

**SUPPLEMENTARY OFFERING CIRCULAR DATED 27 JULY 2018**

**NORTEGAS ENERGÍA DISTRIBUCIÓN, S.A.U.**

*(incorporated with limited liability under the Kingdom of Spain)*

**€2,000,000,000**

**Euro Medium Term Note Programme**

unconditionally and irrevocably, jointly and severally, guaranteed by

**NED ESPAÑA DISTRIBUCIÓN GAS, S.A.U. and  
NED SUMINISTRO GLP, S.A.U.**

*(incorporated with limited liability under the laws of the Kingdom of Spain)*

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This supplement (the "**Supplement**") to the offering circular dated 12 September 2017 (the "**Offering Circular**") (which constitutes a base listing particulars for the purposes of listing on the Global Exchange Market of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") (the "**GEM**")) constitutes supplementary listing particulars for the purposes of listing on the GEM.

Terms defined in the Offering Circular have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer.

Application has been made for this Supplement to be approved by the Euronext Dublin.

Each of the Issuer and the Guarantors accept responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Documents incorporated by reference**

**Audited consolidated annual accounts of the Issuer**

On 28 March 2018, the board of directors of the Issuer formulated the audited consolidated annual accounts of the Issuer for the eight-month period ended 31 December 2017, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, in conformity with Regulation (EC) number 1606/2002 of the European Parliament and of the European Council. On 28 June 2018 the sole shareholder approved the above mentioned accounts.

**Audited statutory annual accounts of the Issuer and Guarantors**

Additionally on 28 March 2018, the board of directors of the Issuer and the board of directors of each of the Guarantors formulated the statutory annual accounts of the Issuer for the eight-month period ended 31 December 2017, prepared in accordance with Generally Accepted Accounting Principles in Spain ("**Spanish GAAP**") regulated under Royal Decree 1514/2007). On 28 June 2018 the sole shareholder of the Issuer and the sole shareholder of each of the Guarantors approved the above mentioned accounts.

By virtue of this Supplement, the consolidated annual accounts of the Issuer and the statutory annual accounts of Issuer and each Guarantor described above, together with the auditor's report for each of the accounts thereon, are incorporated by reference in, and form part of, the Offering Circular.

### **Market change to meter rental regulation**

On 27 December 2017, the Spanish Official Gazette (*Boletín Oficial del Estado*) published the Ministerial Order ETU/1283/2017, of 22 December 2017, establishing the fees and charges for third party access to gas facilities and revenues for regulated activities for 2018 ("**Order ETU/1283/2017**"). The effect of Order ETU/1283/2017 on the Group is to reduce the regulated monthly tariff for the rental of gas meters applicable to tariff groups 3.1 and 3.2.

The expected impact on the Group's revenues is a reduction of the meter rental income of c.€7m per year from 2018 onwards. This is mitigated by arrangements agreed with the former owner of the Group to compensate the Group for such loss of revenue up to €4m each year until (and including) 2021. This will reduce the impact on the Group's results, because the Group will only bear approximately 40% of the reduction of the meter rental income in each year until (and including) 2021.

### **CNMC decisions and action plan relating to the Issuer and NED España Distribución Gas, S.A.U. ("NED España")**

As per publicly available information, the CNMC issued decisions in February 2018 and May 2018, which related to the CNMC requiring the Issuer and NED España to take necessary measures in order to remain capitalised, according to reasonable leverage and net debt/EBITDA ratios, in accordance with the usual range for companies in the natural gas distribution sector and based on the values submitted by NED España to the CNMC in April 2017. These CNMC decisions have been challenged by the Issuer and NED España at Spain's High Court (*Audiencia Nacional*).

The Issuer and NED España are working on how to agree and implement the appropriate measures to meet the CNMC's requirements. There have been discussions between the Issuer, NED España and the CNMC, and as at the date of this Supplement the measures to be implemented by the Issuer and NED España have not been finalised with the CNMC. The Issuer will make further announcements as and when final decision and action plan has been decided (whether between the Issuer, NED España and the CNMC, or through any court process).

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Copies of the Supplement and the document incorporated by reference in the Supplement may be inspected, free of charge, at the registered office of the Issuer at calle General Concha 20, 48010 Bilbao, Spain, and at the specified office of the Paying Agent.

The document incorporated by reference in the Supplement is a translation into the English language of the original in Spanish, for which translation the Issuer takes responsibility.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular has arisen or been noted, as the case may be, since the publication of the Offering Circular.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in (a) above will prevail.

If documents which are incorporated by reference in this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement except where such information or other documents are specifically incorporated by reference in this Supplement.