75 per cent. or, at an adjourned meeting, 25 per cent. of the aggregate principal amount of the outstanding Bonds of that Series form a quorum.

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

Schedule 2 to these Conditions provides that, if authorised by the Issuer and to the extent permitted by Belgian law, a resolution in writing signed by or on behalf of holders of Bonds of a Series of not less than 75 per cent. of the aggregate nominal amount of the Bonds of that Series shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of Bonds of that Series duly convened and held, provided that the terms of the proposed resolution shall have been notified in advance to those Bondholders of that Series through the relevant settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of Bonds of that Series.

- (ii) For so long as the relevant provisions of the Belgian Companies Code relating to meetings of bondholders remain in effect, all meetings of Bondholders of a Series shall, where applicable, be subject to and held in accordance with article 568 et seq. of the Belgian Companies Code. As from the entry into effect of the provisions of the new Belgian companies code relating to meetings of bondholders, all meetings of Bondholders of a Series shall be held in accordance with the provisions of Schedule 2.

- (b) **Modifications and waiver:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement

and/or the Clearing Services Agreement, either (i) if to do so could not reasonably be expected to be materially prejudicial to the interests of the relevant Bondholders or (ii) which in the Agent's opinion is of a formal, minor or technical nature or (iii) is made to correct a manifest error or (iv) to comply with mandatory provisions of law.

### 13 Further Issues

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

### 14 Notices

- (a) **Notices to Bondholders:** Notices to be given to any Bondholder of a Series shall be valid if
- (i) published on the website of the Issuer, and
  - (ii) delivered by or on behalf of the Issuer to the NBB (in its capacity as operator of the Securities Settlement System) for onward communication by it to the Bondholders via participants in the Securities Settlement System.

Any notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above or, in the case of delivery to the NBB or direct notification through the applicable clearing system, any such notice shall be deemed to have been given on the date immediately following the date of delivery/notification.

In addition to the above communications and publications, the Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of Euronext Growth and any other stock exchange on which the Bonds are listed and all applicable laws.

If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Agent may approve.

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

### 15 Governing Law and Jurisdiction

- (a) **Governing Law:** The Bonds and any non-contractual obligations arising out of or in connection with the Bonds shall be governed by, and shall be construed in accordance with, Belgian law.
- (b) **Jurisdiction:** The courts of Brussels (Belgium) will have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and, accordingly, any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such courts.



**Schedule 1**  
**FORM OF CHANGE OF CONTROL PUT OPTION NOTICE**

**Important: the present notice shall not be sent directly to the Issuer or to the Agent but shall be deposited with the bank or Financial Intermediary through which the Bondholder holds Bonds, as provided under Condition 6 (c).**

Addressee	Copy to the Agent
Kinepolis Group NV Moutstraat 132-146 9000 Ghent Belgium Attn: CFO	KBC Bank NV Havenlaan 2 1080 Brussels Belgium Attn: Workflow (GBF)

Reference is made to the Information Memorandum dated 5 December 2017 (the “**Information Memorandum**”), in respect of the private placement of €60,000,000 2.40 per cent. fixed rate Bonds due 15 December 2025 with, ISIN Code BE0002576545 (the “**8Y Bonds**”) and €65,000,000 2.90 per cent. fixed rate Bonds due 15 December 2027 with, ISIN Code BE0002577550 (the “**10Y Bonds**” and together with the 8Y Bonds, the “**Bonds**”).

Terms not otherwise defined herein shall have the meaning assigned to them in the Information Memorandum.

By sending this duly completed Put Option Notice to the Issuer with a copy to the Agent for the above mentioned Bonds, the undersigned Bondholder irrevocably exercises its option to have the Bonds early redeemed in accordance with Condition 6 (c) (*Redemption at the option of Bondholders following a Change of Control*) on the Put Settlement Date for an aggregate nominal amount of € [       ]<sup>1</sup> for which the undersigned Bondholder hereby confirms that (i) he/she holds this amount of Bonds and (ii) he/she hereby commits not to sell or transfer this amount of Bonds until the Put Settlement Date.

Contact details of the Bondholder requesting the early redemption<sup>2</sup>:

Name and first name:

Address:

Payment Instructions<sup>3</sup>:

Please make payment in respect of the above-mentioned Bonds by transfer to the following bank account:

Name of the bank:

Branch Address:

Account Number:

I hereby confirm that the payment will be done against debit of my securities account N° [       ] with the bank [       ] for the above mentioned nominal amount of the Bonds in dematerialised form.

Signature of the holder:

Signature Date:

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<sup>1</sup> Complete as appropriate

<sup>2</sup> Complete as appropriate

<sup>3</sup> Complete as appropriate

**NOTE: The Agent will not in any circumstances be liable to any Bondholder or any other person for any loss or damage arising from any act, default or omission of such Agent in relation to the said Bonds or any of them unless such loss or damage was caused by the fraud or negligence of such Agent.**

**This Put Option Notice is not valid unless (i) all of the paragraphs requiring completion are duly completed and (ii) it is duly signed and sent. Once validly given this Put Option Notice is irrevocable.**

## Schedule 2

### PROVISIONS ON MEETINGS OF BONDHOLDERS

#### Interpretation

**1** In this Schedule:

- 1.1 references to a “**meeting**” are to a meeting of Bondholders of a Series of Bonds and include, unless the context otherwise requires, any adjournment;
- 1.2 references to “**Bonds**” and “**Bondholders**” are only to the Bondholders of a Series issued by the Issuer and in respect of which a meeting has been, or is to be, called and to the holders of those Bonds, respectively;
- 1.3 “**agent**” means a holder of a Voting Certificate or a proxy for, or representative of, a Bondholder;
- 1.4 “**Block Voting Instruction**” means a document issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 9;
- 1.5 “**Electronic Consent**” has the meaning set out in paragraph 32;
- 1.6 “**Extraordinary Resolution**” means a resolution passed (a) at a meeting of Bondholders of a Series duly convened and held in accordance with this Schedule by a majority of at least 75 per cent. of the votes cast, (b) by a Written Resolution or (c) by an Electronic Consent;
- 1.7 “**Ordinary Resolution**” means a resolution with regard to any of the matters listed in paragraph 4 and passed or proposed to be passed by a majority of at least 50 per cent. of the votes cast;
- 1.8 “**Recognised Accountholder**” means a member (*aangesloten lid/afilié*) referred to in the Belgian Royal Decree n°62, with whom a Bondholder holds Bonds on a securities account;
- 1.9 “**Securities Settlement System**” means the securities settlement system operated by the NBB or any successor thereto;
- 1.10 “**Voting Certificate**” means a certificate issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 8;
- 1.11 “**Written Resolution**” means a resolution in writing signed by the holders of not less than 75 per cent. in principal amount of the Bonds outstanding; and
- 1.12 references to persons representing a proportion of the Bonds of a Series are to Bondholders, proxies or representatives of such Bondholders holding or representing in the aggregate at least that proportion in nominal amount of the Bonds of that Series for the time being outstanding.

#### General

- 2** All meetings of Bondholders of a Series will be held in accordance with the provisions set out in this Schedule. In addition, for so long as the relevant provisions of the Belgian Companies Code relating to meetings of bondholders remain in effect, all meetings of Bondholders of a Series shall, where applicable, be subject to and held in accordance with article 568 et seq. of the Belgian Companies Code. As from the entry into effect of the provisions of the new Belgian companies code relating to meetings of bondholders, all meetings of Bondholders of a Series shall be held in accordance with the provisions set out in this Schedule.

#### Powers of meetings

- 3** A meeting shall, subject to the Conditions and only with the consent of the Issuer, and without prejudice to any powers conferred on other persons by this Schedule, have power by Extraordinary Resolution:

- 3.1 to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders of a Series against the Issuer, whether or not those rights arise under the Bonds of a Series;
- 3.2 to sanction the exchange or substitution for the Bonds of a Series of, or the conversion of the Bonds of a Series into, shares, bonds or other obligations or securities of the Issuer or any other entity;
- 3.3 to assent to any modification of this Schedule or the Bonds of a Series proposed by the Issuer or the Agent;
- 3.4 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
- 3.5 to give any authority, direction or sanction required to be given by Extraordinary Resolution;
- 3.6 to appoint any persons (whether Bondholders or not) as a committee or committees to represent the Bondholders' interests and to confer on them any powers or discretions which the Bondholders of a Series could themselves exercise by Extraordinary Resolution;
- 3.7 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Bonds of a Series in circumstances not provided for in the Conditions; and
- 3.8 to accept any security interests established in favour of the Bondholders of a Series or a modification to the nature or scope of any existing security interest or a modification to the release mechanics of any existing security interests.

provided that the special quorum provisions in paragraph 19 shall apply to any Extraordinary Resolution (a "**special quorum resolution**") for the purpose of sub-paragraph 3.2 or 3.7 or for the purpose of making a modification to this Schedule or the Bonds of a Series which would have the effect of:

- (i) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the conditions applicable to the payment of interest;
- (ii) to assent to an extension of the Maturity Date, a suspension of the Issuer's obligation to redeem the Bonds of a Series on the Maturity Date, a reduction of the nominal amount of the Bonds of a Series or a modification of the conditions under which such redemption is required to be made;
- (iii) changing the currency of payment of the Bonds of a Series;
- (iv) modifying the provisions concerning the quorum required at any meeting of Bondholders of a Series or the majority required to pass an Extraordinary Resolution; or
- (v) amending this proviso.

#### **Ordinary Resolution**

- 4 Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Bondholders of a Series shall, upon a proposal of or with the assent of the Issuer, have power by Ordinary Resolution:
  - 4.1 to assent to any decision to take any conservatory measures in the general interest of the Bondholders of a Series; or
  - 4.2 to assent to the appointment of any representative to implement any Ordinary Resolution.
- 5 No amendment to this Schedule or the Bonds of a Series which in the opinion of the Issuer relates to any of the matters listed in paragraph 4 above shall be effective unless approved at a meeting of Bondholders of a Series

complying in all respect with the requirements of Belgian law, the provisions set out in this Schedule and the articles of association of the Issuer.

### **Convening a meeting**

- 6 The Issuer may at any time convene a meeting. A meeting shall be convened by the Issuer upon the request in writing of Bondholders of a Series holding at least 20 per cent. in principal amount of the Bonds of that Series for the time being outstanding. Every meeting shall be held at a time and place approved by the Agent.
- 7 Convening notices for meetings of Bondholders of a Series shall be given to the Bondholders of that Series in accordance with Condition 14 (*Notices*) not less than fifteen days prior to the relevant meeting. The notice shall specify the day, time and place of meeting and the nature of the resolutions to be proposed and shall explain how Bondholders may appoint proxies or representatives obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

### **Arrangements for voting**

- 8 A Voting Certificate shall:
  - 8.1 be issued by a Recognised Accountholder or the Securities Settlement System;
  - 8.2 state that on the date thereof (i) Bonds of a Series (not being Bonds of that Series in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and (ii) that no such Bonds of that Series will cease to be so held and blocked until the first to occur of:
    - 8.2.1 the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and
    - 8.2.2 the surrender of the Voting Certificate to the Recognised Accountholder or the Securities Settlement System who issued the same; and
  - 8.3 further state that until the release of the Bonds of a Series represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Bonds represented by such certificate.
- 9 A Block Voting Instruction shall:
  - 9.1 be issued by a Recognised Accountholder or the Securities Settlement System;
  - 9.2 certify that (i) Bonds of a Series (not being Bonds of that Series in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and that no such Bonds of that Series will cease to be so held and blocked until the first to occur of:
    - 9.2.1 the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and
    - 9.2.2 the giving of notice by the Recognised Accountholder or the Securities Settlement System to the Issuer, stating that certain of such Bonds of a Series cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;

- 9.3 certify that each holder of such Bonds has instructed such Recognised Accountholder or the Securities Settlement System that the vote(s) attributable to the Bond(s) of that Series so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing three (3) Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;
- 9.4 state the principal amount of the Bonds of that Series so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and
- 9.5 naming one or more persons (each hereinafter called a “**proxy**”) as being authorised and instructed to cast the votes attributable to the Bonds of that Series so listed in accordance with the instructions referred to in 9.4 above as set out in such document.
- 10 If a holder of a Bond of a Series wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Bond of that Series for that purpose at least three (3) Business Days before the time fixed for the meeting to the order of the Agent with a bank or other depository nominated by the Agent for the purpose. The Agent shall then issue a Block Voting Instruction in respect of the votes attributable to all Bonds of that Series so blocked.
- 11 No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.
- 12 The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Bondholder.
- 13 Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Bonds held to the order or under the control and blocked by a Recognised Accountholder or the Securities Settlement System and which have been deposited at the registered office at the Issuer not less than three (3) and not more than six (6) Business Days before the time for which the meeting to which the relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Bonds of that Series continue to be so held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Bonds of that Series to which such Voting Certificate or Block Voting Instruction relates.
- 14 In default of a deposit, the Block Voting Instruction or the Voting Certificate shall not be treated as valid, unless the chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business.
- 15 A corporation which holds a Bond of a Series may by delivering at least three (3) Business Days before the time fixed for a meeting to a bank or other depository appointed by the Agent for the purpose a certified copy of a resolution of its directors or other governing body (with, if it is not in English, a certified translation into English) authorising any person to act as its representative (a “**representative**”) in connection with that meeting.

#### **Chairman**

- 16 The chairman of a meeting shall be such person as the Issuer may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Bondholders of a Series or agents present shall choose one of their number to be chairman, failing which the

Issuer may appoint a chairman. The chairman need not be a Bondholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

#### **Attendance**

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

17.1 Bondholders of that Series and agents;

17.2 the chairman and the secretary of the meeting;

17.3 the Issuer and the Agent (through their respective representatives) and their respective financial and legal advisers.

No one else may attend or speak.

#### **Quorum and Adjournment**

**18** No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Bondholders of that Series, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

**19** One or more Bondholders of a Series or agents present in person shall be a quorum:

19.1 in the cases marked “**No minimum proportion**” in the table below, whatever the proportion of the Bonds which they represent

19.2 in any other case, only if they represent the proportion of the Bonds of a Series shown by the table below.

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

**20** The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 18.

**21** At least 10 days’ notice of a meeting adjourned due to the quorum not being present shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

#### **Voting**

**22** Each question submitted to a meeting shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing 2 per cent. of the Bonds of a Series.

- 23 Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.
- 24 If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.
- 25 A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
- 26 On a show of hands or a poll every person has one vote in respect of each nominal amount equal to the minimum Specified Denomination of the Bonds of a Series so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
- 27 In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

#### **Effect and Publication of an Extraordinary Resolution**

- 28 An Extraordinary Resolution and an Ordinary Resolution shall be binding on all the Bondholders of that Series, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Bondholders within 14 days but failure to do so shall not invalidate the resolution.

#### **Minutes**

- 29 Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.
- 30 The minutes must be published in the Annexes of the Belgian State Gazette within fifteen (15) days after they have been passed.

#### **Written Resolutions and Electronic Consent**

- 31 If authorised by the Issuer and to the extent Electronic Consent is not being sought in accordance with paragraph 33, a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Bonds of a Series outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution or an Ordinary Resolution passed at a meeting of Bondholders of that Series duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Bondholders of that Series through the relevant clearing system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders of that Series.
- 32 Where the terms of the resolution proposed by the Issuer have been notified to the Bondholders of a Series through the relevant clearing system(s) as provided in sub-paragraphs (i) and/or (ii) below, the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Agent or another specified agent in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Bonds of that Series outstanding (the “**Required Proportion**”) by close of



business on the Relevant Date (“**Electronic Consent**”). Any resolution passed in such manner shall be binding on all Bondholders of that Series, even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.

- (i) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least 15 days’ notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Bondholders of a Series through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Bondholders of that Series to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the “**Relevant Date**”) by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).
- (ii) If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall be deemed to be defeated. Such determination shall be notified in writing to the Agent. Alternatively, the Issuer may give a further notice to Bondholders that the resolution will be proposed again on such date and for such period as determined by the Issuer. Such notice must inform Bondholders of that Series that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (i) above. For the purpose of such further notice, references to “Relevant Date” shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph 6 above, unless that meeting is or shall be cancelled or dissolved.

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

## PART IV – CLEARING

The Bonds will be settled through the Securities Settlement System. The 8Y Bonds will have ISIN number BE0002576545 and Common Code 173427328 and the 10Y Bonds will have ISIN number BE0002577550 and Common Code 173427352. The Bonds will accordingly be subject to the Securities Settlement System regulations.

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

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

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

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

KBC Bank NV will perform the obligations of domiciliary agent included in the Agency Agreement and the service contract concerning the issue of dematerialised bonds that will be entered into on or about 12 December 2017 by the NBB, the Issuer and the Agent (the “**Clearing Services Agreement**”). The Issuer and the Agent will not have any responsibility for the proper performance of the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

## PART V – DESCRIPTION OF THE ISSUER

### 1 General

The legal name of the Issuer is “Kinopolis Group NV”. The Issuer is a public limited liability company (*naamloze vennootschap/société anonyme*) incorporated under Belgian law on 26 February 1976 for an indefinite term under the name “MAJESTIEK”, by deed of incorporation prepared by notary Eric Malfait, published in the Annexes to the Belgian Official Gazette on 25 March 1976 under number 830-3. The articles of association of the Issuer have been amended on several occasions, and most recently by a notarial deed dated 11 May 2016. The articles of association can be consulted on the Issuer’s website ([investors.kinopolis.com](http://investors.kinopolis.com)). The articles of association are supplemented by a corporate governance charter dated 16 February 2017 (the “**Corporate Governance Charter**”) which lays down the governance of the Issuer. The Corporate Governance Charter can also be consulted on the Issuer’s website.

The Issuer’s registered office is located at Eeuwfeestlaan 20, 1020 Brussels (Belgium) and its correspondence address is located at Moutstraat 132-146, 9000 Ghent. The telephone number of the Issuer is +32 9 241 00 00.

The Issuer is registered with the Crossroads Bank for Enterprises under number 0415.928.179, Commercial Court of Brussels (Dutch-speaking).

### 2 Corporate Purpose

The issuer has as purpose:

- the exhibition and installation of theatres for film projection and conferences, restaurants and bars, the exploitation and decoration of spaces for cultural events;
- the renting and hiring of projection material, movies and utilities which are in connection with the corporate purpose;
- the buying and selling of decoration of spaces which are in connection with the corporate purpose and of projection material;
- the distribution and production of movies, video tapes and all subsequent activities and all elements which are directly or indirectly in connection with it;
- the organization of special projections and events;
- the renting and hiring of fixed assets;
- maintenance of all above mentioned goods;
- project development;
- development of computer software;
- buying and selling of software packages;
- buying and selling of computer installations, including networks;
- import and export of software;
- import and export of computers and peripherals;

- electronic merchandising, sale and advice on informatics, internet services and advice, general corporate economic advice and consulting in financial, merchandising, fiscal, technical matters, fixed and intangible assets; renting and trading;
- the participation, under whatever form, in all corporations, Belgian or foreign, commercial or financial, industrial or any other, the acquiring of any share or right by means of participation, input, underwriting, buy on permanent loan or buy-option, handling, or in any other way, and
- the providing of all assistance to companies, whatever financial, including pledging or providing guarantees, technical, industrial, commercial or administrative.

The company may exercise all activities of industrial, commercial, financial, fixed or intangible matter, which can contribute to the realization of its corporate purpose.

The company may participate in capital and/or management or surveillance in and of other companies, Belgian as well as foreign.

### 3 History and Development

Kinepolis Group NV emanates from the merger of the Bert and Claeys Groups in 1997. The Bert Group started its activities in the late sixties, under the management of the late Albert Bert by transforming the Cinema Majestic in Harelbeke, Belgium into a cinema with two separate movie theatres. This was the first cinema complex in Belgium with more than one movie theatre. In 1975, the Pentascoop was opened in Kortrijk, Belgium and in 1981 the Decascoop was opened in Ghent, Belgium (currently Kinepolis Ghent) with a total of ten movie theatres. The Claeys Group, under the management of Marie-Rose Claeys-Vereecke, sister-in-law of Albert Bert, developed her first multiplex Trioscoop in Hasselt in 1972. Both groups bundled their forces in 1988 to build the first megaplex in the world (25 movie theatres) at the Heyzel in Brussels.

Since the sale in 2006 by the Claeys Group of its participation in Kinepolis Group NV, the Bert Group remains to play a leading role within the Kinepolis Group NV, on the one hand as a reference shareholder and on the other hand through the role of Joost Bert as co-CEO.

Kinepolis Group has always been a leading and innovative cinema operator. This is not only reflected from a technological perspective by its trend-setting role in relation to digitalisation of projecting equipment and the implementation of 3D technology, but also by its innovative approach regarding customer experience with the introduction of seat reservation in its movie theatres, automated box offices, sale through the Internet, the introduction of self-service for beverages and snacks sold at its confectionary stands and by having an eye for programming alternative films next to the traditional offer, and, in addition, by offering for sportive, cultural and social events.

With its public listing in 1998 and the international expansion to France, Spain, Switzerland and Poland as from the second half of the nineties and to The Netherlands and Luxembourg following its acquisition of Wolff cinemas and Utopolis in respectively 2014 and 2015, Kinepolis Group has become a leading European cinema operator, as can be derived from the below overview (as per 30 June 2017).

Country	Theater	Screens	Seats
Belgium	Kinepolis Ghent	12	3,358
	Palace Liège	5	1,007
	Kinepolis Brussels	25	6,637
	Kinepolis Antwerp	24	7,393
	Kinepolis Hasselt	13	2,968

	Kinepolis Kortrijk	10	2,463
	Kinepolis Leuven	7	1,870
	Kinepolis Liège	16	5,010
	Kinepolis Braine	10	2,327
	Kinepolis Bruges	8	1,477
	Kinepolis Ostend	8	1,752
<i>Belgium Total</i>		138	36,262
<b>France</b>	Kinepolis Saint Julien les Metz	14	3,999
	Kinepolis Lomme	23	7,286
	Kinepolis Mulhouse	14	4,566
	Kinepolis Thionville	10	2,834
	Forum Kinepolis Nîmes	12	2,928
	Centre Nîmes	4	464
	Kinepolis Nancy	10	2,644
	Kinepolis Bourgoin	12	2,010
	Kinepolis Longwy	7	1,330
	Kinepolis Rouen	14	2,500
	Kinepolis Fenouillet	8	1,100
<i>France Total</i>		128	31,661
<b>Spain</b>	Kinepolis Madrid (Imagen)	24	8,441
	Kinepolis Paterna	24	8,294
	Kinepolis Granada	15	4,593
	Plaza Mar 2 Alicante	16	2,790
	Kinepolis Diversia Madrid	12	2,871
	Kinepolis Nevada Granada	8	1,693
<i>Spain Total</i>		99	28,682
<b>The Netherlands</b>	Groningen	10	1,884
	Kinepolis Utrecht	14	3,198
	Utopolis Almere	8	2,244
	Utopolis Den Helder	6	776
	Utopolis Emmen	7	1,249
	Utopolis Oss	5	768
	Utopolis Zoetemeer	8	1,248
	Utrecht City	3	508
	Huizen	4	783
	Nieuwegein	3	588
	Enschede Cinestar	10	2,750
	Enschede Cineast	3	439
	Rotterdam Cinerama	7	1,060
	Kinepolis Dordrecht	6	1,192
	Kinepolis Breda	10	1,700
<i>The Netherlands Total</i>		104	20,387
<b>Switzerland</b>	Kinepolis Schaffhausen	8	1,555
<i>Switzerland Total</i>		8	1,555

<b>Luxembourg</b>	Utopolis Kirchberg	10	2,700
	Utopolis Belval	7	1,507
	Ciné Utopia Luxembourg	5	720
<i>Luxembourg Total</i>		22	4,927
<b>Only Real Estate</b>	Poznan – Poland*	18	
<i>Total Real Estate</i>		48	
<b>Total</b>		499	123,474

(\*) the movie theatre of Kinopolis Poznan is currently exploited by a third party, namely the Cinema City Poland group. Therefore the totals do not include the screens and seats in Poland.

Since the start of the expansion strategy in 2014 the Kinopolis Group has acquired or built the following complexes:

Country	City	# Complexes	# Screens	Est. Visitors / Year	Realized
Spain	Alicante	1	16	1,0 mio	Q2 2014
	Alcobendas - Madrid	1	12		
	Nevada – Granada	1	8	0,4 mio	Q4 2016
The Netherlands	Wolff Bioscopen	9	46	1,6 mio	Q3 2014
	Acq. Building Enschede (Wolff)				Q2 2015
	Dordrecht (greenfield)	1	6	0,3 mio	Q1 2016
	Breda (greenfield)	1	10	0,5 mio	Q3 2016
	Utrecht (greenfield)	1	14	1,2 mio	Q1 2017
NL, LUX, FR	Utopolis Group	9	63	2,4 mio	Q4 2015
France	Bourgoin	1	12	0,6 mio	Q3 2015
	Rouen	1	14	0,4 mio	Q1 2016
	Fenouillet (greenfield)	1	8	0,4 mio	Q4 2016
<b>Total</b>		<b>27</b>	<b>209</b>	<b>8,8 mio</b>	

Furthermore, on 18 September 2017 Kinopolis Group announced its agreement for the acquisition of the Canadian movie theatre group Landmark Cinemas. The acquisition is expected to close before the end of 2017. See also Part V (*Description of the Issuer – recent developments, investments and trends*) for further information.

More information about the history of Kinopolis Group can be found on the Investor Relations website: <https://corporate.kinopolis.com/en/about-kinopolis>.

## 4 Share Capital

### *Issued share capital*

As at the date of this Information Memorandum, the registered share capital of the Issuer amounts to €18,952,288.41 and is represented by 27,365,197 shares which are paid up in full and without nominal value and belonging to the same share class.

All shares representing the share capital have the same corporate rights attached to them.

In accordance with article 33 of the articles of association, each share entitles its holder to one voting right. The Issuer has not issued any other share classes, such as shares without voting rights or preference shares.

### ***Optimisation of the Capital Structure and the 2016 share option plan***

The policy of Kinopolis Group is aimed at maintaining a strong capital position in order to retain the confidence of investors, lenders and markets and to safeguard the future development of the business activities. The Board of Directors monitors the return on equity, which is defined by the Kinopolis Group as the operating profit divided by equity, excluding non-controlling interests. The Board of Directors also monitors the level of the dividend payable to the shareholders.

The Board of Directors seeks a balance between, on the one hand, the higher return that is potentially available with a higher level of borrowing, and, on the other hand, the benefits and security of a solid equity position. In seeking this balance, the Board of Directors' objective is to achieve the pre-defined level of the net financial debt to EBITDA and net financial debt to equity ratios.

As part of the 2016 share option plan of Kinopolis Group, the Board of Directors was authorised by the Extraordinary General Meeting held on 11 May 2016 to buy back its own shares to back-up newly issued call options under the 2016 share option plan for a maximum of 410,958 shares at a price not lower its nominal value but not exceeding 115% of the closing price of the shares on Euronext Brussels as established at the date preceding the date of the buy-back of the shares. This authorisation is valid for a period of five years. As at the date of this Information Memorandum, the Issuer holds 132,346 shares of its own shares which can also be used to back-up newly issued call options.

## **5 Organisational Structure**

Kinopolis Group NV, the Issuer of the Bonds, is the parent company of the subsidiaries listed below, which are responsible for the operational activities.

*List of fully consolidated subsidiaries at 31 December 2016*

<b>Name</b>	<b>Country of incorporation</b>	<b>VAT or Enterprise number (or equivalent)</b>	<b>%</b>
Brightfish NV	Belgium	BE 0450 523 725	100
Kinopolis Braine SA	Belgium	BE 0462 688 911	100
Kinopolis Film Distribution (KFD) NV	Belgium	BE 0445 372 530	100
Kinopolis Financial Services (KFS) NV	Belgium	BE 0886 547 831	100
Kinopolis Immo Hasselt NV	Belgium	BE 0455 729 358	100
Kinopolis Immo Multi NV	Belgium	BE 0877 736 370	100
Kinopolis Liège NV	Belgium	BE 0459 469 796	100
Kinopolis Mega NV	Belgium	BE 0430 277 746	100
Kinopolis Multi NV	Belgium	BE 0434 861 589	100
KP Immo Brussel NV	Belgium	BE 0816 884 015	100
The Belux Booking Cie BVBA*	Belgium	BE 0826 444 948	-
Utopia Belgium NV	Belgium	BE 0466 339 772	100
Eden Panorama SA	France	FR 02340483221	100
Forum Kinopolis SA	France	FR 86421038548	100
Kinopolis Bourgoin SA	France	FR 65779487297	100
Kinopolis France SA	France	FR 20399716083	100
Kinopolis Film distribution France SAS	France	FR 43789848280	100
Kinopolis Immo St. Julien-les-Metz SAS	France	FR 51398364463	100

Kinepolis Immo Thionville SA	France	FR 10419162672	100
Kinepolis Le Château du Cinéma SAS	France	FR 60387674484	100
Kinepolis Mulhouse SA	France	FR 18404141384	100
Kinepolis Nancy SAS	France	FR 00428192819	100
Kinepolis Prospection SAS	France	FR 45428192058	100
Kinepolis St. Julien-les-Metz SA	France	FR 43398364331	100
Kinepolis Thionville SA	France	FR 09419251459	100
Utopolis Longwy SAS	France	FR 21432763563	100
Utopolis Belval SA	Luxembourg	LU 220 75 333	100
Majestiek International SA	Luxembourg	LU 19942206638	100
Utopia SA	Luxembourg	LU 160 90 380	100
Kinepolis Booking NL BV**	The Netherlands	NL 822229936B01	-
Kinepolis Immo BV	The Netherlands	NL 003182794B01	100
Kinepolis Rotterdam BV	The Netherlands	NL 808810261B01	100
Kinepolis Beheermaatschappij BV**	The Netherlands	NL 007081698B01	-
Kinepolis Bioscopen Holding BV	The Netherlands	NL 822624382B01	100
Kinepolis Enschede BV	The Netherlands	NL 808883574B01	100
Kinepolis Groningen BV	The Netherlands	NL 816165774B01	100
Kinepolis Huizen BV	The Netherlands	NL 820697230B01	100
Kinepolis Exploitatie BV	The Netherlands	NL 819683036B01	100
Kinepolis Participatie BV**	The Netherlands	NL 822624357B01	-
Utopia Nederland Beheer BV**	The Netherlands	NL 804687237B02	-
Utopia Nederland Vastgoed BV	The Netherlands	NL 804687237B05	100
Utopia Nederland BV	The Netherlands	NL 804687237B03	100
Utrechtse Film Onderneming 'Ufio' BV	The Netherlands	NL 003182812B01	100
Kinepolis UBOS BV***	The Netherlands	NL 856681866 B01	100
Kine Invest SAU	Spain	ESA 824 896 59	100
Kinepolis España SAU	Spain	ESA 814 870 27	100
Kinepolis Granada SA	Spain	ESA 828 149 55	100
Kinepolis Madrid SA	Spain	ESA 828 149 06	100
Kinepolis Paterna SA	Spain	ESA 828 149 14	100
Kinepolis Jerez SAU	Spain	ESA 828 149 22	100
Kinepolis Schweiz AG	Switzerland	CH 2903013216-5	100
Kinepolis Poznan S.p.z. o.o.	Poland	NIP 5252129575	100

\* The Belux Booking Cie BVBA was liquidated on 16 December 2016

\*\* merged with Kinepolis Bioscopen Holding BV on 22 December 2016

\*\*\* incorporated on 31 August 2016

## 6 Core activities

The structure of the Kinepolis Group is tailored to its geographic markets and is characterised by a flat organisation in which decisions can be taken quickly. The organisation consists of seven core businesses: Box Office, In-Theatre Sales, Business-to-Business, screen advertising (Brightfish), film distribution (KFD), Real Estate and Digital Cinema Services.

The Issuer strives at realising permanent growth through this variety of activities.



### ***Box Office***

Box office comprises the sale of cinema tickets. Performance here is highly dependent on a number of external factors, including film content, weather and holiday periods. Kinopolis Group reaches a wide range of movie lovers and culture vultures by constantly optimizing cinema capacity and seat occupancy with a varied film and cultural offering. With its active programming approach Kinopolis Group's goal is to offer something to various target groups at all times during the year. The regular film offering is permanently complemented with events (such as 'Ladies at the Movies' and 'Horror Nights' or 'Obscure Nights') and alternative content, such as art, opera and ballet.

### ***In-Theatre Sales (ITS)***

In-theatre sales (ITS) comprises all activities relating to the sale of beverages and snacks in the cinemas. This business has become more important in recent years due to innovations in infrastructure and offering. Virtually all Kinopolis Group complexes now have a self-service shop, which is a decisive factor in the increasing success of ITS. The shop's offering is complemented with specific local initiatives.

For example, the coffee corner has been given a prominent place in the French Kinopolis cinemas and Kinopolis Antwerp has a Leonidas Chocolates Café. The Leonidas Chocolates Café serves up famous Belgian chocolates, as well as hot and cold beverages. Sushicque, an in-house sushi-bar, was opened in Alicante (Spain) in 2016. A second Sushicque was opened at Kinopolis Madrid (Ciudad de la Imagen) in 2017.

In line with the large selection of movies, a varied range of refreshments is offered to meet the tastes of various target groups. Kinopolis Group targets a unique experience, which also covers the time before and after the movie.

### ***Business-to-Business***

The business-to-business (B2B) activity is built upon a privileged relationship with the business community and an innovative range. Since the digitisation, Kinopolis Group cinemas, with their advanced, flexible infrastructure, are also ideal B2B venues for conferences, premieres and corporate events. Kinopolis Group's B2B teams launch and run campaigns in association with companies and stimulate the sale of events and cinemas vouchers. The cinema is also the ideal venue for companies that wish to raise their profile through targeted advertising campaigns. Screen advertising, sampling, product placement, advertising panels and digital screens in the foyers also play their part in that.

### ***Film Distribution***

Kinopolis Film Distribution (KFD) focuses on distributing international and domestic movies in Belgium and Luxembourg. As a specialist in Flemish movies KFD has earned a strong position in Belgium. Through KFD Kinopolis Group stimulates the production and promotion of Flemish film in its role as a media company.

KFD also works closely with other partners, including Dutch FilmWorks (DFW). DFW is the largest independent film distributor in The Netherlands. In this partnership KFD distributes DFW catalogue films in Belgium and Luxembourg.

### ***Screen Advertising***

With the acquisition of advertising agency Brightfish at the end of 2011 Kinopolis Group launched a new core business in Belgium. It also ensured that the Belgian cinema industry once again had a stable partner for screen advertising. Brightfish offers a wide array of media channels in and around the cinema for everyone who wishes to communicate with cinema visitors in a targeted way.

### ***Real Estate***

Real Estate is a separate business unit within Kinopolis Group tasked with coordinating the management, utilisation and development of Kinopolis Group's property portfolio. As at the date of this Information Memorandum Kinopolis Group had a portfolio of 48 complexes, comprising 517 screens (of which 499 are operated by Kinopolis Group) and approximately 142 000 seats. Kinopolis Group owns the vast majority of its real estate, a situation that differentiates the group from many other cinema operators.

More than 70 000m<sup>2</sup> is let to third parties. Footfall at these businesses (mainly shops and cafes) is mostly generated by the presence of the Kinopolis Group complex.

### ***Digital Cinema Services***

Digital Cinema Services (DCS) comprises all technical expertise at Kinopolis Group in digital projection and sound. This expertise is primarily used in-house, but Kinopolis Group DCS also provides technological services to third parties.

## **7 Core Markets (figures per 30/06/2017)**

Kinopolis Group is organised on a geographical basis and is active in seven countries. The main geographic markets are Belgium, France, Spain, The Netherlands and Luxembourg. Further, the Issuer disposes of one complex in Switzerland and one complex in Poland. The cinema complex in Poland is currently leased to and exploited by a third party.

Country	Theatre complexes	Screens	Seats
Belgium	11	138	36,262
France	11	128	31,661
The Netherlands	15	104	20,387
Spain	6	99	28,682
Luxembourg	3	22	4,927
Switzerland	1	8	1,555
Poland*	1		
<b>Total</b>	<b>48</b>	<b>499</b>	<b>123,474</b>

\* The complex in Poland is operated by a third party. Therefore the totals do not include the screens and seats in Poland.

## **8 Strategy**

Kinopolis Group wants to offer film and culture lovers a unique experience and pursues a personalized program for various target groups. Kinopolis Group wants to create sustainable value for customers, employees, shareholders, partners and the community. The three pillars of its strategic model go hand in hand with sustainable enterprise.

### ***Kinopolis Group wants to be the best Cinema Operator***

Kinopolis Group is committed to giving visitors unique entertainment and business experiences in the best possible conditions. In doing so, Kinopolis Group pursues top technical and logistical quality to create a unique cinema experience.

Kinopolis Group sets trends and constantly invests in innovation and an optimal customer experience. This drive to innovate has led to the digitisation of the cinema, seat reservation, the latest projection and sound technologies, mobile ticketing, trend-setting events and refreshing marketing approaches.

In addition to innovations to enhance the film experience, Kinopolis Group also works hard to improve the pre- and post-movie experience, and constantly designs new shop and interior concepts (such as the Leonidas Chocolates Café and Sushicque).

Due to their innovative infrastructure Kinopolis Group cinemas are also ideal B2B venues for conferences, premières and corporate events.

As regards content, a permanent offering of eye-catching events and alternative content, such as concerts, art, opera and ballet, complements the regular movie program.

### ***Kinopolis Group wants to be the best Marketer***

Kinopolis Group is committed to meeting the needs and wants of the audience as much as possible through intensive interaction with its visitors and tailored content. Kinopolis Group is committed to positioning itself as the best marketer by responding to the expectations of various target groups.

Important steps in the realisation of this goal are:

- Relationship marketing:

the establishment of a direct market approach: creation of a specialised division, implementing the “customer relation management & campaign management tools” and the feeding of databases with the received customer information enabling the Kinopolis Group to increase its knowledge over its customers and to map acquired information regarding frequency, movie genre, family composition, interests, etc. This knowledge will enable the Kinopolis Group to bring the “customer” and “movie” better together and, in particular, to be able to offer a more customer-adjusted programming so that an appropriate movie or other content would at any times be available for each type of customer, as well as informing customers in a more efficient manner regarding the Kinopolis Group offer.

As a film expert, Kinopolis Group is committed to providing the best possible response to the preferences of its visitors. Kinopolis Group wants to offer the ultimate movie experience, based on a thorough understanding of its customers – making use of an innovative digital relationship marketing system – and a tailored offering. Millions of customers receive film and event recommendations by email based on their personal preferences.

In the future Kinopolis Group is committed to further invest in the relationship with its customers through mobile and online services.

- to communicate with customers through various channels in a personalised manner (e-mail, social networks, Internet, etc.) in view of strengthening relationships with customers;
- the further development of adapted product lines and formulas: Ladies @ the movies, horror nights or obscure nights, alternative content such as opera or music performances, movie & dinner, adapted variety of beverages and snacks, introduction of the ‘self service shop’-concept or Megacandy;
- the establishment of a continuous process in which customer satisfaction is measured for each visit and from which potentially required modifications may be derived; and
- active programming: the Kinopolis Group offering is not limited to current international blockbusters. In recent years Kinopolis Group has made the switch from passive to active programming. In doing so, Kinopolis Group selects films based on the preferences of its customers, which means they can differ according to the cinema. Kinopolis Group’s goal is to offer something to each of its target groups at all times during the year.

### ***Kinepolis Group wants to be the best Property Manager***

Kinepolis Group is committed to managing, using and developing its unique real estate portfolio optimally.

Kinepolis Group puts this pillar into practice by on the one hand managing the real estate aspects of the entire Kinepolis Group in a centralised manner and on the other developing projects which allows for the monetisation of terrains or assets not necessary for the exploitation of multiplexes.

## **9 Competitive advantages**

The Kinepolis Group believes that it is well-placed to operate in the European cinema market and distinguishes itself from its competitors by the following key assets:

- *Market leadership and strong brand awareness.* In its home market Belgium, the Kinepolis Group is market lead and in the cinema industry the Kinepolis Group is recognised as an important player and inventor of the ‘multiplex’-concept (cinema with 10 to 20 theatres), and as a technical innovator. Due to its size, the Kinepolis Group can realise certain economies of scale with advertising companies, technology suppliers and suppliers of beverages and snacks.
- *High margins and cost control.* Since the implementation of the current strategy the margins realised by the Kinepolis Group are among the highest in the cinema market. Efficiency-increasing measures combined with a further decrease of the fixed costs through an increase of variable costs, investments in digitalisation, installations of Megacandys and investments in premium experience, together with inflation neutralising increases in price have resulted in an evolution of the REBTIDA margin to approximately 30%.
- *Strong cash flow with appropriate leverage ratio.* The Kinepolis Group is characterised since many years by a strong free cash flow generation and, as a result thereof, has been able to reduce its leverage ratio. This is made possible by high returns, a focus on cash flow management and the optimal management of capital expenditure.
- *Experienced management team.* The executive management has outstanding business experience and knowledge of the cinema industry which is considered a key driver for the performance of the Kinepolis Group.
- *Diversification.* In addition to traditional cinema activities, the Kinepolis Group has also developed B2B activities consisting of organising various events, product placement and the sale of premium vouchers. This business activity is complementary to the cinema activity, but is using the same assets, therefore resulting in an increased return on these assets. Furthermore, the Kinepolis Group appeals to new clients through alternative content such as opera in the cinema, theatre, music performances, sports events and the like. These are also new activities that use the infrastructure and digital projection systems. Through Kinepolis Film Distribution Flemish and other movies are distributed. This have a positive effect on the production of excellent locally made movies.
- *Our multiplexes on appealing locations.* The Kinepolis Group operates 47 multiplexes and rents out one cinema in Poland. The main part of the owned multiplexes is constructed by the Kinepolis Group itself and are situated in suburban areas. Consequently, they all have a similar architecture, quality and ambience, through which a uniform operational model can be operated.

In the last few years, the Kinepolis Group has invested substantially in renovations of practically all complexes, through, among other things, the instalment of Megacandies, with a view of improving the customer’s experience.

The presence of the Kinopolis Group in a number of markets, of which the principal ones are Belgium, France, Spain, The Netherlands and Luxembourg, implies that the fluctuations in the number of customers due to discrepancies in the local movie programming can neutralise each other.

As indicated in the section above in connection with the strategy, the ownership of the above-mentioned real estate offers more flexibility regarding management and monetisation. In addition, these costs are not subject to inflation (in comparison with competitors that lease their locations).

- *Successful website & applications.* The Kinopolis Group has a highly frequented website (21.8 million visitors per annum), the online sales amount to 31%, with peaks of as high as 36%. The Kinopolis Group also disposes for the purposes of its direct marketing activities of more than 3.6 million e-mail addresses of customers. In addition, the mobile applications are also successful
- *Operating as a group.* The Kinopolis Group is present in 7 countries with four of them having their own respective management organisation. In Poland, the Kinopolis Group only has a real estate responsible. The management of France is responsible for Switzerland and the management of Belgium is responsible for Luxembourg. In addition, the Kinopolis Group has its international headquarters with various services centres or coordinating departments which take care of programming, direct marketing, renovation, property management, ICT, accounting & controlling, treasury, legal, human resources, sales & marketing and projection & sound.

## **10 Recent Developments, Investments and Trends**

### ***Business update Q3 2017***

On 16 November 2017 the Issuer published its business update relating to Q3 of 2017.

Kinopolis Group welcomed 5.8 million visitors in the third quarter of 2017, 7.8% more than in the same period the previous year. This rise is due, among other things, to the expansion of the Kinopolis Group, with the opening of Kinopolis Breda and Utrecht Jaarbeurs (The Netherlands), Fenouillet (France) and Nevada (Granada, Spain) in the second half of 2016. However, even when the expansion is excluded, visitor numbers rose in all countries, except for Spain and Switzerland. Growth in the summer months was around average, particularly due to movies such as 'Dunkirk' and 'Despicable Me 3' in July and the less good weather in the first half of August. September was relatively strong, mainly due to the success of the movie 'It' in all countries. The share of local content increased in the third quarter compared with the same period last year.

### ***Acquisition of Landmark Cinemas***

On 18 September 2017 Kinopolis Group announced its agreement with the shareholders of Landmark Cinemas on the acquisition of the Canadian movie theatre group. The acquisition is subject to Canadian regulatory approvals including under the Investment Canada Act (ICA), the Canadian law governing acquisitions by foreign investors. Kinopolis Group expects to be able to complete this procedure by the end of 2017. Kinopolis Group will announce the closing of the acquisition by the publication of a press release on its website.

Landmark Cinemas operates 44 movie theatres of various sizes, all located in Central and Western Canada, and has its head office in Calgary (Alberta). The 44 Landmark Cinemas movie theatres, with a total of 55,000 seats and 303 screens, realized CAD 156.3 million turnover in 2016 with 10.2 million visitors. The company is Canada's second largest cinema operator, with a market share of 10%.

Three quarters of the movie theatres under the acquisition are leased. The group operates two megaplexes (more than 16 screens), 17 multiplexes (more than 8 screens) and 25 smaller movie theatres spread over six Canadian provinces. Landmark Cinemas generates 92% of its turnover in the country's biggest regions, Ontario, British

Colombia and Alberta. Landmark Cinemas expanded significantly in 2013 with the acquisition of Empire Theatres and has since focused on enhancing the customer experience, with great success.

The proposed acquisition fits in with the expansion strategy pursued by Kinopolis Group and enables the Kinopolis Group to enter a new market, characterised by healthy macroeconomic prospects, a growing population and a favourable business climate. Entering a new continent creates a better geographic spread of Kinopolis Group's business activities and new growth opportunities, through acquisitions and new-build projects. The agreement with Landmark Cinemas already includes two new-build projects in Alberta province, one in St. Albert and one in Fort McMurray. It also includes plans for more new-build movie theatres.

Kinopolis Group will manage the Canadian company, which employs 1,450 people, through a local executive management board made up of the current Landmark Cinemas management and supported by an integration team that will introduce Kinopolis Group's management approaches and concepts from Europe. In doing so, Kinopolis Group aims to transfer its self-learning and self-innovating company culture to the new organization.

### ***Evolution of Customer Numbers***

The line up for 2018 is expected to result in an average turnout. The first quarter of 2018 will still benefit from the release of Star Wars: The Last Jedi in December 2017. The second quarter of 2018 looks promising with Jurassic World 2: Fallen Kingdom, Solo: a Star Wars story and Deadpool 2. In Spain there is a possibility that the VAT treatment change of cinema tickets of September 2012 (from the low to the highest VAT tariff) will be reversed in 2018.

### ***Investments***

For the year 2018 and in line with previous years, the Issuer is expecting to continuously invest in the maintenance of its theatres, to keep them at a high quality level, further roll out of experience concepts such as the Megacandy in acquired theatres, cosy seats, laser projection systems and 4DX. Total investments will be between €15 million to €18 million, excluding investments in new real estate projects or expansions.

It is expected that an amount of more than €15 million will be invested in 2018 in the construction of the complexes in The Netherlands (Den Bosch), Brétigny (France) and Fort Mc Murray and St. Albert (Canada).

Taking into account that the Issuer is working on a line-up of expansion projects, the number of new construction and/or acquired sites can increase in the coming months and years depending on opportunities and prevailing market conditions.

### ***Introduction of 4DX: mobilising all senses for the ultimate movie experience***

It is expected that Kinopolis Group will open four cinema rooms before the end of 2017 where visitors can enjoy a 4DX experience. 4DX raises the cinema experience to a four-dimensional level: besides watching the movie, viewers are actually part of the action. Moving seats and surrounding effects such as wind, water, scent and light – perfectly synchronised with the on-screen action – provide an unprecedented immersive, 4D movie experience. Kinopolis Group expects to open a 4DX theatre at its cinemas in Antwerp and Brussels (Belgium), Lomme (France) and Madrid (Spain).

4DX is a revolutionary cinematic technology that stimulates all the senses. Specially trained 4DX editors ensure that water, wind, light and fog effects, combined with realistic motion simulations, add a new dimension to the action on screen. In a 4DX theatre all visitors join the car race on screen, float in the ocean, feel the wind in their hair or smell the flowers. 4DX cinema seats are equipped with an AC Servo Motor that enables precise movements and controls the speed of movement, in sync with what is occurring on screen.

Each year 4DX cooperates with major Hollywood studios for the release of various movies, from action, animation and horror to fantasy. Concerts and documentaries are also available in 4DX. A total of 105 films

were released in 4DX in 2016, including 59 Hollywood blockbusters. 4DX is available for both 2D and 3D films.

### ***Belgian Competition Authority partially withdraws 20 year old behavioural measures***

Following the request by the Issuer for cancellation of the behavioural measures which were imposed on it in 1997 by the Belgian Competition Council, the Belgian Competition Authority decided to relax these conditions and to no longer subject the opening of new cinemas in Belgium to its prior permission as from 31 May 2019. The other behavioural measures, such as the need to obtain prior approval for the acquisition of existing Belgian cinemas and the prohibition to request exclusivity or priority from film distributors, have been maintained for a renewable period of three years. Two Belgian cinema groups appealed against the Decision of 31 May 2017 of the Belgian Competition Authority. The case will be heard before the Court of Appeal at the beginning of 2018.

### ***Expansion in existing markets***

#### *The Netherlands*

After the acquisition of Wolff Bioscopen and the Dutch Utopolis complexes in 2014 and 2015 respectively, Kinopolis Group opened three new-build cinemas in The Netherlands in 2016. Kinopolis Dordrecht was officially opened on 17 February 2016, as the first new-build Kinopolis Group cinema in almost a decade.

A few months later – on 1 August 2016 – Kinopolis Breda opened to the public as Europe's first all-laser cinema. Kinopolis Group ended the year 2016 in The Netherlands with the partial opening of Kinopolis Utrecht. The first six screens to be finished welcomed the general public for the first time on 14 December. The remaining eight screens were inaugurated on 7 March 2017.

Next to the numerous new build projects, the former Wolff cinemas in Enschede and Groningen were converted to the Kinopolis concept at the beginning of 2016. Both were equipped with the characteristic self-service shop, ticketing machines and the interior was thoroughly remodeled. Kinopolis Enschede (re)opened its doors on 29 January 2016 as the first Dutch cinema under the Kinopolis name. Kinopolis Groningen followed on 18 March 2016.

Kinopolis Group has plans for further expansion in The Netherlands in the years to come. Construction recently began for a new complex in 's-Hertogenbosch. The cinema will be nestled among offices, apartments, a supermarket and a restaurant. It is expected to open in the second half of 2018.

#### *France*

Kinopolis began 2016 by taking over the operation of the cinema situated in the Saint-Sever shopping center in the heart of Rouen (Normandy). Formerly run by UCG, the cinema has 14 screens and 2,500 seats. It is the first Kinopolis cinema in Normandy.

The 'Mégaroyal' cinema in Bourgoin-Jallieu, which was acquired in 2015, was then converted to the Kinopolis concept. Kinopolis Bourgoin-Jallieu reopened its doors on 24 March 2016. As was the case in The Netherlands, Kinopolis Group ended the year 2016 by opening a new-build complex in the north of Toulouse.

The construction of a new Kinopolis Group complex is also ongoing in Brétigny-sur-Orge, 35 kilometers south of Paris. Immochan will rent a wind-tight building with 6,500m<sup>2</sup> in floor space to Kinopolis Group. Kinopolis Group will take care of all cinema interiors and finishing. The cinema is scheduled to open in the third quarter of 2018.

#### *Spain*

The first new-build Kinopolis Group complex in Spain in almost 13 years opened on 23 November 2016. Kinopolis Nevada is part of the brand-new ‘Nevada’ shopping centre in Armilla in the southwest of Granada.

Kinopolis Group already has a complex with 15 screens and 4,600 seats in Granada. This brand-new second complex will enable Kinopolis Group to strengthen its position in the region and offer the unique Kinopolis cinema experience to even more people.

#### *Luxembourg*

The transition from Utopolis Kirchberg and Utopolis Belval to Kinopolis Group gradually became visible for visitors in the first half of 2017. The two cinemas switched to the Kinopolis Group software system for all customer transactions on 5 April. The Kinopolis Group subscription formulas were also introduced. The commercial names of Utopolis Kirchberg and Utopolis Belval were changed to Kinopolis Kirchberg and Kinopolis Belval. However, the name of Ciné Utopia remains unchanged.

Automatic ticketing machines were installed in both Kirchberg and Belval in the first half of 2017. The seats and carpet at Kinopolis Kirchberg have also been renewed, while the Kinopolis Cosy Seating concept was introduced. A bigger renovation of the Kirchberg complex is planned in 2018. The necessary permits are being applied for. The Utopolis insignia will be kept on the outside of the buildings for now, at least until the renovation starts and the necessary permits are obtained.

#### *Belgium*

Kinopolis acquired the Belgian Utopolis cinemas in Aarschot, Mechelen, Turnhout and Lommel in April 2016 after the conditional approval of the Belgian Competition Authority. All complexes were subsequently sold to the French cinema group UGC on 30 September 2016.

No new cinemas were opened in Belgium, although a new screen has been added. On 14 December 2016 Kinopolis opened an IMAX theatre with 4K laser projection and 400 seats at Kinopolis Brussels. IMAX with laser offers film-lovers in Brussels the sharpest, clearest, most vivid digital images on a 532m<sup>2</sup> screen, combined with an unparalleled immersive audio experience.

On 18 July 2017 Kinopolis Group, owner of the cinema building in Galerie Toison d’Or in Brussels (Belgium), and UGC, the tenant, also completed the sale of the building to UGC.

Kinopolis Group continues to invest in expansion, evaluating several projects in various countries – both potential acquisitions and new build. The Kinopolis Group policy is not to make any announcements on expansion projects until they are finalised and all formalities have been completed.

#### ***Green star, Kinopolis Group’s sustainability project***

Within a broad social context, Kinopolis Group prioritises the potential ecological, cultural or social consequences of its operations. Kinopolis Group is conscious of its social role and possible impact on all interest groups. The Kinopolis Group sustainability project is known as ‘Green Star’.

Green Star, in all its facets, carries increasing weight in the daily decision processes and operational management.

#### *Ecological Footprint*

As well as the comfort of visitors and employees, the green parameters are also central concerns for the design of new complexes and the renovation of existing ones. Kinopolis Group endeavours to minimize its ecological footprint in its choice of energy sources and building materials and by using spaces flexibly.

A milestone in the sustainability policy was the digitisation of the projection systems, which made the chemical production of film and the transport of voluminous rolls of film superfluous. Virtually all new build Kinopolis



Group complexes in 2016 were exclusively equipped with laser projectors. Laser projectors ensure sublime image quality while also using 40% less energy than xenon lamp projectors. The absence of lamps also reduces the need for cooling and, of course, lamp replacement belongs to the past.

The increasing importance of online and mobile ticket sales also reduces the ecological impact of operations. Further, various energy-saving measures have been taken, including the installation of LED lighting in cinemas and foyers, photo-luminescent row numbering and efficient heating systems.

Water consumption has been reduced, among other things by the use of taps with optical sensor, and visitors are constantly asked to pre-sort their rubbish.

### *Employee Satisfaction*

Green Star is also about employee satisfaction. Kinopolis Group works to develop personal talents and teams and measures employee satisfaction every year (People Satisfaction Index, PSI). Kinopolis Group stimulates learning networks and so also a work environment that revolves around feedback and entrepreneurship.

### *Sociocultural Responsibility*

Kinopolis Group is also conscious of its sociocultural responsibilities, with regard to both programming and facilities in its complexes. Facilitating wheelchair access and programming content that meets the wishes of cultural minorities are examples of how Kinopolis Group is working on integrating minorities even more. Kinopolis Group also supports various charities by sponsoring, patronage and benefit campaigns, or by stimulating social employment.

In 2016 Kinopolis Group supported various projects, including ‘Wings for Life’ and ‘Music for Life’ in Belgium, the Red Cross in Spain and ‘Bio Kinderrevalidatie’ in The Netherlands. In France Kinopolis Group installed a system to significantly improve the accessibility of cinemas for people with reduced vision or hearing in all cinemas. Furthermore, in 2016 ecological, social and environmental aspects were given the fullest consideration when developing various new build projects.

### *Financing Agreements*

The Issuer entered into a facilities agreement originally dated 12 February 2012 with, amongst others, BNP Paribas Fortis SA/NV, ING Belgium SA/NV and KBC Bank NV, as amended and/or restated from time to time, including by way of an amendment and restatement agreement dated 22 June 2015 and an amendment and restatement agreement dated 17 December 2015 (the “**Facilities Agreement**”). Pursuant to its terms and conditions, a revolving credit facility in an amount of €90,000,000 (with the option to increase such amount with an amount of €50,000,000 with prior approval of the banks) and €66,600,000 term loan facilities are made available to the Issuer and Kinopolis Financial Services NV. The Facilities Agreement contains the standard provisions on representations, warranties and events of default. The Facilities Agreement also contains the market standard limitations in relation to mergers, provision of security and disposal of assets and the usual financial covenants. Certain Subsidiaries have also provided a guarantee to the finance parties under the Facilities Agreement.

On 6 March 2012 the Issuer also issued a €75,000,000 4.75 per cent. retail bond due 6 March 2019 (the “**Retail Bonds**”). In the framework of a private placement the Issuer issued €96,000,000 fixed rate bonds to institutional investors in January 2015 (the “**Private Placement Bonds**”). On 12 May 2015 the Issuer announced an unconditional public offer to the holders of the Retail Bonds to exchange their Retail Bonds for new 4.00 per cent. fixed rate bonds due 9 June 2023 (the “**New Bonds**”) to be issued by the Issuer (the “**Exchange Offer**”). Pursuant to the Exchange Offer the Issuer issued €15,878,000 New Bonds on 9 June 2015. The Retail Bonds, the New Bonds and the Private Placement Bonds contain standard non-financial covenants

(including a negative pledge) and events of default similar to those included in the Conditions of the Bonds and subject to the limitations and exceptions set out therein.

## **11 Legal Disputes**

Kinepolis Group is from time to time involved in various claims or disputes and litigation incidental to the ordinary course of its business, including tax and competition proceedings. For example, Kinepolis Group 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 Kinepolis Group has set up in 2015 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 covered the full potential claim, including interest charges. Relevant amounts were paid in 2016 and 2017. Together with other companies involved, Kinepolis Group 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 Kinepolis Group is successful Kinepolis Group 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.

Kinepolis Group does not believe that the outcome of any single pending claim or proceeding is likely to have a material adverse effect on its financial position or results of operations. However, the outcome of any claim or proceeding is inherently uncertain, and Kinepolis Group cannot provide any assurances that it will be successful or that any negative outcome would not have a material adverse effect on Kinepolis Group's business, financial condition, results of operations or cash flows.

## PART VI – MANAGEMENT AND CORPORATE GOVERNANCE

### Board of Directors

As at the date of this Information Memorandum the Board of Directors of the Issuer consists of nine members, four of which are independent from the reference shareholders and the management. These directors fulfil the criteria for independent directors as laid down in article 526<sup>ter</sup> of the Belgian Companies Code and were appointed at the initiative of the Board of Directors, advised thereto by the Nomination and Remuneration Committee.

*Directors as at the date of this Information Memorandum*

Name	Position	Expiry date mandate
Mr Philip Ghekiere <sup>(1-2)</sup>	Chairman	2020
Mr Joost Bert <sup>(2)</sup>	Executive Director (CEO)	2020
Mr Eddy Duquenne	Executive Director (CEO)	2020
Mr Geert Vanderstappen, permanent representative of bvba Pallanza Invest <sup>(1)</sup>	Independent Director	2018
Ms. Marion Debruyne, permanent representative of bvba Marion Debruyne <sup>(1)</sup>	Director	2019
Mr Rafaël Decaluwé, permanent representative of Gobes Comm. V. <sup>(1)</sup>	Director	2019
Mrs. Annelies van Zutphen, permanent representative of van Zutphen Consulting B.V. <sup>(1)</sup>	Independent Director	2019
Mr. Ignace Van Doorselaere, permanent representative of e-bvba 4F <sup>(1)</sup>	Independent Director	2019
Mrs. Adrienne Axler <sup>(1)</sup>	Independent Director	2018

(1) Non-executive director

(2) Represents the reference shareholders

The competences of the Board of Directors are described in Book VIII, Title IV, Chapter I, Section I, Subsection II of the Belgian Companies Code, article 20 of the Articles of Association of the Issuer and Chapter 5.1 of the revised version of the Corporate Governance Charter of the Issuer which can be consulted at the Issuer's website (<http://investors.kinopolis.com>).

### Executive management

The Executive Management consists of two Executive Directors: Mr Eddy Duquenne and Mr Joost Bert. The Board of Directors has the power to appoint additional members of the Executive Management.

### Committees of the board of directors

In accordance with the Belgian Corporate Governance Code, published on 12 March 2009 (the “**Belgian Corporate Governance Code**”) and, to the extent applicable, the Belgian Companies Code, the Board of Directors has installed two advisory committees within its ranks, namely the Nomination and Remuneration Committee and the Audit Committee.

### ***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee is a committee installed by the Board of Directors of the Issuer for the purpose of providing advice to the Board of Directors regarding any decisions on the appointment and the proposal to appoint board members and members of the Executive Management and the remuneration policy, the remuneration of the board members and the members of the Executive Management and a general remuneration policy of the Issuer.

As at the date of this Information Memorandum, the committee consists of the non-executive board members listed below, of which a majority are independent board members that all dispose of the required expertise and professional experience in relation of human resources, considering their previous and/or current professional activities:

- Mr Philip Ghekiere (chairman advisory board Dovesco);
- Mrs. Adrienne Axler (CEO of the DACH region (Germany, Austria and Switzerland) of Sodexo); and
- Mr Ignace Van Doorselaere (former CEO of Van de Velde and current CEO of Neuhaus) as permanent representative of e-bvba 4F.

The Executive Directors attend the meetings of the Nomination and Remuneration Committee if they are invited thereto.

The specific responsibilities of the Nomination and Remuneration Committee are set out in Chapter 6 of the Corporate Governance Charter of the Issuer.

### ***Audit Committee***

The Audit Committee is a committee installed by the Board of Directors of the Issuer and assists the Board of Directors in the exercise of its duties in relation to the supervision of the Issuer in view of the monitoring in the broadest meaning of the term. The Audit Committee is organised in accordance with the Belgian Corporate Governance Code and article 526*bis* of the Belgian Companies code.

In accordance with article 526*bis* of the Companies Code, as at the date of this Information Memorandum the Audit Committee is composed exclusively of non-executive board members (of which the majority are independent) that all dispose of the required expertise and professional experience in relation of human resources, considering their previous and/or current professional activities:

- Mr Geert Vanderstappen as permanent representative of Pallanza Invest bvba combines his 5 years of experience as Corporate Officers with Corporate & Investment Banking-Generale Bank with his 7 years of operational experience as financial director with Spector Photo Group and is currently the Managing Partner of Pentahold;
- Mr Rafaël Decaluwé as permanent representative of Gobes Comm. V. is the former Executive Director of Bekaert NV and has had a lengthy career in financial functions with various multinationals including Samsonite, Fisher-Price and Black&Decker; and
- Mr Ignace Van Doorselaere as permanent representative of e-bvba 4F who as former CEO of the listed company Van de Velde and current CEO of Neuhaus has the appropriate knowledge and aforementioned expertise.

The Chief Financial Officer, the Executive Directors and the internal auditor attend the meetings of the Audit Committee. The representatives of the reference shareholders may also voluntarily attend these meetings.

The specific responsibilities of the Audit Committee are set out in Chapter 7 of the Corporate Governance Charter of the Issuer.

## **Corporate governance**

The Issuer feels very strongly about sound governance and takes all care to ensure that the balance of powers and interests within the Issuer, and, more specifically, to organise as efficiently as possible the structures and channels through which management and the supervision thereof as well as the protection of the stakeholders are exercised and to ensure that these structures are operated as closely as possible in accordance with the Belgian Corporate Governance Code published on 12 March 2009.

In execution of the Belgian Corporate Governance Code, the Board of Directors has approved a version of the Corporate Governance Charter of the Issuer on 17 December 2009 and has further updated the Corporate Governance Charter from time to time and most recently on 16 February 2017. The Corporate Governance Charter can be consulted on the Issuer's website.

The Issuer complies with the principles of the Belgian Corporate Governance Code, but may deviate from those provisions which are not otherwise contained in the Belgian Companies Code or other applicable law, provided that it discloses the justification for any such deviation in the corporate governance statement included in its annual report.

## **Statutory auditor**

The General Annual Meeting of the Issuer held on 11 May 2016 has reappointed CVBA, Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren (IBR-nr B001), Bourgetlaan 40, 1130 Brussels, as statutory auditor of the Issuer for a period of 3 years until the General Annual Meeting to be held in 2019. The auditor is represented by Serge Cosijns. Within the framework of his function, the auditor has free access to the Board of Directors and the Audit Committee.

The statutory auditor has performed an audit and delivered reports approving the consolidated financial statements of the Issuer of the financial year ending on 31 December 2016 and 31 December 2015 without any reservation.

## **Conflict of interest policy**

In accordance with article 523 of the Belgian Companies Code, a member of the Board of Directors is required to give prior notice to the other board members regarding any items on the agenda in relation whereof he or she has a direct or indirect conflict of interest of a financial nature with the Issuer and must abstain from discussing or voting on these items.

The Corporate Governance Charter of the Issuer also contains directives on the possible direct or indirect conflicts of interest that may arise in relation to relatives of any Board Members and relatives of the Executive Management and their respective relatives which fall outside of the scope of article 523 of the Belgian Companies Code.

## PART VII – REFERENCE SHAREHOLDERS

### Shareholder Structure

As at the date of this Information Memorandum, the shareholder structure of the Issuer set out in the table below is based on the most recent notifications made under the transparency rules:

Shareholder	number of shares at the time of disclosure	% of the outstanding number of shares
Kinohold Bis SA	12,700,050	46.41
Kinepolis Group NV (the Issuer)	132,346	0.48
Mr. Joost Bert	554,540	2.03
Free Float, of which:	13,978,261	51.09
- AXA SA	1,523,555	5.57
- BNP Paribas Investment Partners SA	1,368,974	5.00
- BlackRock Inc.	1,115,517	4.08
- Ameriprise Financial Inc.	835,747	3.05
<b>Total</b>	<b>27,365,197</b>	<b>100</b>

- Kinohold Bis SA held 12,700,050 shares or 46.41% of the shares of the Issuer; Kinohold Bis SA is controlled by Stichting Administratiekantoor Kinohold, a stichting administratiekantoor 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 concert with Joost Bert;
- The Issuer, controlled by Kinohold Bis SA, held 132,346 shares or 0.48% of its own shares;
- Mr. Joost Bert, acting in concert with Kinohold Bis SA, held 554,540 shares or 2.03% of the shares of the Issuer.

### Change of control

The Facilities Agreement is subject to mandatory prepayment in the event that any natural persons or legal entities other than Kinohold Bis SA (or its legal successors) and Mr. Joost Bert gains direct or indirect control (as defined in the Facilities Agreement) of the Issuer. Upon the occurrence of such a change of control, a lender may decide to cancel its commitment and declare its participation in all outstanding loans immediately due and payable.

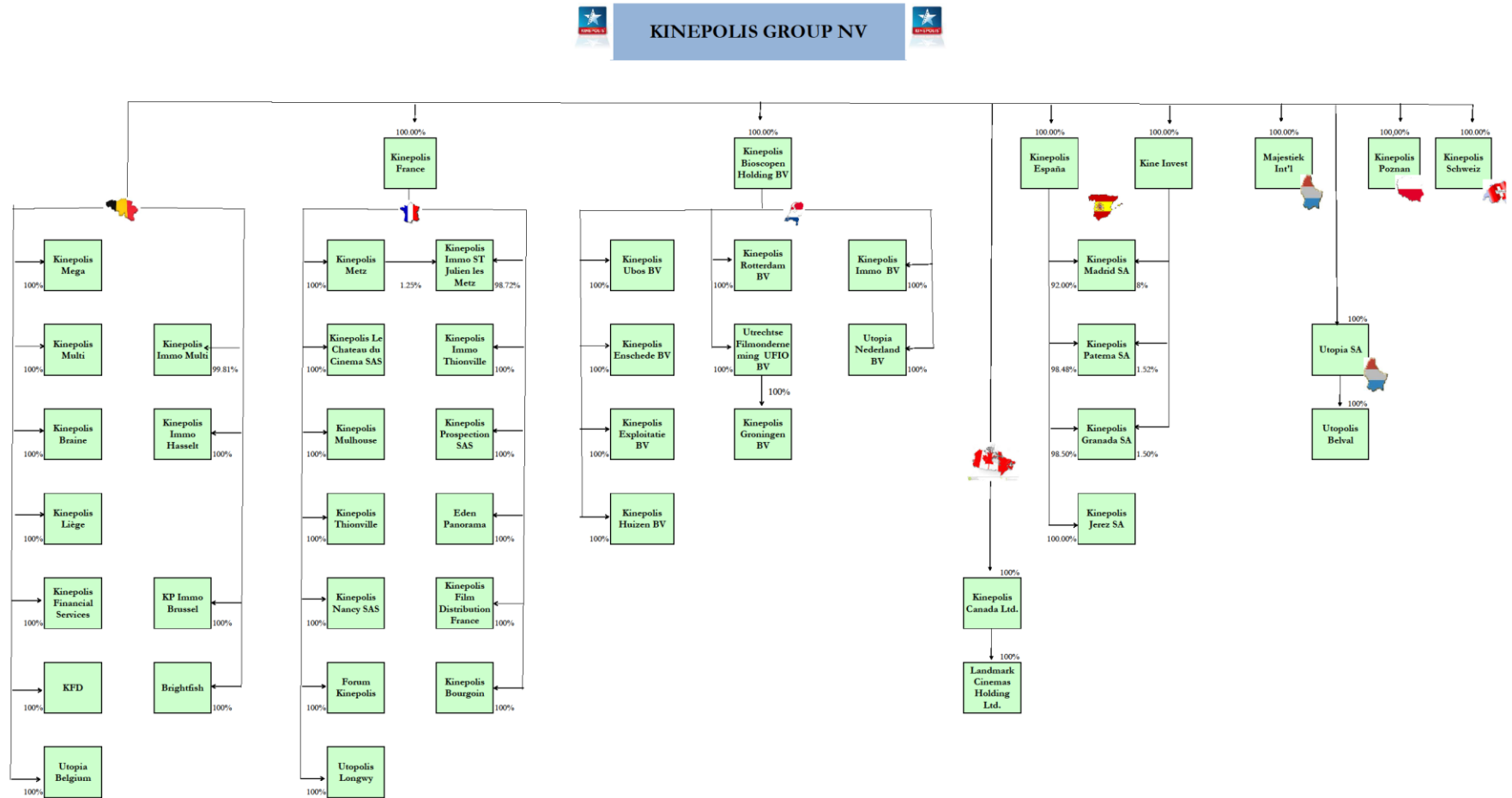
Furthermore, the terms and conditions of the (i) €75,000,000 4.75 per cent. fixed rate bonds due 6 March 2019 (of which €59,122,000 remains outstanding as at the date of this Information Memorandum), (ii) €15,878,000 4.00 per cent. fixed rate bonds due 9 June 2023 and (iii) €96,000,000 fixed rate bonds provide that, upon a change of control, each bondholder will have the right to oblige the Issuer to repay all or a part of the bonds, subject to the conditions set forth therein.

### Shareholders' agreement

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

## Organogram of Kinepolis Group

As at the date of this Information Memorandum



## PART VIII – SELECTED FINANCIAL INFORMATION

The consolidated balance sheet, income statement and cash flow statement for (i) the financial years ended 31 December 2016 and 31 December 2015 (consolidated in accordance with IFRS) and (ii) the first six months ended 30 June 2017 set out below has been extracted from the consolidated financial statements of the Issuer which are incorporated herein by reference.

### *Consolidated Balance Sheet*

#### **For the financial year ended 31 December 2016**

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION /</b>		
<b>ASSETS</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>in '000 €</b>		
Intangible assets	5,900	5,111
Goodwill	53,255	53,256
Property, plant and equipment	321,457	289,201
Investment property	31,007	31,965
Deferred tax assets	902	670
Other receivables	11,574	11,845
Other financial assets	27	27
<b>Non-current assets</b>	<b>424,122</b>	<b>392,075</b>
Inventories	5,292	4,694
Trade and other receivables	29,370	32,992
Current tax assets	418	442
Cash and cash equivalents	44,244	60,432
Derivative financial instruments	0	64
<b>Current assets</b>	<b>79,324</b>	<b>98,624</b>
<b>TOTAL ASSETS</b>	<b>503,446</b>	<b>490,699</b>

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION /</b>		
<b>EQUITY AND LIABILITIES</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>in '000 €</b>		
Share capital	18,952	18,952
Share premium	1,154	1,154
Consolidated reserves	130,863	103,721
Translation reserve	-1,071	-794
<b>Total equity attributable to owners of the Company</b>	<b>149,898</b>	<b>123,033</b>
<b>Equity</b>	<b>149,898</b>	<b>123,033</b>
Loans and borrowings	207,278	214,000
Provision for employee benefits	544	0
Provisions	6,664	7,161
Deferred tax liabilities	18,324	19,868
Derivative financial instruments	333	0
Other payables	9,174	10,124
<b>Non-current liabilities</b>	<b>242,317</b>	<b>251,153</b>
Bank overdrafts	34	44



Loans and borrowings	6,996	8,714
Trade and other payables	90,653	86,966
Provisions	1,366	753
Current tax liabilities	12,182	20,036
<b>Current liabilities</b>	<b>111,231</b>	<b>116,513</b>
<hr/>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>503,446</b>	<b>490,699</b>

**For the first six months ended 30 June 2017**

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION / ASSETS</b>		
	<b>30/06/2017</b>	<b>31/12/2016</b>
<b>in '000 €</b>		
Intangible assets	6,336	5,900
Goodwill	53,255	53,255
Property, plant and equipment	319,602	321,457
Investment property	17,699	31,007
Deferred tax assets	1,005	902
Other receivables	11,809	11,574
Other financial assets	27	27
<b>Non-current assets</b>	<b>409,733</b>	<b>424,122</b>
Inventories	4,203	5,292
Trade receivables and other assets	23,830	29,370
Current tax assets	468	418
Cash and cash equivalents	18,672	44,244
Assets classified as held for sale	13,602	0
<b>Current assets</b>	<b>60,775</b>	<b>79,324</b>
<b>TOTAL ASSETS</b>	<b>470,508</b>	<b>503,446</b>

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION / EQUITY AND LIABILITIES</b>		
	<b>30/06/2017</b>	<b>31/12/2016</b>
<b>in '000 €</b>		
Share capital	18,952	18,952
Share premium	1,154	1,154
Consolidated reserves	123,485	130,863
Translation reserve	-772	-1,071
<b>Total equity attributable to owners of the Company</b>	<b>142,819</b>	<b>149,898</b>
<b>Equity</b>	<b>142,819</b>	<b>149,898</b>
Loans and borrowings	207,020	207,278
Provision for employee benefits	544	544
Provisions	6,094	6,664
Deferred tax liabilities	18,135	18,324
Derivative financial instruments	235	333
Other payables	8,911	9,174
<b>Non-current liabilities</b>	<b>240,939</b>	<b>242,317</b>
Bank overdrafts	154	34
Loans and borrowings	6,828	6,996
Trade and other payables	66,766	90,653
Provisions	1,103	1,366
Derivative financial instruments	98	0
Current tax liabilities	11,801	12,182
<b>Current liabilities</b>	<b>86,750</b>	<b>111,231</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>470,508</b>	<b>503,446</b>

*Consolidated Income Statement*

**For the financial year ended 31 December 2016**

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>IN '000 €</b>		
Revenue	324,938	301,571
Cost of sales	-224,729	-201,993
<b>Gross profit</b>	<b>100,209</b>	<b>99,578</b>
<i>Gross profit / Revenue</i>	<i>30.8%</i>	<i>33.0%</i>
Marketing and selling expenses	-18,620	-17,538
Administrative expenses	-19,059	-17,716
Other operating income	981	1,177
Other operating expenses	-304	-256
<b>Operating profit</b>	<b>63,207</b>	<b>65,245</b>
<i>Operating profit / Revenue</i>	<i>19.5%</i>	<i>21.6%</i>
Finance income	866	1,140
Finance expenses	-8,485	-8,894
<b>Profit before tax</b>	<b>55,588</b>	<b>57,491</b>
Belgian Excess Profit Ruling (EPR) tax	0	-9,355
Income tax expenses	-16,622	-15,881
<b>Profit for the period from continuing operations</b>	<b>38,966</b>	<b>32,255</b>
Profit from discontinued operations, net of income tax	8,680	0
<b>Profit for the period</b>	<b>47,646</b>	<b>32,255</b>
<i>Profit for the period / Revenue</i>	<i>14.7%</i>	<i>10.7%</i>
Attributable to:		
Owners of the Company	47,646	32,255
<b>Profit for the period</b>	<b>47,646</b>	<b>32,255</b>
<b>Basic earnings per share (€)</b>	<b>1.75</b>	<b>1.20</b>
<b>Diluted earnings per share (€)</b>	<b>1.75</b>	<b>1.19</b>

**For the first six months ended 30 June 2017**

<b>*CONSOLIDATED INCOME STATEMENT</b>	<b>30/06/2017</b>	<b>30/06/2016</b>
<b>IN '000 €</b>		
Revenue	160,086	148,310
Cost of sales	-113,541	-106,343
<b>Gross profit</b>	<b>46,545</b>	<b>41,967</b>
<i>Gross profit / Revenue</i>	<i>29.1%</i>	<i>28.3%</i>
Marketing and selling expenses	-8,660	-7,711
Administrative expenses	-10,060	-10,791
Other operating income	605	452
Other operating expenses	-204	-110
<b>Operating profit</b>	<b>28,226</b>	<b>23,807</b>
<i>Operating profit / Revenue</i>	<i>17.6%</i>	<i>16.1%</i>
Finance income	402	428
Finance expenses	-4,497	-4,536
<b>Profit before tax</b>	<b>24,131</b>	<b>19,699</b>
Income tax expense	-8,351	-6,578
<b>Profit for the period from continuing operations</b>	<b>15,780</b>	<b>13,121</b>
Profit from discontinued operations, net of tax	0	51
<b>Profit for the period</b>	<b>15,780</b>	<b>13,172</b>
<i>Profit for the period / Revenue</i>	<i>9.9%</i>	<i>8.9%</i>
Attributable to:		
Owners of the Company	15,780	13,172
<b>Profit for the period</b>	<b>15,780</b>	<b>13,172</b>
Basic earnings per share (€)	0.58	0.48
Diluted earnings per share (€)	0.58	0.48

*Consolidated Cash Flow Statement*

**For the financial year ended 31 December 2016**

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>IN '000 €</b>		
Profit before tax	55,589	57,491
Adjustments for:		
Depreciations and amortization	27,621	23,572
Provisions and impairments	269	-260
Government grants	-1,031	-791
(Gains) Losses on sale of fixed assets	102	201
Change in fair value of derivative financial instruments and unrealised foreign exchange results	0	164
Unwinding of non-current receivables	-584	-609
Share-based payments	84	259
Amortization of transaction costs refinancing	320	287
Interest expense and income	6,813	6,703
Change in inventory	-598	-853
Change in trade receivables and other assets	4,333	-2,949
Change in trade and other payables	3,053	10,036
<b>Cash from operating activities</b>	<b>95,971</b>	<b>93,251</b>
Income taxes paid	-26,764	-16,059
<b>Net cash from operating activities</b>	<b>69,207</b>	<b>77,192</b>
Acquisition of intangible assets	-1,760	-1,976
Acquisition of property, plant and equipment, investment property	-58,047	-51,646
Acquisition of subsidiaries, net of cash acquired	-24,740	-40,190
Proceeds from sale of intangible and tangible assets	310	179
Sale of businesses net of cash acquired	34,990	0
<b>Net cash used in investing activities</b>	<b>-49,247</b>	<b>-93,633</b>
Capital reduction	0	-2
New loans and borrowings	0	136,808
Repayment of loans and borrowings	-8,714	-55,378
Payment of transaction costs with regard to refinancing obligations	-45	-1,629
Interest paid	-7,473	-4,495
Interest received	59	66
Repurchase and sale of own shares	1,514	7,881
Dividends paid	-21,480	-23,009
<b>Net cash - used in / + from financing activities</b>	<b>-36,139</b>	<b>60,242</b>
<b>+ increase / - decrease in cash and cash equivalents</b>	<b>-16,179</b>	<b>43,801</b>
Cash and cash equivalents at beginning of the period	60,388	16,530
Cash and cash equivalents at end of the period	44,210	60,388
Effect of movements in exchange rates on cash and cash equivalents	1	57
<b>+ increase / - decrease in cash and cash equivalents</b>	<b>-16,179</b>	<b>43,801</b>

**For the first six months ended 30 June 2017**

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>30/06/2017</b>	<b>30/06/2016</b>
<b>IN '000 €</b>		
Profit before tax	24,131	19,699
Adjustments for:		
Result from discontinued operations	0	51
Depreciations and amortization	15,256	14,444
Provisions and impairments	-802	-263
Government grants	-474	-516
(Gains) Losses on sale of fixed assets	13	121
Change in fair value of derivative financial instruments and unrealised foreign exchange results	-31	-5
Unwinding of non-current receivables	-253	-292
Share-based payments	535	36
Amortization of refinancing transaction costs	157	163
Interest expense and income	3,627	3,651
Change in inventory	1,089	251
Change in trade receivables and other assets	5,645	9,734
Change in trade and other payables	-19,427	-20,267
<b>Cash from operating activities</b>	<b>29,466</b>	<b>26,807</b>
Income taxes paid	-9,188	-6,379
<b>Net cash from operating activities</b>	<b>20,278</b>	<b>20,428</b>
Acquisition of intangible assets	-1,247	-572
Acquisition of property, plant and equipment, investment property and businesses net of cash acquired	-13,780	-45,109
Proceeds from sale of intangible assets	0	4
Proceeds from sale of property, plant and equipment	212	239
<b>Net cash used in investing activities</b>	<b>-14,815</b>	<b>-45,438</b>
New loans and borrowings	0	15,000
Repayment of loans and borrowings	-582	-1,450
Payment transaction costs with regard to refinancing obligations	0	-45
Interest paid	-6,883	-6,436
Interest received	7	30
Repurchase and sale of own shares	0	1,516
Dividends paid	-23,693	-21,481
<b>Net cash - used in / + from financing activities</b>	<b>-31,151</b>	<b>-12,866</b>
<b>+ Increase / - decrease in cash and cash equivalents</b>	<b>-25,688</b>	<b>-37,876</b>
Cash and cash equivalents at beginning of the period	44,210	60,388
Cash and cash equivalents at end of the period	18,518	22,499
Effect of movements in exchange rates on cash and cash equivalents	-4	-13
<b>+ increase / - decrease in cash and cash equivalents</b>	<b>-25,688</b>	<b>-37,876</b>

## **PART IX – USE OF PROCEEDS**

The Issuer intends to use the net proceeds from the issue of Bonds for, amongst others, the financing or refinancing of the acquisition of Landmark Cinemas (Canada), construction of new theatres, remodelling, investments in new experience concepts, other capital expenditure and general corporate purposes (including acquisitions).

## PART X – TAXATION

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

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

### 1 BELGIAN WITHHOLDING TAX

#### 1.1 General

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

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

#### 1.2 Securities Settlement System of the National Bank of Belgium

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

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

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

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

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



- (iii) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992 (*koninklijk besluit tot uitvoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*);
- (iv) non-resident investors whose holding of the Bonds is not connected to a professional activity in Belgium, referred to in Article 105, 5° of the same decree;
- (v) investment funds, recognised in the framework of pension savings, provided for in Article 115 of the same decree;
- (vi) investors provided for in Article 227, 2° of the Belgian Income Tax Code 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to Article 233 of the same code;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with Article 265 of the Belgian Income Tax Code 1992;
- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

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

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

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

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

### 1.3 Belgian resident individuals

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

#### 1.4 Belgian resident companies

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

According to a PowerPoint presentation dd. 27 October 2017 as published on the website of the Prime Minister, the Belgian government intends to reduce the ordinary corporate income tax rate to 29.58 per cent. as of 2018 and to 25 per cent. as of 2020. For small and medium-sized companies, the Belgian government furthermore intends to introduce a specific reduced corporate income tax rate that would apply to the first €100,000 of the taxable base, subject to certain conditions. This reduced corporate income tax rate would be 20.40 per cent. as of 2018 and 20 per cent. as of 2020. No official texts are yet available in respect of this measure. Belgian resident companies should seek their own professional advice in relation to this proposed measure if the latter would be implemented.

#### 1.5 Belgian resident legal entities

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

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

#### 1.6 Non-residents

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

## 2 TAX ON STOCK EXCHANGE TRANSACTIONS

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

The Belgian federal government intends to increase the current applicable rate from 0.09 per cent to 0.12 per cent as of 1 January 2018. The current cap of €1,300 per transaction and per party should remain unchanged. No official texts are yet available.

Following the Law of 25 December 2016, the scope of application of the tax on stock exchange transactions has been extended as of 1 January 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with

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

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

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

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

### **3 TAX ON SECURITIES ACCOUNTS**

According to a PowerPoint presentation dd. 27 October 2017, as published on the website of the Prime Minister, the Belgian government intends to tax Belgian resident and non-resident individuals at a rate of 0.15 per cent on their share in the average value of the qualifying financial instruments (including bonds) held on one or more securities accounts during a reference period. However, the tax shall not be due if the holder's share in the average value of the qualifying financial instruments on those accounts amounts to less than €500,000.

The Bonds held by non-resident individuals on a securities account with a financial intermediary in Belgium are in scope of this tax.

### **4 COMMON REPORTING STANDARD**

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

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

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

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

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

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

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

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

## **5 FINANCIAL TRANSACTION TAX (FTT)**

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

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

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range

of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

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

## PART XI – SUBSCRIPTION AND SALE

BNP Paribas Fortis SA/NV (having its registered office at Warandeberg 3, 1000 Brussels, Belgium), ING Bank N.V., London Branch (having its office at 8-10 Moorgate, London EC2R 6DA, United Kingdom) and KBC Bank NV (having its registered office at Havenlaan 2, 1080 Brussels, Belgium) are acting as joint bookrunners (together “**Joint Bookrunners**” and each a “**Joint Bookrunner**”) will, pursuant to a placement agreement dated on or about 5 December 2017 (the “**Placement Agreement**”), agree with the Issuer, subject to certain terms and conditions, to subscribe, or procure subscribers, and pay for the Bonds at the issue price and the other conditions as set out in the Placement Agreement. The aggregate amount payable for the Bonds calculated at the issue price less any due fee will be paid by the Joint Bookrunners to the Issuer in the manner as set out in the Placement Agreement. Fees and costs in connection with the issue of the Bonds to be paid and/or reimbursed by the Issuer to the Joint Bookrunner have been agreed in the Placement Agreement. The Placement Agreement will entitle the parties to terminate their obligations in certain circumstances prior to payment being made to the Issuer.

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

### General

The Bonds have been offered within the framework of a private placement. Neither the Issuer nor the Joint Bookrunners has made any representation that any action will be taken in any jurisdiction by the Joint Bookrunners or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Information Memorandum or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations) in any country or jurisdiction where action for that purpose is required. Each of the Joint Bookrunners have agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in force in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Information Memorandum or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Joint Bookrunners shall have any responsibility therefore.

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

### United Kingdom

Each Joint Bookrunner has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**Financial Services and Markets Act**”)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the Financial Services and Markets Act does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

**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**”) and may not be offered or sold within the United States, subject to certain exemptions.

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

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

**Prohibition of sales to consumers**

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

**Issuer**

**Kinepolis Group NV**

Eeuwfeestlaan 20  
1020 Brussels  
Belgium

**Coordinator**

**KBC Bank NV**

Havenlaan 2  
1080 Brussels  
Belgium

**Joint Bookrunners**

**BNP Paribas Fortis SA/NV**

Warandeborg 3  
1000 Brussels  
Belgium

**ING Bank N.V., London**

**Branch**

8-10 Moorgate  
London EC2R 6DA  
United Kingdom

**KBC Bank NV**

Havenlaan 2  
1080 Brussels  
Belgium

**Agent**

**KBC Bank NV**

Havenlaan 2  
1080 Brussels  
Belgium

**Legal Advisor to the Issuer and the Joint Bookrunners**

**Linklaters LLP**

rue Brederodestraat 13  
1000 Brussels  
Belgium