Final version
English translation for information purposes only

NV Bekaert SA
Limited liability company (*naamloze vennootschap*)
Bekaertstraat 2
8550 Zwevegem
BTW BE 0405.388.536
RPR Gent, division Kortrijk

Special Report of the Board of Directors

Pursuant to Articles 583 and 596 of the Belgian Companies Code

---

1. Introduction

This special report has been prepared by the Board of Directors of NV Bekaert SA (the "Company") in accordance with Articles 583 and 596 of the Belgian Companies Code (the "BCC") in relation to the proposal to issue senior unsecured convertible bonds due June, 2021, as described below (the "New Bonds"), under the authorized capital of the Company (the "Issuance"), and the disapplication of the preferential subscription right of the Company's shareholders in connection with the proposed Issuance.

The Issuance is part of a contemplated liability management transaction which comprises, in addition to the Issuance, of (i) a repurchase through a reverse bookbuilding of the Company's existing EUR 300 million senior unsecured 0.75% convertible bonds due 2018 (the "Existing Bonds") to be financed with the proceeds of the Issuance (the "Concurrent Repurchase"), and (ii) the organisation of a general meeting (the "Meeting") of holders of the Existing Bonds to approve a resolution to amend the Existing Bonds' terms and conditions to exclude the to be formed Bridon-Bekaert Ropes Group ("BBRG") from the definition of "Material Subsidiary" (the "Resolution") and so fully ring-fence BBRG (the "Consent Solicitation", and together with the Issuance and the Concurrent Repurchase, the "Transaction").

The Issuance will be subject to the condition precedent that the Company has received, at the closing of the reverse bookbuilding of the Concurrent Repurchase, offers from eligible holders of Existing Bonds to sell the Existing Bonds at the then determined repurchase price representing 50% or more in outstanding nominal amount of the Existing Bonds originally issued. Holders of the Existing Bonds submitting an offer in relation to the Concurrent Repurchase irrevocably undertake to participate to the Meeting and vote in favour of the Resolution at the Meeting.

The New Bonds will, as the Existing Bonds, have the form of convertible bonds (*converteerbare obligaties* / *obligations convertibles*) within the meaning of Articles 489 and following of the BCC. Article 583, first indent, of the BCC stipulates that "*in case of convertible bonds issuance, the purpose and the detailed justification of the operation must be described by the board of directors in a special report*". Accordingly, the purpose of, and the reasons for, the proposed Issuance are discussed below, in accordance with Article 583 of the BCC.

It is contemplated that the New Bonds will be offered solely to qualified investors in Belgium and elsewhere, but outside of the United States, in a private placement by means of an accelerated book-building procedure organized by a syndicate of banks. In order to permit such offering, the preferential subscription right of the Company's shareholders set forth in Articles 592 and following of the BCC will be disapplied. Article 596, second indent, of the BCC stipulates that in case of disapplication or limitation of the preferential subscription right, "*the board must justify its proposal in a detailed report on, in particular, the price of the issuance and the financial consequences of the transaction for the shareholders*". Accordingly, the contemplated disapplication of the preferential subscription right, as well as the proposed conversion price of the New Bonds and the financial consequences for existing shareholders of the Company are discussed below, in accordance with Article 596 of the BCC.

As required by Article 596 of the BCC, the Statutory Auditor of the Company will issue a special report. This report must be read in conjunction with the Statutory Auditor's special report.

2. Description of the proposed Issuance

The Board of Directors proposes to issue New Bonds up to an aggregate principal amount of approximately EUR 380 million under the authorized capital of the Company.

The Board of Directors intends to offer the New Bonds to a broad range of qualified investors in Belgium (which could include holders of Existing Bonds) and elsewhere, but outside of the United States, in a private placement by means of an accelerated book-building procedure. The private placement and book-building procedure will be organized by a syndicate of banks that has been appointed for this purpose by the Company. In order to allow such private placement and book-building procedure, the preferential subscription right of the Company's shareholders will necessarily have to be disapplied.

In order to mitigate dilution for existing shareholders upon conversion of the New Bonds, the Board of Directors intends where possible, to repay the principal amount of the New Bonds in cash and, if the then prevailing share price is above the conversion price, pay the upside in existing shares of the Company. The Company has initiated a share buyback program over the past few years. Currently, the Company owns 3,997,426 treasury shares (1,868,033 of which are specifically held in connection with the Existing Bonds), which will be sufficient to pay the difference between the conversion price and the prevailing share price upon conversion of the New Bonds and the Existing Bonds not tendered into the Concurrent Repurchase.

For information in relation to the terms and conditions of the New Bonds (the "Conditions"), reference is made to the latest draft of the Conditions attached as Annex A to this report, which remain subject to completion and amendment. The Conditions will be finalized at the end of the book-building procedure. The main terms of the New Bonds can be summarised, for information purposes, as follows:

(a) ***Issuer***. The Company (NV Bekaert SA).

(b) ***Maximum issue size***. Approximately EUR 380,000,000.00 in total, including a possible upsize option. Each New Bond will have a principal amount of EUR 100,000.00.

(c) ***Form of the Bonds***. The New Bonds will be in bearer form and will be represented by an original global bond which will be deposited with the National Bank of Belgium as operator of the securities settlement system (the "NBB-SSS").

(d) ***Final maturity date***. The New Bonds will have a term of approximately five years as of their issue.

(e) ***Interest***. The New Bonds will bear an interest at a rate which should be comprised between 0.00% and 0.75%, payable annually in June.

(f) ***Conversion***. Each New Bond could be converted into new and/or existing shares of the Company on the basis of a conversion price which will be determined following the accelerated book-building procedure. The conversion price will be subject to customary adjustments, including in respect of dividend or other distributions made by the Company in relation to the Company's shares. The maximum number of shares of the Company to be issued upon conversion of one New Bond will be calculated as the fraction, (i) the numerator of which will be the principal amount of the New Bond (*i.e.*, EUR 100,000.00), and (ii) the denominator of which will be the applicable conversion price.

(g) ***Cash alternative election***. Upon delivery of a conversion notice by a bondholder, the Company will be able to elect to pay a cash alternative amount instead of delivering some or all of the shares.

(h) ***Redemption at the option of the Company***. The Company will in certain circumstances have the right to redeem the outstanding New Bonds, for example after approximately three years, if the volume weighted average price of the shares on each of not less than 20 dealing days within a period of 30 consecutive dealing days shall have been at least 130% of the conversion price in effect on each such dealing day.

(i) ***Redemption at the option of the bondholders upon a change of control***. The bondholders will have the right, at their option, to require the Company to redeem their outstanding New Bonds following the occurrence of a change of control over the Company if the Company's general shareholders' meeting has approved the terms of the New Bonds that are triggered by a change of control over the Company in accordance with Article 556 BCC.

(j) ***Early redemption***. If the Company's general shareholders' meeting has not approved the terms of the New Bonds that are triggered by a change of control over the Company in accordance with Article 556 BCC or the resolutions have not been filed with the clerk of the Commercial Court of Ghent, division Kortrijk, on or before a stated date the Company will have to redeem all but not some only of the New Bonds.

(k) ***Underlying shares***. The shares to be issued upon conversion of the New Bonds (if any) will have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding shares of the Company at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issue of the shares.

(l) ***Listing of the underlying shares***. The Company will undertake to obtain the listing of the underlying shares (if any) on Euronext Brussels as soon as reasonably practicable and no later than on the conversion of the New Bonds.

(m) ***Transferability of the New Bonds***. The New Bonds will be freely transferable.

(n) ***Listing of the New Bonds***. An application will be made to admit the New Bonds to trading on the Open Market segment (*Freiverkehr*) of the Frankfurt Stock Exchange, which is not a regulated market within the meaning of Article 2, 3° of the Belgian Law of August 2, 2002 on the supervision of the financial sector and on financial services. Such application will be made within three months following delivery of the New Bonds.

(o) ***Increase of the share capital of the Company***. If the New Bonds are converted into new shares, the Company's share capital will be increased.

For the avoidance of doubt, the exact parameters of the Issuance will be determined at a later stage by the Board of Directors and/or persons who have been authorized to do so, in accordance with the general principles of this special report.

3. Issuance of the New Bonds under the authorized capital

The Board of Directors proposes to issue the New Bonds under the authorized capital of the Company. The Board of Directors has been authorized by the shareholders' general meeting held on May 9, 2012 to increase the Company's registered capital in one or more times by an aggregate maximum amount of EUR 176,000,000.00. This authorization has been published in the Official Gazette (*Belgische Staatsblad* / *Moniteur belge*) on June 5, 2012 and is valid for five years after this date. So far, the Board of Directors has made use of its powers under the authorized capital in relation to the issuance of the Existing Bonds, for an amount of EUR 23,824,549.60. The available amount under the authorized capital is therefore EUR 152,175,450.40.

In accordance with Article 44 of the Company's Articles of Association and Article 605 of the BCC, the Board of Directors may effect a capital increase under the authorized capital by means of issuing convertible bonds and limit or disapply the preferential subscription right of the Company's shareholders. The Issuance may therefore be decided by the Board of Directors under the authorized capital of the Company.

The Board of Directors believes that the use of the authorized capital of the Company for purposes of the Issuance will, in the interests of the Company, provide flexibility in the execution of the placement and reduce the time to market the New Bonds, thus enabling the Company to seize optimum market conditions.

4. Reasons for the proposed Issuance

The net proceeds of the Issuance are intended to be used by the Company to repurchase Existing Bonds pursuant to the contemplated Concurrent Repurchase. Should the proceeds of the Issuance exceed the amounts due in connection with the Concurrent Repurchase, any remaining proceeds will be used by the Company to strengthen its balance sheet liquidity as well as to fund future internal and external growth, consistent with its strategy.

The New Bonds will have a longer maturity, bear a lower interest rate and have a substantially higher conversion price compared to the Existing Bonds. Its terms will further have a more flexible ”Material Subsidiary” definition fully ring-fencing BBRG and thus excluding that a default of BBRG under its financing arrangements would trigger a default under the terms and conditions of the New Bonds and the New Bonds becoming due and payable upon demand.

Considering current market opportunities resulting in more favourable terms for the New Bonds compared to the Existing Bonds, the extension of the Company’s debt maturity profile, the flexibility offered by the Issuance and the alternative sources of funding in terms of cost and maturities currently available to the Company, the Board of Directors is of the opinion that the contemplated Issuance will be in the interest of the Company. The Board of Directors also underlines the flexibility offered by the proposed offering’s structure, which is expected to include an upsize option that will enable the Company to adjust the size of the Issuance to the market conditions existing upon issuance of the New Bonds and to the number Existing Bonds tendered into the Concurrent Repurchase.

5. Disapplication of the preferential subscription right

In connection with the Issuance, the Board of Directors proposes to disapply the preferential subscription right of existing shareholders set forth in Articles 596 and following of the BCC. The Issuance is therefore subject to the conditions and formalities set forth in the BCC for the disapplication or limitation of the preferential subscription right. The Board of Directors is authorized to disapply the preferential subscription right of existing shareholders in accordance with Article 44 of the Company’s Articles of Association when issuing convertible bonds under the Company’s authorized capital. The Board of Directors considers that such disapplication is in the interest of the Company for the reasons indicated below.

The New Bonds will be placed by a syndicate of banks appointed by the Company, with qualified investors in Belgium and elsewhere, but outside of the United States, following an accelerated book-building procedure. An application will be made to admit the New Bonds to trading on the Open Market segment (*Freiverkehr*) of the Frankfurt Stock Exchange. Therefore, it is proposed that the preferential subscription right of the existing shareholders be disapplied for the benefit of the holders of the New Bonds.

The Board of Directors proposes not to offer the New Bonds to the public or to all existing shareholders with application of the preferential subscription right. Indeed, should the New Bonds be offered to all shareholders on a pre-emptive basis (in which case the minimum denomination would logically have to be adjusted to a lower level in order to allow effective shareholder participation), the offering would, in addition to the timing and formalities inherent to offerings made on a pre-emptive basis (with separately tradable rights and a minimum subscription period), require the preparation of a prospectus to be approved by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten* / *Autorité des services et marchés financiers*) in accordance with the Belgian Law of June 16, 2006 on the public offering of securities and the admission of securities to trading on a regulated market. The preparation and approval of such a prospectus would necessarily extend over a significant period of time, which would prevent the Company from seizing market opportunities and accessing the capital markets in a timely and efficient manner.

The Board of Directors further noted that should the New Bonds be offered first to all existing shareholders with application of the preferential subscription right, the Existing Bondholders would be deprived from the opportunity (depending on the book-building procedure) to reinvest the proceeds of the Concurrent Repurchase in securities with similar features and denomination, which might jeopardize the Concurrent Repurchase.

In addition, the Board of Directors intends to mitigate dilution for existing shareholders by paying upon conversion of the New Bonds (as is the case for Existing Bonds), where possible, (i) the principal amount of the New Bonds in cash and, (ii) if the then prevailing share price is above the conversion price, the upside in existing shares of the Company. The Board of Directors initiated in 2014 a share buyback program in order to purchase shares, in a number sufficient to pay the difference between the conversion price and the prevailing share price upon conversion of the Existing Bonds. On the date hereof, the Company has acquired an amount of 3,997,426 treasury shares under such buyback program, 1,868,033 of which are specifically held in connection with any existing or future convertible bonds.

It is further expected that the initial conversion price of the New Bonds will range between EUR 46 and EUR 51, which represents a significant increase compared to the EUR 37.06 conversion price of the Existing Bonds and which, depending on the final conversion price of the New Bonds, the final amount of the Issuance and the number of Existing Bonds effectively tendered into the Concurrent Repurchase, could potentially reduce the current financial dilution risk for existing shareholders of the Company.

For these reasons, the Board of Directors considers that an institutional private placement, and the resulting disapplication of the preferential subscription right of existing shareholders, are in the best interests of the Company.

6. Conversion price of the New Bonds

As indicated above, the initial conversion price of the New Bonds will be determined as the result of an accelerated book-building procedure conducted with a broad range of qualified investors in Belgium and elsewhere, but outside of the United States, that will be organized for the Company by a syndicate of banks. Within this procedure, qualified investors will be able to indicate to the banks their interest to subscribe for the New Bonds, as well as the main terms (including the principal amount, the interest rate and the conversion price) for such subscription. On the basis of this process and taking into account the demand and interest of investors, the final terms of the New Bonds, including the conversion price, will be determined by the Company, upon recommendation from the banks.

The conversion price of the New Bonds is expected to include a premium to the market price of the Company’s shares at the time of placement of the New Bonds. As the conversion price will be determined following a book-building procedure involving a broad range of qualified investors, the final conversion price will reflect the market price of the New Bonds.

The Company will have the right to effect certain transactions with respect to the share capital or similar transactions, but the conversion price will then need to be adjusted and reduced based on specific formulas that will be included in anti-dilution mechanisms customary in the Euromarkets and set forth in the Conditions. These formulas will be described in detail in the Conditions, of which the latest draft is attached as Annex A to this report. These adjustment mechanisms are customary for securities of the type of the New Bonds. They are also consistent with the principles set forth in Article 490 of the BCC.

Taking into account the aforementioned benefits of the transaction for the Company (see section 4 above), the Board of Directors believes that the contemplated method to determine the conversion price of the New Bonds is reasonable, appropriate and justified since it strikes a reasonable balance between the interests of the existing shareholders and those of the bondholders.

7. Financial consequences of the transaction for the shareholders

The Conditions contemplate that upon conversion of the New Bonds, the Company may decide to deliver new shares, existing shares or cash (see 2(f) and 2(g) above). The following paragraphs, which discuss the financial consequences of the Issuance for existing shareholders in accordance with Article 596 of the BCC, are only relevant insofar as the Company would elect to deliver new shares upon conversion of the New Bonds.

As mentioned above, this is not the intention of the Board of Directors. In order to mitigate dilution for existing shareholders upon conversion of the New Bonds (as is the case for the Existing Bonds), the Board of Directors intends where possible, to repay the principal amount of the New Bonds in cash and, if the then prevailing share price is above the conversion price, pay the upside in existing shares of the Company. The Board of Directors initiated in 2014 a share buyback program in order to purchase, amongst others, shares, in a number required in order to pay the difference between the conversion price and the prevailing share price upon conversion of the Existing Bonds. On the date hereof, the Company holds an amount of 3,997,426 treasury shares acquired under such buyback program.

(a) *Introduction*

Notwithstanding the intentions of the Board of Directors set forth above, in the event New Bonds would be converted into new shares, the Company will have to issue new shares, and the share capital of the Company will be increased as further described in section (b). The effect for existing shareholders of the Company of the issue of new shares upon conversion of the New Bonds can be summarised and illustrated below (all information is given for illustration purposes only).

The actual effects of the proposed transaction cannot be determined with any certainty, as the key financial parameters of the Issuance, such as the conversion price of the New Bonds to be issued and the acceptance rate of the Concurrent Repurchase, are unknown as of the date of this report, and will not be known until after the placement of the New Bonds and the completion of the Concurrent Repurchase.

Furthermore, after the Issuance, it is not yet certain whether, or in which proportion, the remaining Existing Bonds (not tendered into the Concurrent Repurchase) and the New Bonds will be converted. If, at the time of conversion of the New Bonds, the issue price per underlying share is lower than the prevailing market price of the shares, this will entail a financial dilution of the existing shareholders, in addition to the dilution due to the issuance of new shares illustrated in section (b). As the evolution of the market price of the shares cannot be predicted with certainty, the possible financial dilution entailed by the conversion of the New Bonds cannot be described.

Accordingly, the discussion set out below of the financial consequences of the transaction for existing shareholders is purely illustrative and hypothetical, and is based on purely indicative financial parameters. The actual conversion price and the level of discount of shares issuable to the then prevailing share price, as well as the number of New Bonds to be issued, may vary from the hypothetical values used in this report.

(b) ***Illustrative description of impact of the Issuance***

Subject to the methodological reservations noted above, the tables below reflects the impact of the Issuance at various conversion price levels under the following three hypothesis:

- 50 % of the Existing Bonds are tendered into the Concurrent Repurchase (*i.e.*, the hit ratio) ("Hypothesis 1");
- 75% of the Existing Bonds are tendered into the Concurrent Repurchase ("Hypothesis 2"); and
- at least 85% of the Existing Bonds original issued are tendered into the Concurrent Repurchase and the Company exercised its optional redemption right in respect of the remaining not tendered Existing Bonds (*i.e.*, no Existing Bonds are outstanding) ("Hypothesis 3").

The tables below are further based on the following assumptions:

- the aggregate amount of gross proceeds of the Issuance amounts to EUR 250 million in Hypothesis 1, EUR 300 million in Hypothesis 2 and EUR 380 million in Hypothesis 3;
- all New Bonds are immediately converted into new shares (maximal dilution);
- all Existing Bonds not tendered into the Concurrent Repurchase are immediately converted into new shares (maximal dilution);
- if at least 85% of the Existing Bonds originally issued are tendered into the Concurrent Repurchase, the Company exercises its option redemption right under the terms and conditions of the Existing Bonds to redeem any outstanding Existing Bonds;
- none of the existing shareholders subscribes for the New Bonds (maximal dilution);

- the conversion price of the New Bonds is higher than the prevailing market price of the shares (no financial dilution);

- no stock option entitling their holders to acquire new shares is exercised (no additional dilution)[1];

- the Company has 60,125,525 outstanding shares and a share capital of EUR 176,957,000.00;

- the conversion price is comprised between EUR 46 and EUR 51; and

- upon conversion of the New Bonds, the Company will deliver new shares (and not existing ones).

---

1 There are [●] stock options outstanding under the Company's stock option plans, in the form of subscription rights, which are convertible into [●] new shares. These options could therefore have an impact on the Company's share capital and number of outstanding shares. It is however not yet certain whether, or in which proportion, the stock options will be exercised. If, at the time of exercise of the options, their exercise price per underlying share is lower than the prevailing market price of the shares, this will entail a financial dilution of existing shareholders in addition to the dilution due to the conversion of the New Bonds. As the evolution of the market price of the shares cannot be predicted with certainty, the possible financial dilution entailed by the exercise of the stock options cannot be described. There are no other stock options or subscription rights which have been granted by the Company and which give their holders the right to acquire new shares.

Hypothesis 1 : 50% of Existing Bonds tendered

Conversion price	€46	€47	€48	€49	€50	€51
Shares pre-conversion	60,125,525	60,125,525	60,125,525	60,125,525	60,125,525	60,125,525
New shares upon conversion New Bonds	5,434,783	5,319,149	5,208,333	5,102,041	5,000,000	4,901,961
New shares upon conversion Existing bonds	4,047,491	4,047,491	4,047,491	4,047,491	4,047,491	4,047,491
Total number of shares post conversion	69,607,798	69,492,164	69,381,349	69,275,056	69,173,016	69,074,976
Share capital post-issue (€)	204,855,750.00	204,515,440.10	204,189,309.78	203,876,490.90	203,576,184.78	203,287,655.37
Fractional value of the shares post conversion (€)	2.943	2.943	2.943	2.943	2.943	2.943
Existing shareholders' share of share capital	86.38%	86.53%	86.66%	86.80%	86.92%	87.05%

Hypothesis 2 : 75% of Existing Bonds tendered

Conversion price	€46	€47	€48	€49	€50	€51
Shares pre-conversion	60,125,525	60,125,525	60,125,525	60,125,525	60,125,525	60,125,525
New shares upon conversion New Bonds	6,521,739	6,382,979	6,250,000	6,122,449	6,000,000	5,882,353
New shares upon conversion Existing Bonds	2,023,745	2,023,745	2,023,745	2,023,745	2,023,745	2,023,745
Total number of shares post conversion	68,671,009	68,532,249	68,399,270	68,271,719	68,149,270	68,031,623
Share capital post conversion (€)	202,098,780.69	201,690,408.81	201,299,052.43	200,923,669.77	200,563,302.43	200,217,067.13
Fractional value of the shares post conversion (€)	2.943	2.943	2.943	2.943	2.943	2.943
Existing shareholders' share of share capital	87.56%	87.74%	87.91%	88.07%	88.23%	88.38%

Hypothesis 3: No Existing Bonds are outstanding

Conversion price	€46	€47	€48	€49	€50	€51
Shares pre-issue	60,125,525	60,125,525	60,125,525	60,125,525	60,125,525	60,125,525
Number of new shares upon conversion New Bonds	8,260,870	8,085,106	7,916,667	7,755,102	7,600,000	7,450,980
New shares upon conversion Existing Bonds	-	-	-	-	-	-
Total number of shares post-issue	68,386,395	68,210,631	68,042,192	67,880,627	67,725,525	67,576,505
Share capital post-issue (€)	201,261,159.21	200,743,888.16	200,248,170.08	199,772,685.38	199,316,220.08	198,877,655.37
Fractional value of the shares post-issue (€)	2.943	2.943	2.943	2.943	2.943	2.943
Existing shareholders' share of share capital	87.92%	88.15%	88.37%	88.58%	88.78%	88.98%

As to the evolution of the share capital, the following should be noted. On the date of this special report, the Company's share capital amounts to EUR 176,957,000.00 represented by 60,125,525 shares without nominal value, each share representing one 60,125,525th of the Company's share capital. The current fractional value of the Company's shares amounts to EUR 2.943 per share, which is the result of a fraction, the numerator of which is equal to the Company's share capital (*i.e.*, EUR 176,957,000.00) and the denominator of which is equal to the Company's outstanding shares (*i.e.*, 60,125,525 shares). Upon conversion of the New Bonds, the principal amount of these instruments will be allocated as share capital (in an amount per share equal to the fractional value) and issue premium (for the balance).

From an accounting perspective, the aggregate amount of the capital increase (including issue premium as the case may be) resulting from a conversion of New Bonds will be allocated in its entirety to the accounting net equity of the Company. If the issue price of the New Bonds is higher, or lower, respectively, than the accounting net equity of the Company on a per-share basis prior to the completion of the Issuance, this will entail, assuming all New Bonds are converted into new shares, an accretion or a dilution of the accounting net equity per share from an accounting perspective.

In any event, the maximum number of shares issuable upon conversion of the New Bonds cannot exceed the maximum limit that applies to the authorized capital (*i.e.*, EUR 152,175,450.40).

8. Conclusion

For the reasons set forth in this special report, the Board of Directors considers that the proposed Issuance is in the interest of the Company. The Issuance allows the Company to raise funding on more attractive pricing terms than conventional debt, refinance its Existing Bonds substantially ahead of their maturity date at more favourable conditions and therefore extend its debt maturity profile. In addition, the Transaction will allow the Company to amend the terms and conditions of the Existing Bonds aligning these with the terms of the New Bonds to fully ring-fence BBRG and exclude a cross default risk on BBRG.

Accordingly, the Board of Directors believes that the proposed Issuance, and the resulting disapplication of the preferential subscription right of existing shareholders, are in the best interests of the Company.

* * *

In accordance with Articles 596 and 75 of the BCC, this special report will be filed with the clerk of the Commercial Court of Ghent, division Kortrijk.

Done on May 17, 2016

On behalf of the Board of Directors,

By: ______________________________	By: ______________________________
Name: Dirk Gheskiere	Name: Pieter-Jan Vandevelde
Title: *Attorney-in-fact*	Title: *Attorney-in-fact*

Annex A: Latest draft of the terms and conditions of the New Bonds.