

Information memorandum for the shareholders of Elia System Operator SA/NV

1 Background information

1.1 Objectives of the internal reorganisation

Elia has decided to implement an internal reorganisation aimed at ring-fencing its regulated activities in Belgium, namely the ownership and operation of the high and very high voltage electricity transmission system in Belgium (including its stake in Nemo Link¹), including in particular the indebtedness raised for this purpose (the “**Belgian regulated activities**”) from its unregulated activities and its regulated activities carried out outside Belgium (the “**unregulated activities and regulated activities carried out abroad**”), including the related underlying fund flows and indebtedness (the “**Reorganisation**”, as set out in Section 2.2.2).

The Reorganisation will allow the Elia group to further implement its investment strategy, in particular following the application of the new tariff methodology as of 2020.

The new tariff methodology for 2020-2023 provides, amongst other things, that the financing of unregulated activities² of Elia System Operator SA/NV (“**ESO**”) is valued at conditions equivalent to financing that would be fully covered by equity capital. By achieving a ring-fencing of the Belgian regulated activities from the unregulated activities and regulated activities carried out abroad, the Reorganisation will avoid the risk of cross-subsidy between, on the one hand, Belgian regulated activities and, on the other hand, unregulated activities and regulated activities carried out abroad and, as a result, prevent any adverse financial impact of the new tariff methodology on investments in unregulated activities and regulated activities carried out abroad as of 2020.

The Reorganisation will hence provide the Elia group with a suitable framework for future investments in both Belgian regulated activities as well as unregulated activities and regulated activities carried out abroad, in line with its strategy.

As part of its Belgian regulated activities, the Elia group plans to invest EUR 2.2 billion in the Belgian regulated entity over the next five years. In Belgium, organic growth will come from the development of the 30kV to 380kV transmission systems, with a view mainly to accommodate the growth of renewable energies (e. g. the Modular Offshore Grid project), to increase interconnections and to carry out a renewal of part of the existing infrastructure at the end of its technical life.

The Nemo Link interconnection, linking the Belgian and British transmission systems and the Alegro interconnection, linking Belgium to Germany for the first time, are crucial for the integration of the European power system and the development of the Elia group.

As part of its regulated activities outside Belgium, the Elia group plans to invest EUR 3.4 billion in Germany over the next five years. In Germany, the ongoing energy transition (*Energiewende*), also supported by the increase in the renewable energy production targets

¹ Under Article 9bis of the Law of 29 April 1999 on the organisation of the electricity market, the system operator must own, directly or indirectly, at least half of the capital and voting rights attached to the securities issued by a subsidiary responsible for developing, maintaining and owning the infrastructure and equipment forming part of an offshore interconnection (i.e. Nemo Link Ltd.).

² The tariff methodology defines unregulated activities as unregulated if they are regulated abroad or if they are not regulated.

(from 55% to 65%) set by the new German government by 2030, will encourage additional investments by 50 Hertz.

These investment plans of the two transmission system operators of the Elia group will enable the group to achieve its objective of successfully integrating the national electricity systems in Europe, so as to integrate ever-increasing volumes of renewable energy production and to further develop European interconnections.

The Elia group's ambition is to become the leader in the energy sector in the countries where it operates and the leading transmission system operator in Europe.

The development of the Elia group through the possible acquisition of other transmission system operator activities in Europe, if this should occur, will also be facilitated by the implementation of the Reorganisation.

1.2 Implications of internal reorganisation

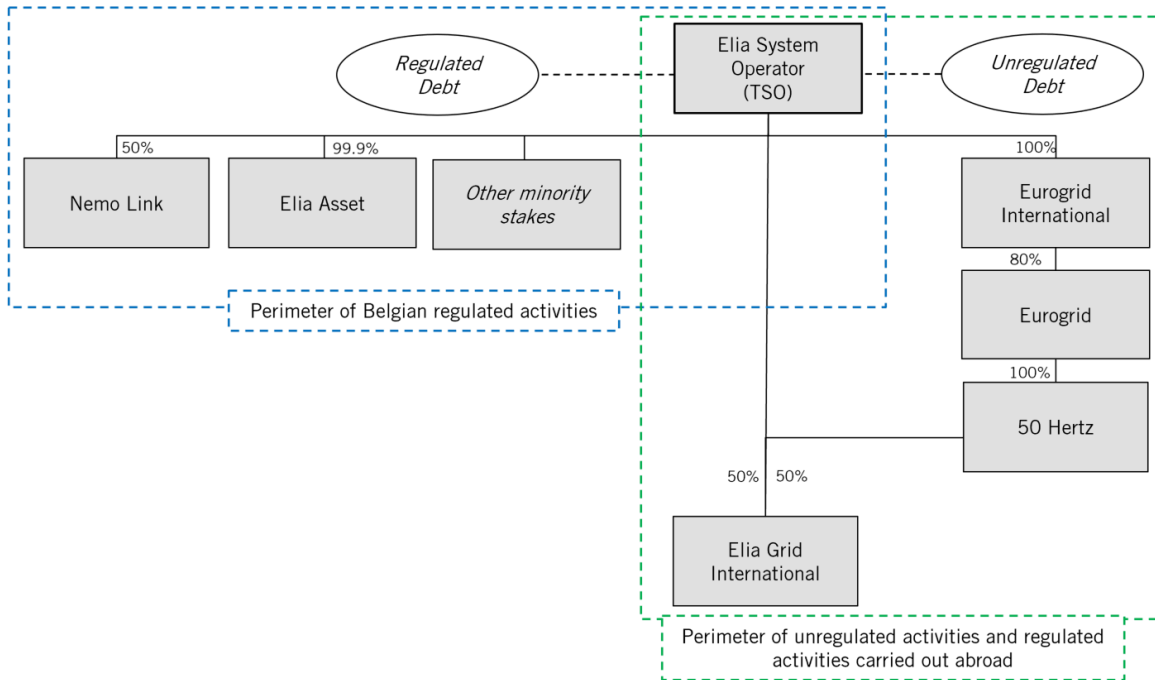
The Reorganisation involves transforming ESO, the current transmission system operator ("**TSO**"), into a holding company ("**Elia Group**") listed on the stock exchange. This holding company will hold stakes in various subsidiaries, including a new subsidiary that will take over the Belgian regulated activities ("**Elia Transmission Belgium**"), but also in other subsidiaries such as Eurogrid International (comprising the activities of 50Hertz, the German TSO) or Elia Grid International ("**EGI**"), the group's consultancy branch. Elia Transmission Belgium, the entity taking over the Belgian regulated activities, will then be designated as the Belgian TSO at federal and regional level.

Elia is working towards carrying out this Reorganisation, including obtaining the effective designations of Elia Transmission Belgium as TSO at federal and regional level, by 31 December 2019. The Reorganisation is scheduled to take effect as from 31 December 2019 just prior to midnight (see Section 2.2.2). If the formal decisions by the competent authorities to designate Elia Transmission Belgium as the national TSO and regional (local) TSO in each of the Regions would not have been obtained and become effective on that date, a temporary contractual framework could be put in place between ESO and Elia Transmission Belgium to enable the latter to operate the national and regional (local) transmission systems as a subcontractor³, as soon as the regulated activities have been transferred to it (see Sections 2.2.3 and 4.3, pending such designation).

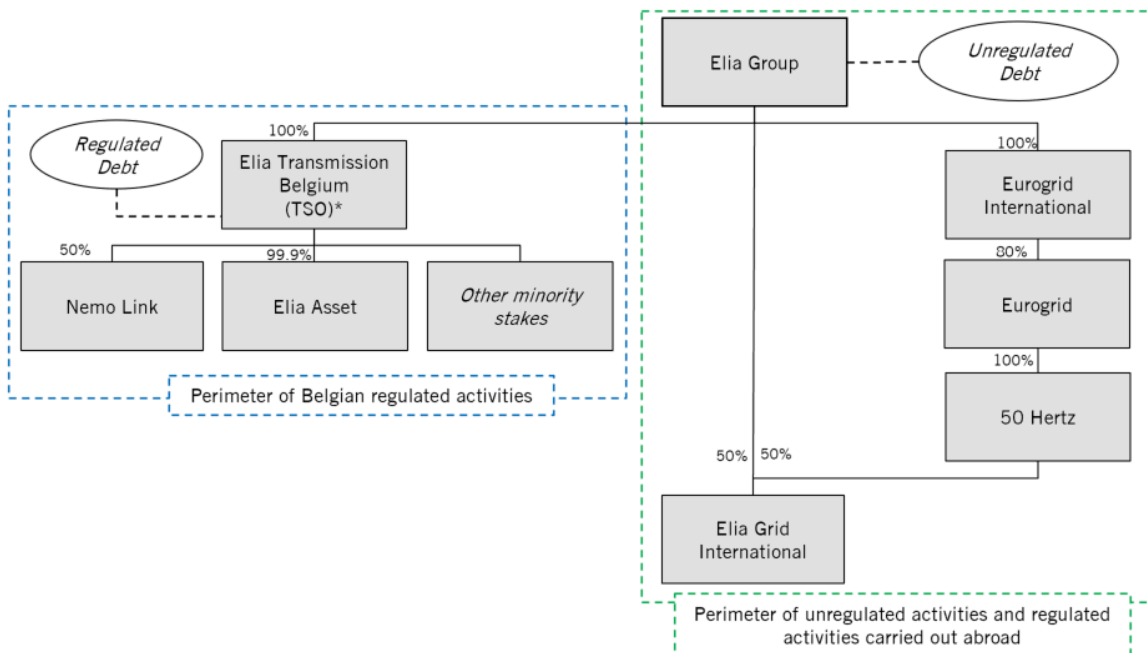
³ It could be envisaged that such subcontracting, based on Article 9bis, §1, 1st paragraph, 1° of the law of 29 April 1999 on the organisation of the electricity market (the "**Electricity Law**"), be structured as a "tripartite" silent partnership between ESO, Elia Transmission Belgium and Elia Asset, the three entities acting as one economic unit (as ESO and Elia Asset already do today).

The following organisational charts represent the structure of the Elia group before and after the Reorganisation:

– **Structure before the Reorganisation**



– **Structure after the Reorganisation**



* Assuming that Elia Transmission Belgium has obtained all designations as TSO before 31 December 2019. Otherwise, Elia Group will continue to be the TSO during the Transitional Period (cf. Section 4.2).

This information memorandum contains a general description of the Reorganisation and the conditions for its implementation.

2 Description of the Reorganisation

2.1 Elia Transmission Belgium

Elia Transmission Belgium, the subsidiary of ESO to which all Belgian regulated activities will be transferred as part of the Reorganisation and which will be designated as the new TSO at federal and regional level has been incorporated on 31 July 2019 by ESO and Publi-T SCRL, in the form of a limited liability company (“*société anonyme*”/“*naamloze vennootschap*”).

Elia Transmission Belgium’s seat is located at Boulevard de l’Empereur 20, 1000 Brussels. Its capital currently stands at EUR 200,000 and is represented by 20,000 shares without nominal value, of which 19,999 B shares are held by ESO and one C share is held by Publi-T SCRL. There is no A share.

Elia Transmission Belgium will not be listed on the stock exchange, unlike ESO.

2.2 Legal steps

2.2.1 ESO shareholder approval

The approval by the shareholders’ meeting of ESO of the transfer by ESO of its shares in Elia Asset SA/NV (“**Elia Asset**”) to Elia Transmission Belgium, in accordance with Article 17.2 of ESO’s articles of association, after receiving the opinion of the CREG on the proposed transfer, in accordance with Article 28.2.3 of ESO’s articles of association. A shareholders’ meeting has been convened to that effect to take place on 8 November 2019.

2.2.2 Reorganisation

- (i) The transfer by ESO of all its shares in Elia Asset to Elia Transmission Belgium through:
 - (a) on the one hand, a sale by ESO of part of its shares in Elia Asset to Elia Transmission Belgium (with a value, as at 30 June 2019, of EUR 2.091 billion) against a vendor loan on the part of ESO; and
 - (b) on the other hand, a contribution of the remainder of the shares in Elia Asset to the capital of Elia Transmission Belgium in exchange for shares newly issued by Elia Transmission Belgium (with a value, as at 30 June 2019, of EUR 1.213 billion).
- (ii) The payment by Elia Transmission Belgium of the vendor loan resulting from the purchase of the shares in Elia Asset (step (i)(a)) by taking over the debt related to ESO’s Belgian regulated activities for an amount equivalent to the sale price of the Elia Asset shares (i.e. EUR 2.091 billion – value as at 30 June 2019);
- (iii) The contribution by ESO of its business division (“*branche d’activité*”/“*bedrijfstak*”) to Elia Transmission Belgium’s capital, which consists of all the assets and liabilities dedicated to its Belgian regulated activities⁴, excluding the Elia Asset shares which are the subject of a

⁴ This contribution includes in particular all employees, commercial contracts relating to access to the electricity system, receivables and debts directly related to the said activity. This contribution is fully remunerated in shares newly issued by Elia Transmission Belgium. This contribution constitutes a contribution of a business division (“*branche d’activité*”/“*bedrijfstak*”) within the meaning of Article 679 of the Companies Code.

separate transfer (step (i)) and excluding the debt related to the Belgian regulated activities of ESO which has been the subject of the above-mentioned assumption (step (ii)). This operation will result in an increase in the capital of Elia Transmission Belgium and the issue of new shares of Elia Transmission Belgium to ESO⁵.

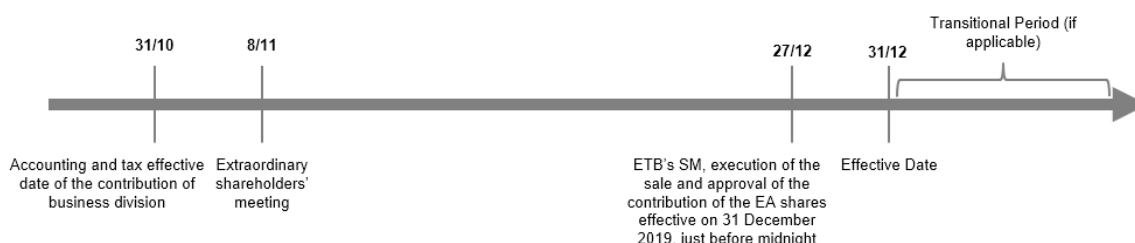
Steps (i) to (iii) included constitute the “**Reorganisation**” and are scheduled to be implemented on or about 27 December 2019 to take effect on 31 December 2019 just prior to midnight.

2.2.3 TSO designation

The designation of Elia Transmission Belgium as national TSO and regional (local) TSO in each of the Regions, replacing ESO.

In the event that one or more of the designations referred to above would become effective after 31 December 2019, ESO will subcontract the operation of the transmission system to Elia Transmission Belgium as part of a “tripartite” silent partnership with ESO and Elia Asset, pursuant to Article 9bis, §1, 1st paragraph, 1° of the Electricity Law, during the period between 31 December 2019 (i.e. the effective date of transfer of the regulated activities to Elia Transmission Belgium) and the effective date of the designation of Elia Transmission Belgium as national TSO⁶ (the “**Transitional Period**”). Consequently, the regulated activities will be carried out by Elia Transmission Belgium in any case on 1 January 2020, either as the designated TSO in its own right or as a subcontractor of the designated TSO during the Transitional Period (and as the designated TSO in its own right as soon as all designations are obtained).

The contemplated timeline is as follows:



2.3 Conditions to the Reorganisation

The Reorganisation will only be carried out if:

- (a) an advance favourable ruling has been obtained from the Office for Advance Tax Rulings following the application mentioned under Section 7;
- (b) Elia Transmission Belgium may be eligible for a designation as TSO at federal level;
- (c) the shareholders' meeting of ESO approves the transfer of the Elia Asset shares, in accordance with Articles 17.2 and 28.2.3 of ESO's articles of association, scheduled for 8 November 2019; and

⁵ It is currently expected that the contribution of business division will be decided on the basis of the figures as at 31 October 2019 with retroactive effect from an accounting and tax point of view to that date (for BE GAAP purposes).

⁶ Assuming that the designations as regional (local) TSO in each of the three Regions will be obtained at the latest and will become effective at the time of designation as national TSO.

(d) certain creditors of ESO's financing give their consent.

It is currently expected that all these conditions will be met on 31 December 2019. ESO/Elia Group may in its sole discretion waive any of these conditions.

However, the completion of the Reorganisation will not be subject to the formal decisions of the competent authorities to designate Elia Transmission Belgium as national TSO and regional (local) TSO in each of the Regions. If, by 31 December 2019, Elia Transmission Belgium has not been formally and effectively designated as national TSO and regional (local) TSO in each of the Regions, the operation of the electricity transmission system could be carried out by Elia Transmission Belgium as a subcontractor within the framework of a "tripartite" silent partnership with ESO and Elia Asset, pursuant to Article 9bis, §1,1st paragraph, 1° of the Electricity Law, during the Transitional Period as set out below (see Section 4.3).

3 Financial consequences of the Reorganisation

The transfer of ESO's Belgian regulated activities to Elia Transmission Belgium is scheduled to become effective on 31 December 2019 just prior to midnight (see Section 2.2.3).

Annex 1 gives an unaudited *pro forma* presentation of the condensed consolidated statement of financial position of ESO/Elia Group and Elia Transmission Belgium, as at 30 June 2019 assuming that the Reorganisation was completed on 30 June 2019.

After the Reorganisation, the consolidated financial statements of Elia Group and Elia Transmission Belgium will be prepared in accordance with IFRS accounting standards.

4 Regulatory treatment

4.1 Absence of certification of Elia Transmission Belgium

The CREG confirmed, after notification of the transaction by Elia, that no formal certification procedure as system operator with respect to Elia Transmission Belgium should be initiated as part of the Reorganisation.

4.2 Designation

At federal level, the designation of Elia Transmission Belgium as a TSO will be decided by the Federal Minister of Energy, after consulting with the CREG and deliberating in the Council of Ministers.

At regional level, the designation of Elia Transmission Belgium as regional (local) TSO will automatically be obtained in the Walloon Region following the designation as TSO at federal level⁷; it will be decided by the VREG⁸ for the Flemish Region and by the Brussels Government for the Brussels Capital Region.

The request for designation has been made, if necessary, to the competent authorities. Since the law does not provide for any specific time limit for obtaining formal designation decisions neither at federal nor at regional level, the moment at which they will be obtained cannot be determined in advance.

⁷ The national TSO will automatically be designated as local TSO in Wallonia, without the need for a formal decision by the CWaPE (the "Commission wallonne pour l'Energie", the official regulatory body for the Walloon electricity and gas markets). However, a notification will have to be made.

⁸ The "Vlaamse Regulator van de Elektriciteits- en Gasmarkt", the Flemish regulator of the electricity and gas market.

In the event that the designation as national TSO⁹ would not become effective by 31 December 2019 at midnight, Elia Transmission Belgium could temporarily operate the transmission system as a subcontractor within the framework of a “tripartite” silent partnership with ESO and Elia Asset, pursuant to Article 9*bis*, §1, 1st paragraph, 1° of the Electricity Law, during the Transitional Period, so that it can start operating the transmission system, acting as one economic unit with Elia Asset and ESO, the latter remaining the national TSO and regional (local) TSO in each of the Regions during the Transitional Period as defined above (see Section 2.2.3).

While the Electricity Law provides an explicit legal basis for subcontracting as described in the previous paragraph, the financial arrangements between the three entities during the Transitional Period will have to be detailed in a “tripartite” silent partnership agreement as set out below (see Section 4.3). The tariff methodology provides for the consolidation of the balance sheets of the entities operating the system (currently ESO and Elia Asset) for the purpose of calculating the tariffs. Assuming that the CREG accepts the consolidation of the balance sheets of ESO and Elia Transmission Belgium for the calculation of the tariffs as from 1 January 2020, any fund flows between ESO, Elia Asset and Elia Transmission Belgium during the Transitional Period, in accordance with the “tripartite” silent partnership agreement, would be neutral from a tariff perspective.

When Elia Transmission Belgium’s designations as national TSO and regional (local) TSO in each of the Regions become effective, ESO/Elia Group will lose its existing designations as national TSO and regional (local) TSO respectively¹⁰ and the subcontracting of the system operation will be terminated.

4.3 Subcontracting – “tripartite” silent partnership

As indicated above, if the formal decision to designate Elia Transmission Belgium as national TSO does not become effective before the effective date of implementation of the Reorganisation (currently scheduled on or around 31 December 2019), Elia Transmission Belgium could operate the transmission system as a subcontractor within the framework of a “tripartite” silent partnership with ESO and Elia Asset, pursuant to Article 9*bis*, §1, 1st paragraph, 1° of the Electricity Law, during the Transitional Period. Elia Transmission Belgium would then hold, from the moment of the implementation of the Reorganisation, the Belgian regulated activities excluding the formal designations, until the date at which all decisions of the competent authorities designating Elia Transmission Belgium as national TSO and (local) regional TSO in each of the Regions have been obtained and have become effective.

The notion of “subcontracting” in this context refers to the situation in which Elia Transmission Belgium would carry out its operations as a subsidiary of ESO, operating as one single economic unit in coordination with the designated TSO (and the asset owner), on the basis of a temporary contractual framework. To this end, it is envisaged that ESO, Elia Transmission Belgium and Elia Asset would enter into a “tripartite” silent partnership agreement detailing the financial and contractual arrangements required among them during the Transitional Period. Amongst other things, this agreement would set out an allocation of resources contributed by each entity to the partnership and a division of tasks and legal

⁹ See footnote 6.

¹⁰ Assuming that each decision to designate Elia Transmission Belgium will also stipulate that the current corresponding designation of ESO will end at the time the designation of Elia Transmission Belgium becomes effective.

representation powers between the three entities¹¹ (in the same way as the simple silent partnership agreement currently in place between ESO and Elia Asset). The purpose of the partnership would be to allow Elia Transmission Belgium as the company holding (together with Elia Asset) all the regulated assets and resources following completion of the Reorganisation, to utilise those assets and resources in order to perform the operation of the transmission system during the Transitional Period, and to allocate the resulting profits and losses among the partners in a way that reflects the economic reality.

Once Elia Transmission Belgium has obtained the formal decisions of designation as TSO at each level, ESO/Elia Group would withdraw from the “tripartite” silent partnership agreement, which would then continue to exist as a simple silent partnership between Elia Transmission Belgium and Elia Asset (see Section 5.3).

5 Shareholding and Governance

5.1 Governance of Elia Transmission Belgium

Elia Transmission Belgium's governance structure is a replica of the governance currently in place within ESO. As a result, the governance structure of Elia Transmission Belgium complies with the requirements of the Electricity Law and all applicable regional legislation.

The Electricity Law provides for specific governance conditions that will apply to Elia Transmission Belgium at the latest as from its designation as national TSO and will cease to apply to Elia Group as from the same date, including:

- only non-executive directors may be appointed;
- at least half of the directors must be independent and must be appointed partly for their financial management knowledge and partly for their useful technical knowledge;
- the CREG must give a uniform opinion on the independence of the independent directors;
- an audit committee, a remuneration committee and a governance committee must be constituted, all of which must consist of a majority of independent directors;
- an executive committee within the meaning of Article 524bis of the Companies Code must be created;
- the board of directors must consist of at least one-third members of the opposite sex; and
- a linguistic balance must be achieved within the members of the board of directors and within the members of the executive committee.

The non-independent directors of Elia Transmission Belgium will be elected according to the mechanism currently prevailing in ESO, i.e. on the basis of a list of candidates proposed by the class A shareholders of ESO and the class C shareholders of ESO. The number of non-independent directors to be elected by the shareholders' meeting of Elia Transmission Belgium on the basis of a list of candidates proposed by the class A and class C shareholders of ESO, respectively, will be determined *pro rata* based on the percentage that the respective

¹¹ Which for Elia Transmission Belgium will include entering into all relevant agreements with network users and invoicing them for the network services provided by it, and for which it will act in its own name and for the account of the partnership.

class A shares and class C shares in ESO represent in the aggregate number of class A and class C shares in ESO. Such number will be seven directors if this percentage is greater than 87.50 per cent. (as is currently the case).

In addition, pursuant to Article 9bis of the Electricity Law, the board of directors and the executive committee of the TSO must consist of the same members as the board of directors and the executive committee of the subsidiary of the TSO that owns the infrastructure and equipment constituting the transmission system (i.e. Elia Asset).

5.2 ESO/Elia Group Governance

As a result of the Reorganisation, ESO will not be subject to the Electricity Law and will be officially renamed “Elia Group”. Elia Group will remain listed on the stock exchange and therefore subject to the obligations of listed companies, in particular with regard to governance¹².

New articles of association of ESO/Elia Group will enter into force at the earliest on the date at which the designation of Elia Transmission Belgium as the national TSO and regional (local) TSO in each of the Regions¹³ will have been obtained and will have become effective and, consequently, on the date at which the corresponding designations of ESO/Elia Group as national and regional (local) TSO will have ceased.

The main principles that are proposed by the board of directors to the shareholders’ meeting of 8 November 2019 are as follows:

- the board of directors of Elia Group will consist of a minimum of 10 and a maximum of 14 directors, including (i) seven non-independent directors appointed on the proposal of the holders of A and C shares, insofar as the classes A and C shares of the future holding company represent more than 30% of its capital and (ii) a maximum of seven other directors, including at least three independent directors who will be appointed by the shareholders’ meeting on the recommendation of the board of directors, after consulting the nomination committee;
- decisions of the board of directors will be taken by a simple majority;
- Elia Group will opt for a one-tier structure. The board of directors will set up a college in charge of day-to-day management;
- the board of directors will set up three advisory committees, namely the audit committee, the remuneration committee and the nomination committee, and may also set up a strategy committee as an additional advisory committee; the (additional) requirements of the Electricity Law concerning advisory committees will therefore not be included in the articles of association. Notwithstanding the Corporate Governance Code, the nomination committee will consist of a majority of non-independent directors and at least one third of independent directors.

5.3 Silent partnership

A silent partnership agreement currently exists between ESO and Elia Asset concerning the operation of Belgian regulated activities. As part of the Reorganisation, a new (simple) silent

¹² Elia Group will also have to continue to comply with the requirements relating to the certification of the candidate TSO as a fully ownership unbundled (“FOU”) TSO, as controlling shareholder of Elia Transmission Belgium in Belgium and 50 Hertz Transmission in Germany.

¹³ See footnote 6.

partnership agreement (“*stille maatschap*” / “*société simple interne*”) will be concluded between Elia Transmission Belgium and Elia Asset, to ensure compliance with the certification requirements in terms of the ownership of the transmission system held by the TSO.

In addition, if the designation of Elia Transmission Belgium as the national TSO and/or regional (local) TSO in each of the Regions would not have been obtained and become effective by 31 December 2019 at midnight, a “tripartite” silent partnership agreement will be concluded during the Transitional Period. Once Elia Transmission Belgium has been designated as TSO at each level, ESO/Elia Group will withdraw from the “tripartite” silent partnership agreement, which will continue to exist as a simple silent partnership between Elia Transmission Belgium and Elia Asset (see Section 4.3 above).

6 Status of funding raised by ESO

The indebtedness allocated to the Belgian regulated activities (including listed EMTN bonds, the regulated bank debt and shareholder loans) for a total nominal amount of EUR 3.155 billion will be transferred to Elia Transmission Belgium, together with the assets related to these activities.

The EUR 300 million unsubordinated bonds (the “**senior bonds**”) and the EUR 700 million hybrid bonds (the “**hybrid bonds**”) (which were issued to acquire an additional 20% stake in Eurogrid International) constitute a debt allocated to unregulated activities and regulated activities carried out abroad and will therefore remain at Elia Group’s level.

For the purposes of the Reorganisation, the terms of the various financial arrangements, both Belgian regulated and unregulated, other than hybrid bonds, will have to be modified. For outstanding bonds, a formal process for the solicitation of the bondholders’ consent will be organised, with the holding of bondholders’ meetings and the obtaining of certain predefined quorums and majorities. For bank loans and shareholder loans, bilateral negotiations will be initiated with the various creditors.

7 Tax treatment

A ruling has been granted by the Belgian Ruling Commission to ESO confirming that the Reorganisation will be tax neutral. An additional ruling request has been introduced regarding the tax consequences of the operation by Elia Transmission Belgium of the transmission system as a subcontractor of ESO, if applicable (see Section 4.3). The decision is expected before 31 December 2019.

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Annex 1: unaudited *pro forma* presentation of the condensed consolidated statement of financial position of ESO/Elia Group and Elia Transmission Belgium (as at 30 June 2019 assuming that the Reorganisation was completed on 30 June 2019)

The unaudited pro forma financial information consisting of the statement of the financial position (pro forma financial information) and accompanying notes has been prepared as if the Reorganisation had occurred on 30 June 2019 and is based on the condensed consolidated interim financial statements of Elia System Operator SA/NV (“**Elia Group**”) as at and for the six months ended 30 June 2019. The pro forma financial information only relates to the statement of the financial position. A profit and loss statement as at 30 June 2019 has not been included in the pro forma financial information, as the pro forma financial information has the goal of reflecting the impact on the balance sheet of the transfer of the assets and liabilities related to the Belgian regulated activities to Elia Transmission Belgium.

The pro forma financial information is presented for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent Elia Group or Elia Transmission Belgium’s actual financial situation.

The pro forma financial information should be read in conjunction with the historical condensed consolidated interim financial statements of the Elia Group as at and for the six months ended 30 June 2019.

The historical condensed consolidated interim financial statements of the Elia Group as at and for the six months ended 30 June 2019 were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and as adopted by the European Union.

Pro Forma Financial Information – Condensed consolidated statement of financial position

- (A) Historical condensed consolidated interim financial statements of the Elia Group as at and for the six months ended 30 June 2019.
 - (1) Reversal of segment ‘50Hertz Transmission (Germany)’, as per 30 June 2019
 - (2) Reversal of segment ‘Non-regulated activities (incl. Nemo Link)’ as per 30 June 2019
 - (3) Intercompany eliminations
 - (4) Adjustment related to the Nemo Link activities and the split of working capital items related to the regulated business
- (B) Pro Forma Financial Information

	Elia Group (consolidated)	50Hertz Transmission (Germany)	Non-regulated activities (incl. Nemo Link)	Elimination of intercompany balances / transactions	Adjustments to include Nemo Link	Elia Transmission Belgium (Consolidated)
EUR million	Historical financial information (A)	(1)	(2)	(3)	(4)	(B)
	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019		
ASSETS						
NON CURRENT ASSETS	11,708.1	(4,982.7)	(1,585.6)	553.4	327.1	6,020.3
Property, plant and equipment	8,768.9	(4,895.7)	(6.3)	0.0	6.1	3,873.0
Intangible assets and goodwill	2,501.6	(56.3)	(0.0)	(703.3)	0.0	1,742.0
Non-current tax receivables	0.0	0.0	0.0	0.0	0.0	0.0
Trade and other receivables	3.6	(0.0)	(0.0)	0.0	(0.0)	3.6
Investments in subsidiaries	0.0	0.0	(1,256.7)	1,256.7	0.0	0.0
Equity-accounted investees	340.8	0.0	(322.1)	0.0	321.2	339.9
Other financial assets (including derivatives)	86.9	(27.5)	0.0	0.0	(0.0)	59.4
Deferred tax assets	6.3	(3.2)	(0.5)	0.0	(0.1)	2.4
CURRENT ASSETS	2,420.2	(1,695.9)	(153.6)	15.4	(62.9)	523.2
Inventories	19.5	(5.1)	(0.3)	0.0	0.0	14.1
Trade and other receivables	457.3	(171.1)	(16.1)	3.7	1.0	274.7
Current tax assets	3.6	(0.1)	(12.2)	11.8	0.0	3.1
Cash and cash equivalents	1,922.2	(1,512.8)	(124.8)	0.0	(64.1)	220.5
Deferred charges and accrued revenues	17.6	(6.8)	(0.3)	0.0	0.2	10.8
Total assets	14,128.3	(6,678.6)	(1,739.3)	568.9	264.3	6,543.5
EQUITY AND LIABILITIES						0
EQUITY	4,183.5	(1,454.1)	(1,184.4)	553.4	52.7	2,151.1
Equity attributable to owners of the Company	3,176.5	(1,454.1)	(494.6)	870.7	52.7	2,151.1
Hybrid securities	715.8	0.0	(715.8)	0.0	0.0	0.0
Non-controlling interest	291.2	0.0	26.0	(317.2)	0.0	0.0
NON CURRENT LIABILITIES	6,883.1	(3,171.6)	(517.0)	0.0	218.6	3,413.1
Loans and borrowings	6,351.4	(2,877.6)	(513.0)	0.0	215.2	3,175.9
Employee benefits	122.6	(21.0)	(0.6)	0.0	0.0	101.1
Derivatives	6.0	0.0	0.0	0.0	0.0	6.0
Provisions	91.3	(74.9)	0.0	0.0	0.0	16.4
Deferred tax liabilities	95.4	(74.0)	(3.4)	0.0	3.4	21.5
Other liabilities	216.3	(124.1)	0.0	0.0	0.0	92.3
CURRENT LIABILITIES	3,061.7	(2,053.0)	(37.8)	15.4	(7.1)	979.3
Loans and borrowings	56.8	(30.8)	(0.3)	0.0	(0.3)	25.4
Provisions	16.7	(13.5)	0.0	0.0	0.0	3.2
Trade and other payables	1,918.6	(1,500.0)	(37.1)	3.7	3.2	388.5
Current tax liabilities	44.0	(34.4)	(0.3)	11.8	(3.5)	17.5
Accruals and deferred income	1,025.4	(474.3)	(0.1)	0.0	(6.5)	544.5
Total equity and liabilities	14,128.3	(6,678.6)	(1,739.3)	568.9	264.3	6,543.5

Notes to Pro Forma Financial Information

Note 1. Basis of preparation

(a) General information

The 30 June 2019 pro forma financial information is based on the assumption that the Reorganisation was completed on 30 June 2019.

The pro forma financial information is presented for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent Elia Group's or Elia Transmission Belgium's actual financial position.

The pro forma financial information has been prepared by Elia Group in a manner consistent with the accounting policies adopted by Elia Group in its last historical financial statements. The pro forma financial information has not been subject to any audit, review or other procedures by Elia Group's auditors.

(b) Base of the Pro Forma Financial Information

The historical condensed consolidated interim financial statements of Elia Group as at and for the six months ended 30 June 2019 (approved by the Board of Directors of Elia Group on 25 July 2019) are the basis for the preparation of the pro forma financial information (see column A).

These historical condensed consolidated interim financial statements consist of three segments.

- Segment "Elia Transmission (Belgium)", which comprises the activities based on the Belgian regulatory framework: the regulated activities of Elia Group, Elia Asset NV/SA, Elia Engineering NV/SA, Elia Re SA, HGRT SAS, Coreso NV/SA, Ampacimon SA and Enervalis NV, whose activities are directly linked to the role of Belgian transmission system operator.
- Segment "50Hertz Transmission (Germany)", which comprises the activities based on the German regulatory framework: Eurogrid GmbH, 50Hertz Transmission GmbH and 50Hertz Offshore GmbH, whose activities are directly linked to the role of transmission system operator in Germany
- Segment "Non-regulated activities (incl. Nemo Link)", comprising:
 - Eurogrid International CVBA;
 - The non-regulated activities of Elia Group, Elia Asset NV/SA and Elia Engineering NV/SA. 'Non-regulated activities' refers to activities which are not directly related to the role of TSO
 - The most substantial of these are:
 - the holding activities in the "50Hertz Transmission (Germany)" segment; and
 - the holding activities in Nemo Link Ltd. This company comprises and manages the Nemo project, which connects the UK and Belgium using high-voltage electricity cables, enabling power to be exchanged between the two countries.

- EGI (Elia Grid International NV/SA, Elia Grid International GmbH and Elia Grid International LLC), companies supplying specialists in consulting, services, engineering and procurement, creating value by delivering solutions based on international best practice while fully complying with regulated business environments.

Post Reorganisation, the condensed consolidated interim financial statements of Elia Group as at and for the six months ended 30 June 2019 will remain unchanged. Elia Transmission Belgium will set up separate consolidated financial statements taking into account the scope of consolidation set out below.

The table below provides an overview of subsidiaries, joint ventures, associated companies and other shareholdings held across Elia Group as reported in the condensed consolidated interim financial statements of Elia Group as at and for the six months ended 30 June 2019, and the new scope of consolidation for Elia Group and Elia Transmission Belgium post Reorganisation.

Name	Country of establishment	As reported 30 June 2019		pro forma post Reorganisation	
		Elia Group Shareholding (%)	Elia Group	Elia Group	Elia transmission Belgium
			2019	2019	2019
Elia Transmission Belgium SA	Belgium	n/a	99.99	n/a	
Elia Asset SA	Belgium	99.99	99.99	99.99	
Elia Engineering SA	Belgium	100.00	100.00	100.00	
Elia Re SA	Luxembourg	100.00	100.00	100.00	
Elia Grid International SA	Belgium	90.00	90.00	n/a	
Elia Grid International GmbH	Germany	90.00	90.00	n/a	
Elia Grid International LLC	Qatar	90.00	90.00	n/a	
Elia Grid International PTE. LTD.	Singapore	90.00	90.00	n/a	
Eurogrid International SA	Belgium	100.00	100.00	n/a	
Eurogrid GmbH	Germany	80.00	80.00	n/a	
50Hertz Transmission GmbH	Germany	80.00	80.00	n/a	
50Hertz Offshore GmbH	Germany	80.00	80.00	n/a	
Joint ventures					
Nemo Link Ltd	United Kingdom	50.00	50.00	50.00	
Associated companies accounted for using the equity method					
H.G.R.T S.A.S.	France	17.00	17.00	17.00	
Coreso NV/SA	Belgium	22.16	22.16	15.84	
Ampacimon SA	Belgium	20.54	20.54	20.54	
Enervalis NV	Belgium	12.47	12.47	12.47	
Other shareholdings					
JAO SA	Luxembourg	8.28	8.28	4.6	

Note 2. Pro forma adjustments

The Reorganisation contains the contribution of the regulated business in Belgium from Elia Group to Elia Transmission Belgium. Starting from the historical condensed consolidated interim financial statements of Elia Group as at and for the six months ended 30 June 2019, reversing the segments not related to the regulated business in Belgium, and finally adjusting for Nemo Link and some working capital elements, will result in the pro forma financial consolidated statements for Elia Transmission Belgium.

(a) Detailed pro forma adjustments

The following pro forma adjustments are included in the pro forma financial information:

1. *Reversal of segment “50Hertz Transmission (Germany)”, as per 30 June 2019*

As described above, this segment covers the regulated activity in Germany in which Elia Group stake remains unchanged post Reorganisation.

Elia Transmission Belgium will not benefit from the financial performance of this segment post Reorganisation. By excluding this segment from the reported figures contained in the total historical condensed consolidated interim financial statements of Elia Group as at and for the six months ended 30 June 2019 reported figures, this segment will not be transferred to Elia Transmission Belgium.

2. *Reversal of segment “Non-regulated activities (incl. Nemo Link)” as per 30 June 2019*

As described above, this segment covers the non-regulated activities related to the holding activities in 50Hertz, EGI and Eurogrid International which remains at the level of Elia Group, except for the stake in Nemo Link. The segment has been completely reversed, as the Nemo Link stake will be allocated to Elia Transmission Belgium pursuant to adjustment (4) set out below.

Elia Transmission Belgium will not benefit from the financial performance of this segment post Reorganisation (except for Nemo Link). By excluding this segment from the reported figures contained in the total historical condensed consolidated interim financial statements of Elia Group as at and for the six months ended 30 June 2019, this segment will not be transferred to Elia Transmission Belgium. Nemo Link will be adjusted pursuant to adjustment (4) set out below.

3. *Elimination of intercompany balances and transactions (continuing impact)*

Some intragroup balance sheet positions, mainly related to the segment “50Hertz Transmission (Germany)” have been eliminated.

4. *Adjustment related to the Nemo Link activities and the split of working capital items related to the regulated business*

The balance sheet items related to Nemo Link are (i) the participation in Nemo Link – Equity accounted investee (EUR 321.2 million), (ii) Long term Borrowings for (EUR 215.2 million). The other elements are related to the intragroup current account which has been settled in cash, resulting in an adjustment in net working capital of EUR 55.8 million.

(b) *Overview of Interest-bearing loans and borrowings as reported in the historical condensed consolidated interim financial statements of Elia Group as at and for the*

six months ended 30 June 2019 compared to the situation post Reorganisation for Elia Group and Elia Transmission Belgium.

(in EUR million)	30 June 2019			Pro forma Post Reorganisation			
	Maturity	Elia Group		Elia Group		Elia Transmission Belgium	
		Amount	Nominal Amount	Amount	Nominal Amount	Amount	Nominal Amount
Eurobond issues 2013/15 years	2028	547.7	550	547.7	550	547.7	550
Eurobond issues 2013/20 years	2033	199.4	200	199.4	200	199.4	200
Eurobond issues 2014/15 years	2029	347.0	350	347.0	350	347.0	350
Eurobond issues 2015/8.5 years	2024	498.8	500	498.8	500	498.8	500
Eurobond issues 2017/10 years	2027	247.8	250	247.8	250	247.8	250
Eurobond issues 2019/7 years	2026	498.7	500	498.7	500	498.7	500
Senior bond 2018/10 years	2028	297.5	300	297.5	300	n/a	n/a
Shareholders' loan	2022	42.1	42.1	42.1	42.1	42.1	42.1
Other loans	2022	453.7	453.7	453.7	453.7	453.7	453.7
Amortized term loan	2033	209.7	210	209.7	210	209.7	210
European Investment Bank	2025	100.0	100	100.0	100	100.0	100
Bond as part of Euro Medium Term Note program 2010 / 10 years	2020	499.4	500	499.4	500	n/a	n/a
Bond as part of Debt Issuance Programme 2015 / 10 years	2025	497.7	500	497.7	500	n/a	n/a
Bond as part of Debt Issuance Programme 2015 / 8 years	2023	748.6	750	748.6	750	n/a	n/a
Bond as part of Debt Issuance Programme 2015 / 15 years	2030	139.1	150	139.1	150	n/a	n/a
Bond as part of Debt Issuance Programme 2016 / 12 years	2028	746.9	750	746.9	750	n/a	n/a
Registered bond 2014 / 30 years	2044	50.0	50	50.0	50	n/a	n/a
Unsecured bank loan	2026	150.0	150	150.0	150	n/a	n/a
Total		6,274.0	6,305.8	6,274.0	6,305.8	3,144.9	3,155.8