

## PROSPECTUS DATED 15 SEPTEMBER 2020



Teréga

(a *société anonyme* incorporated in France)

**€500,000,000 0.875 per cent. Notes due 17 September 2030**

**Issue Price: 99.014 per cent.**

This prospectus constitutes a prospectus (the **Prospectus**) for the purposes of Article 6 of the Regulation (EU) 2017/1129 (the **Prospectus Regulation**).

The €500,000,000 0.875 per cent. Notes due 17 September 2030 (the **Notes**) of Teréga SA (the **Issuer** or **Teréga SA**) will mature on 17 September 2030. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

Interest on the Notes will accrue at the rate of 0.875 per cent. *per annum* from and including 17 September 2020 (the **Issue Date**) and will be payable in Euro annually in arrear on 17 September in each year, commencing on 17 September 2021 (each an **Interest Payment Date**). Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of the Republic of France (See “*Terms and Conditions of the Notes – Taxation*”).

Unless previously purchased and cancelled, the Notes may not be redeemed prior to 17 September 2030 (the **Maturity Date**). The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See “*Terms and Conditions of the Notes – Redemption and Purchase*”). The Notes may also be redeemed at the option of the Issuer (i) at any time, in whole or in part, at their applicable Make-Whole Amount (as defined in “*Terms and Conditions of the Notes – Redemption and Purchase – Early redemption at the Make-Whole Amount*”); (ii) in whole but not in part in the three months prior to the Maturity Date at their principal amount together with any interest accrued thereon (See “*Terms and Conditions of the Notes – Redemption and Purchase – Residual Maturity Call Option*”); or (iii) in whole but not in part, at any time prior to the Maturity Date, at par together with interest accrued thereon, as long as the aggregate principal amount outstanding of the Notes is equal to 20 per cent. or less of the aggregate principal amount of the Notes originally issued (See “*Terms and Conditions of the Notes – Redemption and Purchase – Clean-up Call Option by the Issuer*”).

If a Put Event (as such term is defined in the Terms and Conditions of the Notes - Condition 4(c) “*Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control*”) occurs, each Noteholder will have the option to require the Issuer to redeem or repurchase all or part of the Notes held by such Noteholder on the Optional Redemption Date (as such term is defined in the Terms and Conditions of the Notes - Condition 4(c) “*Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control*”) at their principal amount together with interest accrued up to but excluding such date of redemption or repurchase all as defined and more fully described in “*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control*”.

This Prospectus has been approved by the *Autorité des marchés financiers* (**AMF**), as competent authority under the Prospectus Regulation. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval by the AMF should not be considered as an endorsement of the Issuer and of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to Euronext Paris for the Notes to be listed and admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended, appearing on the list of regulated markets issued by the European Securities and Markets Authority (**ESMA**).

This Prospectus will be valid until the date of admission of the Notes to trading on Euronext Paris. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

The Notes will, upon issue on 17 September 2020, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in “*Terms and Conditions of the Notes – Form, Denomination and Title*”) including Euroclear Bank SA/NV (**Euroclear**) and the depositary bank for Clearstream Banking, SA (**Clearstream, Luxembourg**).

The Notes will be in dematerialised bearer form in the denomination of €100,000. The Notes will at all times be represented in book-entry form (*dématérialisé*) in the books of the Account Holders in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes have been rated Baa2 by Moody's France SAS (**Moody's**). The Issuer is rated Baa2 with a stable outlook by Moody's. Moody's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009, as amended (the **CRA Regulation**). As such Moody's is included in the list of credit rating agencies published by the ESMA on its website (<http://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Copies of this Prospectus and the documents incorporated by reference will be available for inspection free of charge, at the office of the Fiscal Agent (as such term is defined in the Terms and Conditions of the Notes) and will be available on the website of the Issuer ([www.terega.fr](http://www.terega.fr)). A copy of the Prospectus will also be available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

**Prospective investors should have regard to the factors described in the section headed “*Risk Factors*” in this Prospectus.**

**Joint Lead Managers**

**BNP PARIBAS**

**CREDIT AGRICOLE CIB**

**NATIXIS**

**SOCIETE GENERALE CORPORATE & INVESTMENT BANKING**

**UNICREDIT BANK**

## IMPORTANT NOTICE

*This Prospectus has been prepared for the purpose of giving information with regard to the Issuer and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.*

*This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference.*

*Other than in relation to the documents which are deemed to be incorporated by reference (see “Documents Incorporated by Reference”), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the AMF.*

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in “Subscription and Sale” below) to subscribe or purchase, any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.*

*No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*To the extent permitted by law, each of the Joint Lead Managers accepts no responsibility whatsoever for the content of this Prospectus or for any other statement in connection with the Issuer.*

*The Joint Lead Managers have not separately verified the information contained in this Prospectus in connection with the Issuer. None of the Joint Lead Managers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus in connection with the Issuer. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer and the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.*

*See “Risk Factors” below for certain information relevant to an investment in the Notes.*

***MIFID II product governance / Professional investors and eligible counterparties only target market***

– Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by the ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PRIIPs Regulation / Prohibition of sales to EEA and UK retail investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**) or in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

In this Prospectus, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "EUR" or "euro" or "€" are to the single 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.

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## RISK FACTORS

*The following are certain risk factors concerning the offering of the Notes of which prospective investors should be aware. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views, whether by themselves or with the help of financial, legal or tax advisors prior to making any investment decision.*

*The terms defined in “Terms and Conditions of the Notes” shall have the same meaning where used below.*

### 1. Risks related to the Issuer

The following table summarizes the risk factors identified by the Issuer and indicates, for each of them, the likelihood of their occurrence and their negative impact on the Issuer as of the date of this Prospectus. The likelihood of the occurrence is graded on a four-level scale (“Unlikely”, “Likely”, “Regular” and “Frequent”) and the magnitude of their negative impact is graded on a four-level scale (“Low”, “Moderate”, “Significant” and “High”). Within each of the four aforementioned categories, the risks have been listed according to this grading, the risks with the highest likelihood of occurrence and with the highest negative impact starting with.

Risks	Likelihood	Impact
<b>1.1 Business and Industry</b>	-	-
Evolution of the energy market	Regular	Significant
Tariff evolution	Regular	Moderate
Changes to the competitive environment	Likely	Moderate
Investments required	Unlikely	Moderate
<b>1.2 Finance</b>		
Liquidity risk	Unlikely	High
Rating associated risk	Unlikely	High
<b>1.3 Operational Risks</b>	-	-
Accident on facilities	Unlikely	High
Environmental, health and safety laws, regulations and liabilities	Likely	Significant
Non-acceptability of existing or projected facilities	Likely	Significant
Cybercriminality	Likely	Significant
Data protection	Likely	Significant

<b>1.4 Legal and Regulatory Risks</b>		
Loss of certification as “ownership unbundling model” or other authorisation	Unlikely	High
Unfavourable evolution of regulatory framework	Unlikely	High
<b>1.5 Risk relating the Covid-19 crisis</b>	Unlikely	Moderate

## 1.1 Business and Industry

### *Evolution of the energy market*

The Issuer’s activities depend on gas consumption and transit demand via Spain. Demand for the Issuer’s transmission and storage capacities is ultimately driven by demand for natural gas in France, which in turn depends on a number of factors outside of the Issuer’s control, including:

- the development of the gas and electricity markets;
- the price of natural gas compared to other fuels;
- economic growth in France generally;
- climate fluctuations;
- the availability of capacity in international importation pipelines;
- the continuing availability of natural gas and liquid natural gas for importation from foreign countries; and
- environmental laws and environmental public policies driven by energy transition and increasing awareness towards climate change.

As an example, the overall gas consumption in France declined by 5%<sup>1</sup> in 2018 compared to 2017 due to warmer climate and lesser use of the gas-fired power plants as a result of a higher availability of other power plants, increased by 2%<sup>1</sup> in 2019 compared to 2018 due to an increased use of gas-fired power plants and is expected to decrease in 2020 due to the Covid-19 crisis.

Additionally, the Issuer’s transmission and storage infrastructure investment decisions have been and will continue to be based on projected demand for natural gas transmission and storage capacity, which reflect currently available data and historical information on market growth trends.

Should the demand for natural gas in France falls significantly and permanently below current or projected levels, the Issuer’s revenue from regulated tariffs (as detailed in “Tariff evolution” below), and therefore the Issuer’s results of operations, financial position and outlook, will be adversely affected.

### *Tariff evolution*

The Issuer’s revenue from its gas transmission and underground gas storage activities (i.e. the entirety of its revenue) are derived from regulated tariffs set by the French *Commission de Régulation de l’Énergie* (“CRE”) as described in the section “Description of the Issuer” of this Prospectus. For 2020, the Issuer’s authorised revenue is set at €280 million for the gas transmission activity and €146.6 million for the underground gas storage activity.

<sup>1</sup> Source: <https://opendata.reseaux-energies.fr>

Although the regulated tariff structures are intended to permit the Issuer to cover its costs and to earn predictable returns, current or future gas transmission and underground gas storage tariffs might be set or revised at a level that would not allow the Issuer to improve or maintain its profitability margins and its rates of return on investments.

In addition, the regulated tariff structures include incentives mechanisms in order to encourage operators, including the Issuer, to optimize their costs: the CRE sets out objectives in terms of performance. Should the Issuer not manage to meet these objectives, this may have a negative impact on the Issuer's results. There is also no assurance that different incentive mechanisms will not be introduced in the future.

Incentive mechanisms are diverse and include:

- with regard to investments projects with an estimated budget higher than €20 million, or other investments projects specifically selected by the CRE, an audit of the budget presented by the Issuer is carried out by the CRE, which sets a target budget. If the investment expenses incurred by the Issuer for a given project are between 95% and 105% of the target budget, no bonus or penalty will be applied by the CRE. If the investment expenses incurred are less than 95% of the target budget, the Issuer will receive a bonus corresponding to 20% of the difference between 95% of the target budget and the actual investment expenses. If the investment expenses incurred are higher than 105% of the target budget, the Issuer will have a penalty of 20% of the difference between the actual investment expenses and 105% of the target budget;
- another incentive mechanism aims to improve the quality of the service provided to users of the transmission network. The maximum penalty could reach €1.8 million per year in the current tariff framework applicable from 2020 to 2024. In 2019, this incentive resulted in a bonus of around €0.6 million for the Issuer.

Cancellation of the regulated tariffs may also occur, including following a decision of justice, and may lead to a retroactive annulment of the tariff. In this situation, new tariffs would be published that replace the former tariffs and ensure the continuity of the Issuer's revenues. However, these new tariffs could be lower than the initial tariffs and fail to cover the costs of the Issuer. In February 2020, the European Commission launched an in-depth inquiry in order to determine whether the regulation mechanism for the storage of natural gas in France complies with EU rules on state aid. The European Commission's investigation might entail reimbursements of the compensation amounts received by the Issuer from network operators, as well as a recast of the tariff structure for gas storage.

### ***Changes to the competitive environment***

The Issuer's competitive environment evolves rapidly as concerns of consumers and scrutiny of legislators and regulators keeps increasing as a result of climate change awareness. This leads to intensifying competition in the energy sector. In particular, the Issuer's gas transmission and storage activities may be impacted by the development of autonomous local players who consume their own production, as well as the strengthening of major energy players such as Engie and GRDF.

Users of the Issuer's storage facilities may choose to use storage services of alternative providers located outside of the Issuer's transmission network zone, which could result in the Issuer's storage not being operated at full capacity. Since 31 March 2020, the Issuer submits 100% of its storage capacities through auctions, as described in the section "Description of the Issuer – Business Overview – Gas storage – Gas storage tariffs" of this Prospectus.

Even if, in France, gas storage demand currently exceeds the offer, this situation might change in the future.



The Issuer might not be agile enough to incorporate the changes that might be necessary in terms of market intelligence, differentiation elements, cost competitiveness, performance and quality. If the Issuer is unable to effectively respond and adapt to competition, this could lead to a decrease of its market share and demand for its services which could have a negative effect on its business, financial position, results of operations or prospects.

### ***Investments required***

The Issuer could have to carry out additional infrastructure investments that were not initially included in its investments plans. The additional investments may require the Issuer to obtain additional funding to that currently contemplated. If the costs of any such investment or funding were not adequately reflected or not reflected at all in the regulated tariffs, then such investments could have a negative impact on the Issuer's financial results.

A proposed investment trajectory, which is reflected in the “Regulated Asset Base” (or RAB) used to set the regulated tariffs, is presented at the beginning of a tariff period (which usually lasts four years) and is then revised and approved on an annual basis by the CRE. In addition, in the middle of each year, the CRE adopts a decision on the mid-term implementation of the annual investments. The Issuer’s 2020 approved investment program amounts to €98 million for the gas transmission business and to €31.4 million for the gas storage business, as described in the sections “Description of the Issuer – Business Overview – Gas transmission – Investments and development” and “Description of the Issuer – Business Overview – Gas storage – Investments and development” of this Prospectus.

Projects with a budget of more than €20 million are subject to an audit by the CRE allowing a target budget to be set, with a bonus or penalty allocated to the operator depending on the difference between that target budget and the actual expenses incurred, with a neutrality range of +/- 5% around the target budget.

Each variation of the approved capital expenditures is analysed by the CRE which may decide to integrate it in the expenses and revenues clawback account (*compte de régularisation des charges et produits* or CRCP, an ex-post adjustment mechanism) in order to take into account all or a portion of the differences between actual and forecast expenses.

If additional expenses are not recognised in the CRCP, then the regulated tariff will not reflect the full cost of the investment and will thus have a negative impact on the financial results of the Issuer.

## **1.2 Finance**

### ***Liquidity risk***

The Issuer might encounter difficulty in discharging its obligations in respect of its financial liabilities and operating cycle. The Issuer’s current financings include (i) three series of fixed-rate bonds amounting to €1,400 million (public bond for €500 million maturing in 2021, public bond for €550 million maturing in 2025 and private bond for €350 million maturing 2035) and (ii) a multi-borrower €250 million 5-year revolving loan facility with a 2 years extension option, of which the first year extension option has been exercised in July 2020, which is currently undrawn by the Issuer.

If the Issuer was unable to access the bank markets or other sources of finance on favourable economic terms when required, its cost of financing may increase, future capital investment programmes may need to be reconsidered and the manner in which the Issuer implements its strategy may need to be reassessed.

### ***Rating associated risk***

The Issuer is currently rated Baa2 by Moody's. A credit rating assesses the creditworthiness of the Issuer and informs investors about the probability of the Issuer being able to redeem invested capital. It may be revised or withdrawn by the rating agency at any time. Credit ratings play a critical role in determining the costs for entities accessing the capital markets in order to borrow funds and the rate of interest they can achieve. A decrease in credit rating by Moody's may increase borrowing costs or even jeopardise further issuance. The price of the existing bonds may deteriorate following a downgrade of the Issuer's credit rating.

## **1.3 Operational Risks**

### ***Accident on facilities***

There are risks associated with the operation of the Issuer's natural gas pipeline network and underground natural gas storage facilities, such as operational hazards and unforeseen interruptions caused by events beyond its control. These include accidents, the breakdown or failure of equipment or processes, the performance of its facilities below expected levels of capacity and efficiency and catastrophic events such as explosions, fires, earthquakes, landslides, pandemics, or other similar events beyond its control, as well as terrorist attacks, sabotage or other intentional acts.

Any accident might result in injury or loss of life (including of employees of the Issuer or employees of its contractors), extensive damage to property or to the environment, an interruption to the Issuer's operations or damage to the reputation of the Issuer. The occurrence of such events could result in increased costs and liabilities which could be significant for the Issuer, including successful third-party claims, but also in the breach by the Issuer of its regulatory obligations as a natural gas network operator or gas storage facility operator and as a result sanctions could be imposed on it and could lead to an interruption of its operations.

The Issuer has third party liability and property damage insurance coverage, except with respect to underground pipelines, which are not covered by property damage insurance. There is no assurance that proceeds from insurance coverage could be adequate for all liabilities or expenses incurred or revenues lost.

### ***Environmental, health and safety laws, regulations and liabilities***

Gas transmission and underground natural gas storage are potentially dangerous activities and involve the use of products and by-products that may be hazardous to the environment, to human health or to the safety of the employees of the Issuer. Such products include the chemicals used for gas odourising (TetraHydroThiophene or THT) and gas water treatment (TetraEthyleneGlycol or TEG) respectively within transmission facilities or at the underground storage output.

The Issuer's activities are subject to regulations for the protection of the environment and public health, which are increasingly numerous and restrictive. As an example, the Issuer and some of its facilities are subject to several provisions of the French *Code de l'énergie* as well as Directive 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of major-accident hazards involving dangerous substances (SEVESO III) and its implementing measures.

Some of these laws and regulations require the Issuer's facilities to operate under permits that are subject to renewal or modification. These laws, regulations and permits can require expensive emissions testing and pollution control equipment or operational changes to limit actual or potential impacts to the environment. As an example, all the Issuer's compressor stations and the Issuer's underground storage facility of Lussagnet are subject to specific thresholds of pollutants and greenhouse gas emissions.

The Issuer may be required to make significant capital expenditures on an ongoing basis to comply with such laws, regulations and permits. If the costs of any such investment or funding were not adequately reflected, or not reflected at all in the regulated tariffs, then such investments could have an impact on the Issuer's financial results.

In addition, a violation of these laws and regulations or permit conditions can result in substantial fines, natural resource damages, criminal sanctions, permit revocations and facility shutdowns, which could have a material adverse effect on the Issuer's business, financial position, results and outlook.

The Issuer may also be subject to legal actions brought by environmental advocacy groups and other parties for actual or alleged violations of environmental laws or permits and, if such legal actions succeed, the Issuer may be liable for significant damages or fines which could have an impact on the Issuer's financial results and could also affect the reputation of the Issuer.

### ***Non-acceptability of existing or projected facilities***

The Issuer's existing and projected facilities might be opposed by stakeholders such as opposition groups, environmental advocacy groups or politicians. These stakeholders might challenge the environmental or social aspects and the benefits for the public of these projected or existing infrastructures. In particular, large infrastructure projects are more likely to encounter some opposition. As an example, the STEP project, which aims to build a cross-border underground pipeline between France and Spain, encountered significant opposition from local political stakeholders as well as from environmental protection organisations despite continuous dialogue with the stakeholders.

Any such challenges could lead to an interruption of the operations of existing facilities or delays in the development or uncertainty as to the feasibility of project facilities. Moreover, if the Issuer has invested significant amounts in such facilities, it could have difficulty recovering the costs it has incurred in the operations or development of these facilities, to the extent that such investments have been capitalized, incur significant write-offs.

### ***Cybercriminality***

Due to the Issuer's strategic business in gas transmission and storage, the Issuer is continually exposed to cyberattacks, which may target both the Issuer and its customers and partners. Such cyberattacks may lead to data theft, money extortion and even deliberate acts of sabotage. These threats are intensified by the introduction of new technologies, the development of industrial control systems, the spread of mobility tools and the development of new uses. In particular, the Issuer's control systems (Supervisory Control And Data Acquisition or SCADA) could be targeted by terrorists or state organisations.

The growing visibility of the Issuer at the European level increases the risk of a cyberattack.

More generally, any IT system failure could result in information or personal data losses or leaks, delays and/or extra costs that could result in an interruption to the Issuer's operations, increased costs and liabilities, substantial fines or reputational harm.

### ***Data protection***

As gas transmission and storage operator, the Issuer may collect, process, use, transfer or store sensible or confidential data and information. In particular, the Issuer may handle data which may be classified as "confidential" (*confidentiel défense*) under French military information protection rules, or qualified as "commercially sensible information" (*informations commercialement sensibles*) under the French *Code de l'énergie*.

The Issuer may also handle personal data, the collection and use of which is governed by the provisions of the General Data Protection Regulation ((EU) 2016/679) (“**GDPR**”) in the European Union. The GDPR imposes additional responsibilities and liabilities in relation to personal data that the Issuer processes and the Issuer may be required to put in place additional mechanisms ensuring compliance with the new data protection rules.

Any leak or loss of sensible or confidential data or information and failure to comply with the requirements of the GDPR may result in substantial fines, other administrative penalties and civil claims being brought against the Issuer, or reputational harm.

## **1.4 Legal and Regulatory Risks**

### ***Loss of certification as “ownership unbundling model” or other authorisation***

The Issuer’s gas transmission and underground natural gas storage activities require various administrative authorisations such as the “ownership unbundling model” certification granted by a deliberation of the CRE dated 3 July 2014 and the concessions titles relating to underground storage facilities granted by a Decree dated 12 December 2006 and a Decree dated 8 December 2017. The procedures for obtaining and renewing these authorisations can be complex and lengthy. Such authorisations might also be subject to challenges or to more stringent conditions. In addition, it should be noted that many of the Issuer’s authorisations and permits are subject to the fulfilment of certain commitments which, if not met, can lead to sanctions, a reduction in remuneration, revocation of the authorisations and enforcement of any guarantees provided.

The Issuer is currently certified as a gas transmission system operator, on the basis of the “ownership unbundling model” pursuant to a deliberation of the CRE dated 3 July 2014. In the event that the CRE were to withdraw such certification (such as in the event of a major breach by the Issuer of its obligations), the Issuer would not be permitted to exercise any of its activities. For more information about the “ownership unbundling model”, please refer to the section “Description of the Issuer – Share Capital, Shareholders and Organisational Structure – Governance” of this Prospectus.

The Issuer operates its underground storage facilities under concessions granted by the French Minister of Energy, which may be extended for a maximum of 25 years as described in the section “Description of the Issuer – Business Overview – Gas storage” of this Prospectus. Consequently, upon expiry of a concession, such concession might not be extended and in the event the Issuer does not obtain an extension title, the Issuer would not be able to operate its underground storage activity and the Issuer may not be able to obtain enough compensation to fully offset the resulting loss of earnings.

More generally, in the event of a serious breach by the Issuer of its obligation as gas transmission and storage operator (such as its public service obligation under article L.121-32 of the French *Code de l’énergie*), the Issuer could be subject to financial penalties or suspension or withdrawal of the gas transmission or gas storage authorisations. In the latter case, the Issuer would not be permitted to exercise some or all of its activities.

### ***Unfavourable evolution of regulatory framework***

The Issuer operates in a highly regulated industry. The laws, regulations, directives, decisions and policies at the European and national level determine the scope of its activities, and substantially affect its revenues and the way the Issuer conducts its business. The Issuer is subject to the supervision of the CRE, the EU Commission and the Agency for the Cooperation of Energy Regulators (“**ACER**”).

Beyond the monitoring of the Issuer’s operations, the CRE can force operators to make investments, carry out a capital increase or allow for third party investors to acquire its shares. The CRE has also the power to impose sanctions of the Issuer breaches any of its obligations. The French Minister of Energy

also has certain control and punitive powers, including granting or suspending authorisations to transport or store natural gas in the event of a threat to France's natural gas supplies.

The regulatory framework applicable to the Issuer's gas transmission activities and underground gas storage activities have already undergone significant changes in the last ten years, including the implementation of regulated tariff for the gas storage activity, as described in the section "Description of the Issuer" of this Prospectus.

Future changes in regulations and future decisions or other actions by the ACER, the CRE or other governmental authorities could affect the Issuer's business and remuneration in ways it cannot predict. As an example, for the storage activity, the French Government determines which assets enter into the scope of gas storage regulation (Decree 2018-1248 of 26 December 2018) and benefit from regulated tariffs. Such scope may be reviewed every five years and the Issuer's storage capacities might be removed from these regulated assets.

### **1.5 Risk relating the Covid-19 crisis**

The coronavirus (Covid-19) outbreak that was reported in China in December 2019, and then subsequently spread across other countries (including France), has led to a pandemic, which has resulted in travel restrictions, quarantines and similar measures taken by governments and companies around the world. Such measures have reduced business activity in countries that are major consumers of energy resources. This could lead to a slowdown in project management and also to a negative impact on the demand for gas in France. Since then, gas consumption in France has raised gradually under the influence of a partial recovery in economic activity.

The Covid-19 pandemic is still an ongoing event, the duration of which is uncertain, and measures adopted in reaction to it by public authorities (on an international, national or local scale) are in constant evolution and may affect the business activities and financial results of the Issuer. In particular, the Covid-19 crisis may have the following impacts on the Issuer:

- the decrease of gas consumption and/or gas prices could lead to a decrease of the Issuer's revenue. Although part of such decrease will be compensated by the CRCP, this may result in the Issuer's revenue being temporarily lower than the authorised revenue;
- the Covid-19 crisis may impact the supply chain of the Issuer, including (i) the availability of equipment or components that are essential to the Issuer's business or (ii) the prices of such equipment or components, which could lead to the business suspension or affect the financial results of the Issuer; and
- the Covid-19 crisis entailed many regulatory changes which increase the risk of non-compliance to the applicable laws and regulations by the Issuer and may also lead to a revision of the regulatory framework, including the current tariffs applicable to the Issuer, and may therefore affect its business activities and financial results.

Although the impact of the Covid-19 crisis on revenues of the Issuer during the first half of 2020 is immaterial, the impacts described above may occur with a certain time lag. In particular, should the CRE decide to revise the current tariffs applicable to the Issuer, such revision implies a long and complex process and may only be applicable to Issuer several months after its initiation. For more information about the impact of the Covid-19 pandemic on the Issuer's activity, please refer to the

section “Description of the Issuer – Business Overview – Impact of the Covid-19 pandemic on the Issuer’s activity” of this Prospectus.

## **2. Risks related to the Notes**

*An investment in the Notes involves certain risks associated with the characteristics of the Notes. Such risks could result in principal or interest not being paid on time or at all by the Issuer and/or a material impairment of the market price of the Notes or Noteholders losing all or some of their investment should the Issuer become insolvent. The following is a description of risk factors in relation to the Notes which set out the most material risks, taking into account the negative impact of such risks on the Issuer and the probability of their occurrence.*

### **2.1. Risks for the Noteholders as creditors of the Issuer**

#### ***Limited restrictive covenant***

The Notes do not restrict the Issuer from incurring additional debt. The Terms and Conditions of the Notes contain a negative pledge that prohibits the Issuer in certain circumstances from creating security over assets, but only to the extent that such is used to secure any other present or future capital markets indebtedness (as described in Condition 2(b) (*Negative Pledge*)). The Terms and Conditions of the Notes also contain events of default relating to distributions and payments by Teréga SAS (as more fully described in Condition 7 (*Events of Default*)). The Terms and Conditions of the Notes do not contain any other covenants restricting the operations of the Issuer, or its ability to distribute dividends or buy back shares.

Subject to the above-mentioned negative pledge and events of default, the Issuer may incur additional debt that could be considered before or rank equally with the Notes. If the Issuer incurs additional debt ranking equally with the Notes, it will increase the number of claims that would be entitled to share rateably with Noteholders in any proceeds distributed in connection with an insolvency, bankruptcy or similar proceeding. If the Issuer incurs additional debt that is structurally senior or that would otherwise come prior to the Notes, it could increase the risks of Noteholders as compared with the holders of such senior instruments.

These limited restricted covenants may not provide sufficient protection for investors in the Notes which could materially and adversely impact the Noteholders and increase the risk of losing all of their investment in the Notes.

#### **Credit Risk**

As contemplated in Condition 2(a) (*Status of the Notes*) of the Terms and Conditions of the Notes, the obligations of the Issuer in respect of the Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. An investment in the Notes involves taking credit risk on the Issuer, meaning the risk that the Issuer may be unable to meet its financial obligations under the Notes. Since the Notes are unsecured obligations of the Issuer, benefiting from no direct recourse to any assets or guarantees, the Noteholders can only rely on the ability of the Issuer to pay any amount due under the Notes. See section “*Terms and Conditions of the Notes – Status and Negative Pledge – Status of the Notes*” of this Prospectus. The value of the Notes will depend on the creditworthiness of the Issuer (as may be impacted by the risks related to the Issuer as described above). If the creditworthiness of the Issuer deteriorates, and notwithstanding Condition 7 (*Events of Default*) of the Terms and Conditions of the Notes which enable the Noteholders to request the redemption of the Notes, it could have very serious repercussions on the Noteholders because: (i) the Issuer may not be able to fulfil all or part of its payment obligations under the Notes and (ii) the value of the Notes may decrease, which could materially and negatively impact the Noteholders which may lose all or part of their investment.

## ***French insolvency law***

As a *société anonyme* incorporated in France, French insolvency laws apply to the Issuer. Under French insolvency law, holders of debt securities (such as the Notes) are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes) regardless of their governing law. The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*), proposed accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may notably agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) if the differences in situation so justify; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required to hold the Assembly.

The procedures, as described above or as they will or may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer were to be subject to French insolvency proceedings.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in this Prospectus in Condition 8 (*Representation of the Noteholders*) will not be applicable in these circumstances.

It should be noted that Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt and amending Directive (EU) 2017/1132 dated 20 June 2019 (the “**Restructuring Directive**”) shall be transposed by the Member States before 17 July 2021. Depending on how it will be transposed into French law, it may modify French insolvency law described above and impact the situation of investors in the Notes in the event that the Issuer were to be subject to the relevant French insolvency proceedings.

More specifically the Restructuring Directive is expected to impact the process of adoption of restructuring plans under insolvency proceedings. Creditors (including the Noteholders) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that are sufficiently similar to justify considering the members of the class a homogenous group with commonality of interest. As a minimum, secured and unsecured claims shall be treated in separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority in the amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States at not higher than 75% in the amount of claims or interests in each class). If the restructuring plan is not

approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down. Therefore, when the Restructuring Directive is transposed into French law, it is expected that holders of notes (including the Noteholders) will no longer deliberate on the proposed restructuring plan in a separate assembly and accordingly they will no longer benefit from a specific veto power on this plan. Instead, as any other affected parties, holders of notes (including the Noteholders) will be grouped into one or several classes (with potentially other types of creditors) and their dissenting vote may possibly be overridden by a cross-class cram down.

The commencement of insolvency proceedings against the Issuer could have a material adverse effect on the market value of Notes issued by the Issuer. Any decisions taken by the Assembly or a class of affected parties, as the case may be, could negatively and significantly impact the Noteholders and cause them to lose all or part of their investment, should they not be able to recover all or part of the amounts due to them from the Issuer.

### ***Modification and waiver***

Noteholders will be grouped automatically for the defence of their interests in a Masse, as defined in Condition 8 (*Representation of the Noteholders*) of the Terms and Conditions of the Notes and a General Meeting can be held or Written Decisions can be taken. The Terms and Conditions of the Notes permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting or did not consent to the Written Decision and Noteholders who voted in a manner contrary to the majority. The Masse may, through Collective Decisions, deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes, notably on any proposal, whether for arbitration or settlement, relating to the rights in controversy or which were subject of judicial decisions. If a decision is adopted by a majority of Noteholders and such modifications were to impair or limit the rights of the Noteholders, this may have an impact on the market value of the Notes and hence investors in the Notes may lose part of their investment.

While it is not possible to assess the likelihood that the Terms and Conditions of the Notes will need to be amended by way of a General Meeting or Written Resolution during the life of the Notes, if such a General Meeting were to take place or such a Written Resolution were to be taken, it is possible that a majority of Noteholders could adopt a decision that would modify the Terms and Conditions of the Notes in a way that impair or limit significant rights of the Noteholders.

## **2.2. Risks related to the commercial terms of the Notes, including interest rate and early redemption**

### ***Interest rate risk for fixed rate notes***

The Notes bear interest at a fixed rate of 0.875 per cent. *per annum*, payable annually in arrear on 17 September in each year and commencing on 17 September 2021, as detailed in Condition 3 (*Interest*) of the Terms and Conditions of the Notes. Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Generally, prices of fixed interest rate bonds tend to fall when market interest rates rise and accordingly are subject to volatility.

While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note, the current interest rate on the capital market (**market interest rate**) typically changes on a daily basis. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed rate of the Notes. Such decrease of the purchase price



of the Notes could negatively and materially affect the Noteholders since all or part of the capital invested by the Noteholder may be lost upon any transfer of the Notes, so that the Noteholder in such case could not receive all or part of the capital invested to purchase the Notes.

### ***The Notes may be redeemed prior to maturity***

In the event that the Issuer would be obliged to pay additional amounts payable in respect of any Notes due to any withholding as provided in Condition 4(c) (*Redemption at the option of Noteholders following a Change of Control*), the Issuer may redeem all outstanding Notes in accordance with such Terms and Conditions of the Notes.

In addition, the Issuer may, at its option (i) from and including 17 June 2030 to but excluding 17 September 2030, redeem all but not some only of the Notes outstanding, at par plus accrued interest, as provided in Condition 4(e) (*Residual Maturity Call Option*), (ii) redeem, in whole or in part, the then outstanding Notes at any time prior to the Maturity Date, at the relevant make whole redemption amount, as provided in Condition 4(d) (*Early redemption at the Make-Whole Amount*) and (iii) redeem the Notes, in whole but not in part, at any time prior to their Maturity Date, as long as the aggregate principal amount outstanding of the Notes is equal to 20 per cent. or less of the aggregate principal amount of Notes originally issued, as provided in Condition 4(f) (*Clean-up Call Option by the Issuer*).

Any early redemption of the Notes may result, for the Noteholders, in a yield that is lower than anticipated. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes may not rise substantially above the price at which they can be redeemed. Should the Notes at the time the Issuer elects to redeem Notes be trading well above the price set for redemption, the negative impact on the Noteholders' anticipated returns would be significant.

All of the above may reduce the profits investors in the Notes may have expected in subscribing the Notes and could have a materially adverse impact on the Noteholders.

### ***Exercise of put option in respect of certain Notes may affect the liquidity of the Notes in respect of which such put option is not exercised***

In the event of a Put Event (as more fully described in Condition 4(c) (*Redemption at the option of Noteholders following a Change of Control*) of the Terms and Conditions of the Notes), each Noteholder will have the right to request the Issuer to redeem or procure the purchase of all or part of its Notes at their principal amount together with any accrued interest.

Depending on the number of Notes in respect of which such right is exercised, any trading market in respect of those Notes in respect of which such put option is not exercised may become illiquid.

In addition, Noteholders having exercised their right may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes, which may have an adverse impact on the Noteholders and reduce the profits anticipated by the investors in the Notes at the time of the issue.

## **2.3. Risks related to the market generally**

### ***Liquidity risks and market value of the Notes***

An investment in the Notes should be considered primarily with a view to holding them until maturity (i.e. 17 September 2030). Notwithstanding that application has been made for the Notes to be admitted to trading on Euronext Paris, the development or continued liquidity of any secondary market for the

Notes will be affected by a number of factors such as general economic conditions, political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded, the creditworthiness of the Issuer as well as other factors such as the outstanding amount of the Notes, the redemption features of the Notes as specified in Condition 4 (*Redemption and Purchase*) and the level, direction and volatility of interest rates generally. The absence of liquidity may have a significant material adverse effect on the value of the Notes. Such factors also will affect the market value of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and in extreme circumstances such investors could suffer loss of their entire investment.

#### ***No prior market for the Notes***

There is currently no existing market for the Notes and, notwithstanding that application has been made for the Notes to be admitted to trading on Euronext Paris, there can be no assurance that any market will develop for the Notes or that Noteholders will be able to sell their Notes at all or easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If additional and competing products or instruments are introduced in the markets, this may adversely affect the value of the Notes. There is no obligation to make a market in the Notes. Also, to the extent the Notes are purchased by the Issuer in part, the number of Notes outstanding will decrease, resulting in a diminished liquidity for the remaining Notes. A decrease in the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes in the market and reduce the profits anticipated by the investors in the Notes at the time of the issue of the Notes.

#### ***No active secondary market***

The Notes may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities.

In addition, investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that the Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations will be significant.

The price at which a Noteholder will be able to sell the Notes prior to redemption by the Issuer may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The Issuer is entitled to buy the Notes, which shall then be cancelled or caused to be cancelled, and to issue further Notes which may or may not be assimilated to the Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes and reduce the profits anticipated by the investors in the Notes at the time of the issue of the Notes.

#### ***Market value of the Notes***

Application has been made for the Notes to be admitted to trading on Euronext Paris. The Notes have been rated Baa2 by Moody's. A rating may be subject to suspension, change or withdrawal at any time by the assigning credit agency without notice. The market value of the Notes depends on a number of interrelated factors, including the creditworthiness of the Issuer, economic, financial (including interest rates and currency fluctuations) and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. Accordingly, all or part of the capital invested by the Noteholder may be lost upon any transfer of the Notes, so that the Noteholder in such case would receive significantly less than the total amount of capital invested.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes 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. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) 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. This may result in a significant loss on any capital invested from the perspective of a Noteholder whose domestic currency is not the Euro.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents which are published simultaneously with this Prospectus and that have been filed with the AMF:

- (a) the annual financial statements of the Issuer in the French language for the year ended 31 December 2018 (the **2018 Financial Statements**) – [https://www2.terega.fr/fileadmin/Nos\\_publications/Publications\\_financières/2019/RAPPORT\\_FINANCIER\\_2018\\_FR.pdf](https://www2.terega.fr/fileadmin/Nos_publications/Publications_financières/2019/RAPPORT_FINANCIER_2018_FR.pdf);
- (b) the statutory auditors' report in relation to the 2018 Financial Statements in the French language for the year ended 31 December 2018 (the **2018 Statutory Auditor's Report**) – [https://www2.terega.fr/fileadmin/Nos\\_publications/Publications\\_financières/2018/Rapport\\_des\\_commissaires\\_aux\\_comptes\\_TEREGA\\_SA\\_2018.pdf](https://www2.terega.fr/fileadmin/Nos_publications/Publications_financières/2018/Rapport_des_commissaires_aux_comptes_TEREGA_SA_2018.pdf); and
- (c) the annual financial statements of the Issuer in the French language for the year ended 31 December 2019 (the **2019 Financial Statements**) – [https://www2.terega.fr/fileadmin/Nos\\_publications/Publications\\_financières/2020/Comptes\\_sociaux\\_TEREGA\\_SA\\_2019\\_version\\_francaise\\_.pdf](https://www2.terega.fr/fileadmin/Nos_publications/Publications_financières/2020/Comptes_sociaux_TEREGA_SA_2019_version_francaise_.pdf);
- (d) the statutory auditors' report in relation to the 2019 Financial Statements in the French language for the year ended 31 December 2019 (the **2019 Statutory Auditor's Report**) – [https://www2.terega.fr/fileadmin/Nos\\_publications/Publications\\_financières/2019/Rapport\\_des\\_commissaires\\_aux\\_comptes\\_TEREGA\\_SA\\_2019.pdf](https://www2.terega.fr/fileadmin/Nos_publications/Publications_financières/2019/Rapport_des_commissaires_aux_comptes_TEREGA_SA_2019.pdf); and
- (e) the half-year financial statements of the Issuer including the statutory auditors' limited review report thereon (the **2020 Half-Year Financial Statements**) – [https://www2.terega.fr/fileadmin/Nos\\_publications/Publications\\_financières/2020/Rapport\\_des\\_commissaires\\_aux\\_comptes\\_sur\\_les\\_comptes\\_sociaux\\_semestriels\\_TEREGA\\_SA\\_2020.pdf](https://www2.terega.fr/fileadmin/Nos_publications/Publications_financières/2020/Rapport_des_commissaires_aux_comptes_sur_les_comptes_sociaux_semestriels_TEREGA_SA_2020.pdf).

Such documents in the French language<sup>2</sup> shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of the documents incorporated by reference in this Prospectus may be obtained without charge from the registered office of the Issuer, the Issuer's website ([www.terega.fr](http://www.terega.fr)).

Other than in relation to the documents which are deemed to be incorporated by reference herein, the information on the websites to which this Prospectus (including for the avoidance of doubt any information on the websites which appear in the documents incorporated by reference) refers does not form part of this Prospectus and has not been scrutinised or approved by the AMF.

Any information not listed in the following cross-reference table but included in the documents incorporated by reference in this Prospectus is for information purposes only and shall not be incorporated in, and form part of, this Prospectus. The non-incorporated parts of the documents

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<sup>2</sup> The English language versions of the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Half-Year Financial Statements are available on the Issuer's website ([www.terega.fr](http://www.terega.fr)) and are for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions as incorporated by reference pursuant to this section.

incorporated by reference herein are either not relevant for investors or covered elsewhere in this Prospectus.

### CROSS-REFERENCE LIST

INFORMATION INCORPORATED BY REFERENCE  Annex 7 of the Commission Delegated Regulation (EU) 2019/980		REFERENCE				
		2018 Financial Statements	2018 Statutory Auditor's Report	2019 Financial Statements	2019 Statutory Auditor's Report	2020 Half- Year Financial Statements
<b>11.</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>					
<b>11.1</b>	Historical financial information					
11.1.1	Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation and the audit report in respect of each year.	4 to 21		4 to 21		2 to 19
11.1.3	<p>Accounting standards</p> <p>The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002.</p> <p>If Regulation (EC) No 1606/2002 is not applicable the financial statements must be prepared according to:</p> <p>(a) a Member State's national accounting standards for issuers from the EEA as required by Directive 2013/34/EU;</p> <p>(b) a third country's national accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers.</p> <p>Otherwise the following information must be included in the registration document:</p> <p>(a) a prominent statement that the financial information included in the registration document has not been prepared in accordance with International Financial Reporting</p>	9		9		7

INFORMATION INCORPORATED BY REFERENCE		REFERENCE				
		2018 Financial Statements	2018 Statutory Auditor's Report	2019 Financial Statements	2019 Statutory Auditor's Report	2020 Half- Year Financial Statements
Annex 7 of the Commission Delegated Regulation (EU) 2019/980						
	Standards as endorsed in the Union based on Regulation (EC) No 1606/2002 and that there may be material differences in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information;  (b) immediately following the historical financial information a narrative description of the differences between Regulation (EC) No 1606/2002 as adopted by the Union and the accounting principles adopted by the issuer in preparing its annual financial statements.					
11.1.4	Where the audited financial information is prepared according to national accounting standards, the financial information must include at least the following:  (a) the balance sheet;  (b) the income statement;  (c) the accounting policies and explanatory notes.	4 and 5  6 and 7  7 to 21		4 and 5  6 and 7  8 to 21		2 and 3  4 and 5  6 to 19
11.2	Auditing of Historical financial information					

INFORMATION INCORPORATED BY REFERENCE  Annex 7 of the Commission Delegated Regulation (EU) 2019/980		REFERENCE				
		2018 Financial Statements	2018 Statutory Auditor's Report	2019 Financial Statements	2019 Statutory Auditor's Report	2020 Half- Year Financial Statements
11.2.1	<p>The historical financial information must be independently audited. The audit report shall be prepared in accordance with the Directive 2014/56/EU and Regulation (EU) No 537/2014.</p> <p>Where Directive 2014/56/EU and Regulation (EU) No 537/2014 do not apply:</p> <p>(a) the historical financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard.</p> <p>Otherwise, the following information must be included in the registration document:</p> <p>(i) a prominent statement disclosing which auditing standards have been applied;</p> <p>(ii) an explanation of any significant departures from International Standards on Auditing;</p> <p>(b) if audit reports on the historical financial information contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.</p>		1 to 6		1 to 6	the three first pages

## TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes will be as follows:*

The issuance of €500,000,000 0.875 per cent. Notes due 17 September 2030 (the **Notes**) of Teréga SA (the **Issuer**) has been authorised by (i) a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 7 September 2020 and (ii) a decision of Dominique Mockly, Chief Executive Officer (*Président-Directeur Général*) of the Issuer dated 11 September 2020. The Issuer has entered into a fiscal agency agreement (the **Fiscal Agency Agreement**) dated 15 September 2020 with Société Générale as fiscal agent, calculation agent and principal paying agent. The fiscal agent, calculation agent and principal paying agent and paying agents for the time being are referred to in these Conditions as the **Fiscal Agent**, the **Calculation Agent**, the **Principal Paying Agent** and the **Paying Agents** (which expression shall include the Principal Paying Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **Agents**. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below and references to **day** or **days** are, unless the context otherwise specifies, to calendar days.

### 1 Form, Denomination and Title

The Notes are issued on 17 September 2020 (the **Issue Date**) in dematerialised bearer form in the denomination of €100,000. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank SA/NV (**Euroclear**) and the depositary bank for Clearstream Banking, SA (**Clearstream, Luxembourg**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

### 2 Status and Negative Pledge

#### (a) Status of the Notes

The obligations of the Issuer in respect of the Notes constitute direct, unconditional, unsubordinated and unsecured obligations and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

#### (b) Negative Pledge

So long as any of the Notes remains outstanding (as defined below), the Issuer will not, create or have outstanding any mortgage, charge, pledge or other form of security interest (*sûreté réelle*) (a **Security**) upon the whole or part of its undertakings, assets or revenues, present or future, in order to secure (i) any Relevant Debt (as defined below) or (ii) any guarantee or indemnity in respect of any Relevant Debt unless, at the same time, the Issuer's obligations under the Notes are equally and rateably secured therewith.



For the purposes of this Condition:

- (i) **outstanding** means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed in accordance with Condition 4, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 3 after such date) have been duly paid to the Fiscal Agent and (c) those which have been purchased and that are held or have been cancelled as provided in Condition 4.
- (ii) **Relevant Debt** means any present or future indebtedness for borrowed money in the form of, or represented by notes, bonds or other securities (*obligations*) which are for the time being, or are capable of being, quoted, listed, admitted to trading or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.

### 3 Interest

The Notes bear interest at the rate of 0.875 per cent. *per annum*, from and including the Issue Date, payable annually in arrear on 17 September in each year, commencing on 17 September 2021 (each an **Interest Payment Date**). The period commencing on, and including, the Issue Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an **Interest Period**.

Notes will cease to bear interest from the date provided for their redemption, unless the Issuer defaults in making due provision for their redemption on said date. In such event, the Notes will continue to bear interest in accordance with this Condition (as well after as before judgment) on the principal amount of such Notes until whichever is the earlier of (i) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant holder and (ii) the day after the Fiscal Agent has notified the holders of the Notes (the **Noteholders**) in accordance with Condition 9 of receipt of all sums due in respect of all the Notes up to that day.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first but excluding the last day of such period).

### 4 Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition 4.

#### (a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 17 September 2030.

#### (b) *Redemption for Taxation Reasons*

- (i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next

payment due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 6 below, the Issuer may on any Interest Payment Date, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but not some only, of the outstanding Notes at their principal amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without deduction or withholding for French taxes.

- (ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven (7) days' prior notice to the Noteholders in accordance with Condition 9 redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without deduction or withholding for French taxes, or, if such date is past, as soon as practicable thereafter.

(c) *Redemption at the option of Noteholders following a Change of Control*

If at any time while any Note remains outstanding, there occurs (i) a Change of Control and (ii) within the Change of Control Period, a Change of Control Rating Downgrade occurs or has occurred as a result of such Change of Control (a **Put Event**), the holder of such Note will have the option (the **Put Option**) (unless, prior to the giving of the Put Event Notice, the Issuer gives notice of its intention to redeem the Notes under Condition 4(b) (Redemption for Taxation Reasons)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Note, on the Optional Redemption Date at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

A **Change of Control** shall be deemed to have occurred each time that any person or persons acting in concert (in each case other than the Investors (as defined in Condition 7(b) below)) come(s) to own or acquire(s) directly or indirectly such number of shares in the capital of the Issuer carrying more than 50 per cent. of the share capital of the Issuer or more than 50 per cent. of the voting rights attaching to the share capital of the Issuer.

**Change of Control Period** means the period commencing on the date of the first public announcement of the relevant Change of Control (the **Relevant Announcement Date**) and ending on (i) the date which is ninety (90) days after the date on which the Change of Control becomes effective, or (ii) the last day of such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending forty-five (45) days after the occurrence of the relevant Change of Control) for rating review or, as the case may be, rating by, a Rating Agency, such period not to exceed sixty (60) days after the public announcement of such consideration.

For the purpose of this Condition 4(c), a **Change of Control Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control (a) if within the Change

of Control Period, the rating of the Notes assigned by any Rating Agency (as defined below) is (i) withdrawn or (ii) changed from an investment grade rating (Baa3/BBB-, or its equivalent for the time being, or better) to a non- investment grade rating (Ba1/BB+, or its equivalent for the time being, or worse) (a **Non Investment Grade Rating**) or (iii) if the rating previously assigned to the Notes by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from Ba1/BB+ to Ba2/BB; or their respective equivalents) or (b) if, on the Relevant Announcement Date, no rating is assigned to the Notes and, within the Change of Control Period, a Rating Agency assigns a Non Investment Grade Rating to the Notes or (c) if, on the Relevant Announcement Date, no rating is assigned to the Notes and, within the Change of Control Period, no Rating Agency assigns a rating to the Notes, provided that, with respect to (a) and (b) above, (i) a Change of Control Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control, as the case may be, if the Rating Agency making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or publicly confirm that the Non Investment Grade Rating or the reduction or withdrawal was the result, in whole or in part, of the Change of Control, as the case may be, and (ii) any Change of Control Rating Downgrade must have been confirmed in a letter or other form of written communication, sent to the Issuer and publicly disclosed.

**Rating Agency** means Moody's or any other rating agency of equivalent international standing requested by the Issuer to grant a credit rating to the Notes or to the Issuer's senior unsecured long term debt and, in each case, their respective successors or affiliates.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 9 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 4(c).

To exercise the Put Option to require redemption or, as the case may be, purchase of the Notes following a Put Event, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period (the **Put Period**) of forty-five (45) days after the Put Event Notice is given together with a duly signed and completed notice of exercise (a **Put Option Notice**) and in which the holder may specify a bank account to which payment is to be made under this Condition 4(c).

A Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Put Option has been validly exercised as provided above and subject to the transfer of such Notes to the account of the Fiscal Agent for the account of the Issuer, on the date which is the fifth business day in Paris following the end of the Put Period (the **Optional Redemption Date**). Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Option Notice and otherwise subject to the provisions of Condition 5.

For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise).

(d) *Early redemption at the Make-Whole Amount*

The Issuer may, subject to compliance with all relevant laws, regulations and directives, at any time prior to 17 September 2030 and on giving (i) not less than fifteen (15) nor more than thirty (30) days' prior notice to the Noteholders in accordance with Condition 9 and (ii) not less than five (5) days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent and the Calculation Agent (which notices shall be irrevocable and shall specify the date fixed for redemption (the **Make-Whole Redemption Date**)), redeem the Notes, in whole but not in part, then outstanding at their Make-Whole Amount. On the Calculation Date, the Calculation Agent shall calculate the Make-Whole Redemption Rate applicable on the relevant Make-Whole Redemption Date and determine the relevant Make-Whole Amount and, promptly on or not later than the Business Day immediately following the Calculation Date, the Calculation Agent shall notify the Issuer, the Fiscal Agent and the Noteholders.

In this respect, the determination of any rate or amount and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

**Benchmark Rate** means, at the Make-Whole Redemption Date, the annual rate equivalent to the yield at maturity of the *Bundesobligationen* of the *Bundesrepublik Deutschland* bearing interest at a rate of 0.000 per cent. *per annum* and maturing on 15 August 2030 (ISIN: DE0001102507) (the **DBR**), as determined based on the average of the three quotations given by the Reference Dealers of the mid-market annual yield to maturity of the DBR on the Calculation Date at 11.00 a.m. (Central European time (CET)). If the DBR chosen as benchmark is no longer outstanding, a Similar Security shall be chosen by the Calculation Agent, acting independently.

**Calculation Date** means the third (3<sup>rd</sup>) Business Day preceding the Make-Whole Redemption Date.

**Make-Whole Amount** means the amount in Euros calculated for each Note by the Calculation Agent, rounded to the nearest cent (0.005 being rounded upwards) being the greater of (x) 100 per cent. of the nominal value of such Note and (y) the sum of the remaining scheduled payments in principal and interest on such Note (excluding accrued interest up to the Make-Whole Redemption Date (excluded)) discounted from the Make-Whole Redemption Date to the Residual Maturity Call Option Date, determined on the Make-Whole Redemption Date on an annual basis (Exact/Exact ICMA) at the Make-Whole Redemption Rate plus, in each of the cases (x) and (y) above, interest accrued on such Note up to the Make-Whole Redemption Date (excluded).

**Make-Whole Redemption Margin** means 0.250 per cent. *per annum*.

**Make-Whole Redemption Rate** means the sum of the Benchmark Rate and the Make-Whole Redemption Margin.

**Reference Dealers** means each of the three banks selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

**Similar Security** means one or more reference bonds issued by the German Federal Government having an actual or interpolated maturity comparable with the remaining

term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

*(e) Residual Maturity Call Option*

The Issuer may, on giving not less than fifteen (15) nor more than thirty (30) days' irrevocable notice to the Noteholders redeem all, but not some only, of the Notes at par together with interest accrued to, but excluding, the date fixed for redemption, no earlier than three (3) months before the Maturity Date (the **Residual Maturity Call Option Date**).

*(f) Clean-up Call Option by the Issuer*

The Issuer may, subject to compliance with all relevant laws, regulations and directives and on giving not less than fifteen (15) nor more than thirty (30) days' irrevocable notice in accordance with Condition 9 to the Noteholders, redeem the Notes, in whole but not in part, at any time prior to their Maturity Date, at par together with interest accrued to (but excluding) the date fixed for redemption, as long as the aggregate principal amount outstanding of the Notes is equal to 20 per cent. or less of the aggregate principal amount of Notes originally issued.

*(g) Purchases*

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise at any price. Notes so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Notes.

*(h) Cancellation*

All Notes which are redeemed or purchased for cancellation pursuant to paragraphs (b)(i), (b)(ii), (c) or, at the option of the Issuer, (d), (e) and (f) of this Condition will forthwith be cancelled and accordingly may not be reissued or sold.

## **5 Payments**

*(a) Method of Payment*

Payments of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System. **TARGET System** means the Trans European Automated Real Time Gross Settlement Express Transfer (known as TARGET 2) System or any successor thereto.

Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of the Noteholders will be an effective discharge of the Issuer and the Paying Agents, as the case may be, in respect of such payments.

Payments of principal and interest on the Notes will, in all cases, be subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

*(b) Payments on Business Days*

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day (as defined below) and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition **Business Day** means any day, not being a Saturday or a Sunday, on which the TARGET System is operating and on which Euroclear France is open for general business.

No commission or expenses shall be charged to the Noteholders in respect of such payments.

*(c) Fiscal Agent, Paying Agents and Calculation Agent*

The names of the initial Agents and their specified offices are set out below:

**Société Générale**  
Service aux Emetteurs  
32, rue du Champ de Tir  
CS 30812  
44308 Nantes Cedex 3  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent or Calculation Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent, a Principal Paying Agent and a Calculation Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given to the Noteholders in accordance with Condition 9.

## **6 Taxation**

*(a) Withholding Tax*

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of France or any political subdivision or any authority thereof having power to tax, unless such deduction or withholding is required by law.

*(b) Additional Amounts*

If, pursuant to French law, payments of principal or interest in respect of any Note become subject to deduction or withholding in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such deduction or withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of such Note.

Any references to these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 6.

## 7 Events of Default

### (a) Events of Default

If any of the following events (each an **Event of Default**) shall have occurred and be continuing:

- (i) in the event of default by the Issuer in the payment of principal and interest on any of the Notes, if such default shall not have been cured within 60 days thereafter; or
- (ii) in the event of default by the Issuer in the due performance of any provision of the Notes other than as referred in Condition 7(a)(i) above, if such default shall not have been cured within 90 days after receipt by the Fiscal Agent of written notice of such default given by any Noteholder; or
- (iii) (a) any Indebtedness (as defined below) of the Issuer (being Indebtedness having an outstanding aggregate principal amount in excess of Euro 50,000,000 or its equivalent in any other currency) is not paid when due or (as the case may be) within any original applicable grace period, (b) any Indebtedness (being Indebtedness having an outstanding aggregate principal amount in excess of Euro 50,000,000 or its equivalent in any other currency) of the Issuer becomes due and payable prior to its stated maturity as a result of a default thereunder which is not remedied within any applicable grace period or (c) the Issuer fails to pay when due any amount payable by it under any guarantee of Indebtedness (being Indebtedness having an outstanding aggregate principal amount in excess of Euro 50,000,000 or its equivalent in any other currency) unless, in each case, the Issuer is contesting in good faith its obligations to make payment or repayment of such amount; or
- (iv) the Issuer applies for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or to the extent permitted by law, the Issuer is subject to any other insolvency or bankruptcy proceedings under any applicable laws or the Issuer makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
- (v) the Issuer is wound up or dissolved, except in connection with a merger or reorganisation provided that the entity resulting from such merger or reorganisation assumes the obligations resulting from the Notes; or
- (vi) in the event of any payment, repayment, prepayment, redemption, repurchase, defeasance, retirement or discharge, in each case in cash, by the Parent as described hereinafter of any amount of principal, interest (including compounded or capitalised interest), fee, charge or other amount outstanding under or in respect of any Shareholder Debt either (A) in circumstances where the Parent is aware that a Lock-up Event in relation to the relevant payment has occurred and is continuing or would have occurred had the relevant payment been made on the last day of the most recent Relevant Period expiring prior to the relevant payment and if such default shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder, or (B) at a time where a Rating Downgrade has occurred and is continuing; or

- (vii) in the event of any payment of dividend or distribution on or in respect of its share capital, redemption, repurchase, defeasance, retirement, distribution or repayment of any of its share capital or share premium reserve, in each case in cash, by the Parent either (A) in circumstances where the Parent is aware that a Lock-up Event in relation to the relevant payment has occurred and is continuing or would have occurred had the relevant payment been made on the last day of the most recent Relevant Period expiring prior to the relevant payment and if such default shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder, or (B) at a time where a Rating Downgrade has occurred and is continuing; or
- (viii) in the event that any Shareholder Debt is outstanding, the terms relating to such Shareholder Debt do not include for any reason each of the Key Provisions, and such default shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder **unless** the Noteholders in a Collective Decision have given their consent to the terms relating to such Shareholder Debt not including each of the Key Provisions; or
- (ix) in the event that any of the ORAs are outstanding, the terms and conditions of the ORAs do not include for any reason each of the Mandatory Conversion Provisions, and such default shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder **unless** the Noteholders in a Collective Decision have given their consent to the terms and conditions of the ORAs not including each of the Mandatory Conversion Provisions; or
- (x) more than 75 days have elapsed since the Issue Date and the Issuer, the Parent and Teréga Holding SAS, Elbe Investment Pte Ltd., Ouestgaz SAS, Predica – Prévoyance Dialogue du Crédit Agricole and SNAM S.p.A, have not entered into an undertaking agreement including undertakings consistent with paragraphs (vi), (vii), (viii) and (ix) above (the **Undertaking Agreement**); or
- (xi) after the execution of the Undertaking Agreement, in the event of any event of default under or breach of any provision of the Undertaking Agreement or any amendment (other than of a non-material, technical or administrative nature), termination, rescission or revocation of the Undertaking Agreement and if such circumstances shall not have been cured within 60 days after receipt by the Fiscal Agent in respect of the Notes of written notice of such default given by any Noteholder, unless the Undertaking Agreement is amended or replaced following an amendment of the Conditions approved by Noteholders in a Collective Decision; or

then the holder of any Notes may, by written notice to the Issuer and the Fiscal Agent given before all continuing Events of Default shall have been cured, cause all such Notes (but not some only) held by it to become immediately due and payable as of the date on which such notice for payment is received by the Issuer and the Fiscal Agent without further formality at the principal amount of the Notes together with any accrued interest thereon.

For the purpose of this condition, **Indebtedness** means (i) any present or future indebtedness for borrowed money in the form of, or represented by, notes, notes or other securities (*obligations*) which are for the time being, or are capable of being, quoted, admitted to trading or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market or (ii) any indebtedness of the Issuer which is in the form of or represented by any bank loan.



Neither of the events set out in paragraphs (vi) and (vii) above shall constitute an Event of Default in respect of any payment or other transaction as referred to therein which is:

- i. made to fund a Permitted Purpose; or
- ii. funded directly out of the proceeds received by the Parent of the subscription for new ordinary shares of the Parent or made by way of *incorporation de créances au capital* of the Parent or by way of conversion into shares of the Parent; and

None of the events set out in paragraphs (vi) to (ix) (inclusive) above shall constitute an Event of Default if any such event occurs upon or after the occurrence of a Change of Control (other than a Change of Control where the persons or persons acting in concert which come(s) to own or acquire(s) directly or indirectly the required number of shares in the capital of the Issuer or voting rights attaching to the share capital of the Issuer is one or more of the Investors).

For the purposes of this Condition 7 (*Events of Default*) the following definitions and provisions shall apply:

*(b) Definitions*

For the purpose of this Condition:

**Acquisition Costs** means all fees, costs and expenses, stamp, registration, transfer and other Taxes incurred or reasonably expected to be incurred by the Parent or any other member of the Group in connection with the acquisition by the Parent of the shares of the Issuer and the related documentation.

**Affiliate** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

**Borrowings** means, at any time, the outstanding principal or capital amount of any Financial Indebtedness of the Group **provided that:**

- a) Financial Indebtedness owed by one member of the Group to another member of the Group or which is Shareholder Debt shall not be included; and
- b) pensions liabilities and any participation or profit sharing employees shall not be included.

**Calculation Date** means the last day of any Relevant Period.

**Cash Equivalent Investments** means at any time investments which are in the reasonable opinion of the Issuer equivalent to cash.

**Consolidated EBITDA** means, for any Relevant Period and without duplication, the consolidated profits of the Group from ordinary activities:

- a) **before deducting** Interest Payable, any other Interest for which any member of the Group is liable to a third party, any deemed finance charge in respect of any pension liabilities and other provisions and any interest and amounts in the nature of interest (paid or not paid or capitalised) in respect of any Borrowings from any direct or indirect shareholder of the Issuer or from any Affiliate of any such shareholder;

- b) **before deducting** any amount of Tax on profits, gains or income paid or payable by any member of the Group;
- c) **after adding back** (to the extent otherwise deducted) any amount attributable to any amortisation whatsoever (including amortisation of any goodwill arising on any acquisition made by a member of the Group), and any impairment or depreciation or accelerated depreciation whatsoever;
- d) **after adding back** (or as the case may be deducting) any CRPC adjustment made by the CRE;
- e) **after deducting** (to the extent included) Interest Receivable;
- f) **after adding back** any negative items (to the extent otherwise deducted) or deducting any positive items (to the extent otherwise included), of a one-off, non-recurring, extraordinary or exceptional nature (including, without limitation, any restructuring expenditure or the costs of any aborted equity or debt securities offering and start up losses for new entities or operations);
- g) **after deducting** (to the extent otherwise included) any gain over book value arising in favour of a member of the Group in the disposal of any asset (not being any disposals made in the ordinary course of trading) during such period and any gain arising on any revaluation of any asset during such period;
- h) **after adding back** (to the extent otherwise deducted) any loss against book value incurred by a member of the Group on the disposal of any asset (not being any disposals made in the ordinary course of trading) during such period and any loss arising on any revaluation of any asset during such period;
- i) **after adding back** (to the extent otherwise deducted) Acquisition Costs incurred by or allocated to a member of the Group for that period;
- j) **after deducting** (to the extent not already deducted) any amount paid in respect of land tax (*taxe foncière*), business contribution on property (*cotisation foncière des entreprises*) and business contribution on added value (*cotisation sur la valeur ajoutée des entreprises*);
- k) **after adding** (to the extent not already included) the realised gains or deducting (to the extent not otherwise deducted) the realised losses arising at maturity or on termination of forward foreign exchange and other currency hedging contracts or hedging instruments entered into with respect to the operational cash flows of the Group (but taking no account of any unrealised gains or loss on any hedging instrument whatsoever and excluding any IAS 39 timing differences relating to changes in the unrealised fair value of derivatives);
- l) **after adding back** (to the extent otherwise deducted) any fees, costs or charges of a non-recurring nature actually paid related to any equity offering, acquisitions, investments (including any joint venture investment made by a member of the Group) or Financial Indebtedness (whether or not successful);
- m) **after adding back** (to the extent otherwise deducted) any costs or provisions relating to any share option or incentive schemes of the Group;

- n) **after deducting** the amount of profit (or adding back the amount of any loss) of any entity (which is not a member of the Group) in which any member of the Group has an ownership interest to the extent that the amount of such profit or loss is included in the accounts of the Group and after adding the amount (net of any applicable withholding tax) received in cash by members of the Group through distributions by any such entity;
- o) **after deducting** the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- p) **after adding** non-cash charges from fair value adjustments and mark to market adjustments in respect of any derivative instruments or hedging arrangements; and
- q) **after adding** (to the extent not already included) the proceeds of any business interruption insurance.

**Consolidated Net Finance Charges** means, for any Relevant Period, the amount of Interest Payable during that period less Interest Receivable during that period.

**Consolidated Total Net Debt** means, at any time, the aggregate amount of all obligations of members of the Group for or in respect of Borrowings but:

- a) including, in the case of Finance Leases, only the capitalised value thereof; and
- b) deducting the aggregate amount of cash and Cash Equivalent Investments held by any member of the Group.

**Finance Lease** means any lease or hire purchase contract which would, in accordance with GAAP, be treated as a balance sheet liability.

**Financial Indebtedness** means any indebtedness for or in respect of:

- a) moneys borrowed;
- b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- c) any amount raised pursuant to any note purchase facility or the issue of bonds (but excluding for the avoidance of doubt, any performance bonds, letters of credit or similar instruments in respect of the obligations of any member of the Group arising in the ordinary course of trade), notes, debentures, loan stock or any similar instrument;
- d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- f) any amount raised under any other transaction (including any forward sale or purchase agreement) which is classified as “borrowing” under GAAP;
- g) any amount raised by the issue of redeemable shares which are redeemable other than at the option of the issuer before the date provided for the redemption of the Notes;

- h) any amount of any liability under an advance or deferred purchase agreement if the primary reason behind the entry into such agreement is to raise finance; and
- i) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

**GAAP** means generally accepted accounting principles in France, including IFRS.

**Group** means the Parent and its Subsidiaries from time to time.

**Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**IFRS** means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

**Interest** means interest and amounts in the nature of interest (whether or not paid or capitalized).

**Interest Cover** means, in respect of any Relevant Period, the ratio of Consolidated EBITDA for that Relevant Period to Consolidated Net Finance Charges for that Relevant Period.

**Interest Payable** means, in respect of any Relevant Period, the aggregate of Interest accrued (whether or not paid or capitalised) in respect of any Borrowings of any member of the Group during that Relevant Period but:

- a) excluding (to the extent included) any amortisation of fees, costs, ticking fees, original issue discount and expenses incurred in connection with the raising of any Borrowings; and
- b) excluding any capitalised interest (including accrued PIK interest), the amount of any discount amortised and other non-cash interest charges during the Relevant Period,

and calculated on the basis that:

- i. the amount of Interest accrued will be increased by an amount equal to any amount payable by members of the Group under hedging agreements in respect of Interest in relation to that Relevant Period;
- ii. the amount of Interest accrued will be reduced by an amount equal to any amount payable to members of the Group under hedging agreements in respect of Interest in relation to that Relevant Period; and
- iii. any gains or losses realised on the termination of any hedging agreement will be excluded.

**Interest Receivable** means, in respect of any Relevant Period, the amount of any interest payable on any cash and Cash Equivalent Investments by any third party to members of the Group during the Relevant Period.

**Investors** means Ouestgaz SAS, Pacific Mezz (Luxembourg) S.à.r.l., SNAM S.p.A, and Predica – Prévoyance Dialogue du Crédit Agricole or any of their respective Affiliates and/or any trust, fund or other person controlled, managed or advised by any of the foregoing.

**Key Provisions** means, in respect of the terms and conditions applying to any Shareholder Debt, provisions which in substance state or provide as follows (which in the case of (f) below, shall be deemed to include any such provisions as may be set out in any agreement between the direct and indirect shareholders of the Parent):

- a) that the Parent's payment obligations in cash with respect to principal and interest on such Shareholder Debt shall be subordinated and junior in right of payment to any other indebtedness, present or future, owed by the Parent to any third party, including present and future indebtedness (if any) of the Parent to (i) trade creditors and any refinancing of any such indebtedness and (ii) any creditors under "*prêts participatifs*";
- b) for there to be no covenants, acceleration rights, rights to declare a default or event of default, put options or mandatory early redemption or prepayment events, in each case enforceable by the creditors of such Shareholder Debt other than any such provisions which are not enforceable at any time prior to the date on which no amounts are outstanding under or in respect of the Notes or where the relevant obligation may be satisfied by the issue of ordinary shares in the capital of the Parent;
- c) for there to be no Security granted by any member of the Group in respect of such Shareholder Debt;
- d) that any right or obligation of the Parent to make any payment in cash of any amount of principal or interest under or in respect of such Shareholder Debt (including any call option in respect of such Shareholder Debt which may be settled in cash) shall be subject to such payment not constituting an event of default under the Notes (including for the avoidance of doubt, the event of default set out at (vi) above);
- e) for the scheduled maturity date of such Shareholder Debt to be no earlier than 29 July 2043; and
- f) that Shareholder Debt is to be considered as stapled with the shares of the Parent Shareholder and that Shareholder Debt cannot be transferred without a *pro-rata* acquisition (by way of purchase, subscription or conversion/redemption of Shareholder Debt acquired into shares) by the transferee of shares of the Parent Shareholder (other than where Shareholder Debt is transferred to an Affiliate of the transferor or is transferred to the Parent Shareholder).

**Lock-up Event** means, at any time while any Note is outstanding, any Lock-up Ratio not being met in respect of the most recent Relevant Period expiring prior to the proposed relevant payment in cash by the Parent.

**Lock-up Ratios** means the following:

- a) **Interest Cover:** Interest Cover in respect of any Relevant Period being not less than 4:1; and
- b) **Total Net Leverage:**
  - i. in respect of any actual or potential payment, repayment, prepayment, redemption, repurchase, defeasance, retirement or discharge, in each case in cash, by the Parent of any principal amount outstanding under or in respect of the ORAs, Total Net Leverage in respect of each Relevant Period the last day of which falls during each Year referred to in the table below not exceeding the level set out opposite each Year in the table below:

Test Date falling in	Total Net Leverage
Year 2019	7.25:1
Year 2020	7.25:1
any Subsequent Year	7.00:1

For these purposes:

- **Year 2019** means the period of twelve (12) months commencing on 1 January 2019 and expiring on 31 December 2019.
  - **Year 2020** means the period of twelve (12) months commencing on 1 January 2020 and expiring on 31 December 2020.
  - **Subsequent Year** means, as from 1 January 2021, any period of twelve (12) months commencing on 1 January and expiring on 31 December in the same year; and
- ii. in respect of any actual or potential (x) payment, repayment, prepayment, redemption, repurchase, defeasance, retirement or discharge, in each case in cash, by the Parent of any amount outstanding under or in respect of any Shareholder Debt other than principal under or in respect of the ORAs or (y) payment of dividend or distribution on or in respect of its share capital, redemption, repurchase, defeasance, retirement, distribution or repayment of any of its share capital or share premium reserve, in each case in cash, by the Parent, Total Net Leverage in respect of each Relevant Period the last day of which falls during each Year referred to in the table below not exceeding the level set out opposite each Year in the table below:

Test Date falling in	Total Net Leverage
Year 2019 (as defined above)	7.25:1
Year 2020 (as defined above)	7.25:1
any Subsequent Year (as defined above)	7.00:1

**Mandatory Conversion Provisions** means, in respect of the terms and conditions applying to the ORAs, provisions which in substance provide or state that the Parent shall immediately redeem all (and not part only) of the outstanding ORAs in ordinary shares upon the occurrence of any of the following events:

- a) a Parent Insolvency Event;
- b) a Notes Event of Default;

- c) any event of default under or breach of any provision of the Undertaking Agreement or any amendment (other than of a non-material, technical or administrative nature), termination, rescission or revocation of the Undertaking Agreement, unless the Undertaking Agreement is amended or replaced following an amendment of the Conditions approved by Noteholders in a Collective Decision, and if such circumstances shall not have been remedied within 60 days of the Issuer giving written notice of such circumstances to the other parties to the Undertaking Agreement.

**Notes Event of Default** means any event having occurred and being continuing which constitutes an Event of Default as defined in Condition 7(a) of the Term and Conditions of the Notes.

**ORAs** means the EUR 670,000,000 8 per cent. bonds mandatorily redeemable in ordinary shares due 2043, issued by the Parent on 29 July 2013, the terms and conditions of which were amended on 13 December 2013, 9 October 2015 and 12 December 2019. A copy of the amended terms and conditions of the ORAs will be available for inspection by the Noteholders at the registered office of the Issuer and at the specified offices of any of the Paying Agents.

**Parent** means Teréga SAS, a *société par actions simplifiée* established under the laws of the Republic of France with registered office at 40, avenue de l'Europe - 64000 Pau Cedex, France registered with the Trade and Companies Registry of Pau (*Registre du Commerce et des Sociétés de Pau*) under identification number 790 113 724. The Parent acquired the entire issued share capital of the Issuer on 30 July 2013 and is the direct Holding Company of the Issuer.

**Parent Insolvency Event** means:

- a) the Parent is in *cessation des paiements* in accordance with Article L.631-1 of the French *Code de commerce* or becomes insolvent or is unable to pay its debt or fails or admit in writing its inability generally to pay its debts as they become due;
- b) any resolution is passed or order made for the winding up, dissolution, administration or reorganization of the Issuer, a moratorium is declared in relation to any indebtedness of the Issuer or an administrator is appointed to the Parent;
- c) any proceedings for *sauvegarde*, *sauvegarde financière accélérée*, *sauvegarde accélérée*, *redressement judiciaire*, *liquidation judiciaire* are opened in respect of the Parent;
- d) the appointment of any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Parent or any of its assets;
- e) the appointment of any *mandataire ad hoc* or *conciliateur* is made in respect of the Parent or any of its assets in accordance with Articles L.611-3 to L.611-5 of the French *Code de commerce*; or
- f) any analogous procedure or step is taken in respect of the Parent in any jurisdiction.

**Parent Shareholder** means Teréga Holding SAS.

**Permitted Purpose** means:

- a) the redemption, repurchase, defeasance, retirement or repayment of any of the Parent's share capital (including the repurchase of shares) held by departing management and departing employees or any payment of the Parent to fund such a payment by any of

the Parent's Holding Companies provided that such payment does not exceed EUR 5,000,000;

- b) the payment to or to the order of any of the Parent's Holding Companies (and, in addition, in the case of (ii) below, the shareholders (direct or indirect) of the Parent) of the following items or any payment by the Parent to fund such a payment by any of the Parent's Holding Companies:
- i. any sum required to maintain the corporate existence of the Parent's Holding Companies;
  - ii. any management fees, ad hoc advisory fees, or other fee or expenses so long as such payment does not exceed EUR 5,000,000 per annum in aggregate for all Holding Companies and shareholders (direct or indirect) of the Parent;
  - iii. any corporate income Tax amount due, as the case may be, by the Parent and/or the Issuer to any Holding Company of the Parent in its quality of parent of a French tax consolidated group up to the amount of the corporate income tax the Parent and/or the Issuer would have paid to the French tax authorities had it not been part of such French tax consolidated group and provided for in any tax sharing agreement; and
  - iv. repayment of an amount up to the amount received from any of the shareholders (direct or indirect) of the Parent on account of any indemnity given or any additional equity contribution provided by such shareholders, in respect of any tax payable by the Parent to the extent that the Parent subsequently obtains a refund or reimbursement from any person in respect of such tax.

**Rating Downgrade** shall be deemed to have occurred and be continuing if the senior unsecured issuer and debt rating of the Issuer assigned by any Rating Agency is reduced to any level below Baa3 (in the case of a rating by Moody's), below BBB- (in the case of a rating by Standard & Poor's Rating Services or Fitch Ratings Ltd) or below the equivalent level in the case of any other Rating Agency and, in each case, such rating has not been restored at or above such levels.

**Relevant Period** means each period of twelve months ending on the last day of each financial year of the Issuer and each period of twelve months ending on the last day of the first half of each financial year of the Issuer.

**Shareholder Debt** means any Financial Indebtedness of the Parent towards any of its direct or indirect shareholders or any Affiliate of such a shareholder (excluding, for the avoidance of doubt, any member of the Group), including (without limitation) under the ORAs.

**Shareholder Debt Modification** means any amendment, novation, supplement, extension, increase or replacement to or of the terms relating to any existing Shareholder Debt which would (i) have the effect that each of the Key Provisions would not be included or continue to be included in the terms relating to such Shareholder Debt or any replacement thereof and (ii) for so long as any of the ORAs are outstanding, have the effect that the terms and conditions of the ORAs would not include or continue to include each of the Mandatory Conversion Provisions.

**Subsidiary** means, in relation to any company, another company which is controlled by it within the meaning of Article L.233-3 of the French *Code de commerce*.



**Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**Teréga Holding SAS** means Teréga Holding SAS a *société par actions simplifiée* established with limited liability under the laws of the Republic of France with registered office at 40, avenue de l'Europe - 64000 Pau Cedex, France registered with the Trade and Companies Registry of Pau (*Registre du Commerce et des Sociétés de Pau*) under identification number 794 169 326.

**Total Net Leverage** means, in respect of any Relevant Period, the ratio of Consolidated Total Net Debt on the last day of that Relevant Period to Consolidated EBITDA for that Relevant Period.

(c) *Calculations and information covenants*

For the purpose of this Condition, the Lock-up Ratios shall be tested in respect of each Relevant Period.

The Lock-up Ratios shall be calculated in accordance with GAAP and shall be confirmed by compliance certificates which shall be delivered by the Issuer to the Noteholders within 180 days after the end of each of the Parent's financial years and within 90 days after the end of each of the Parent's financial half years and which shall be notified to the Noteholders in accordance with any of the methods provided for in Condition 9 (Notices) as to the delivery of notices to the Noteholders.

The compliance certificates shall:

- a) set out (in reasonable detail) computations as to the satisfaction (or non-satisfaction) of the Lock-up Ratios;
- b) confirm that, there has been no Shareholder Debt Modification or, if or if there has been a Shareholder Debt Modification, set out the details thereof; and
- c) confirm that, to the best of the knowledge and belief of the party issuing the relevant certificate, there has been no event of default under or breach of any provision of the Undertaking Agreement or any amendment (other than of a non-material, technical or administrative nature), termination, rescission or revocation of the Undertaking Agreement, unless the Undertaking Agreement is amended or replaced following an amendment of the Conditions approved by Noteholders in a Collective Decision.

In addition, within 75 days of the Issue Date, the Issuer shall also deliver to the Noteholders, in accordance with Condition 9, a notice confirming that the Undertaking Agreement has been executed. As from the date of such notice, a copy of the Undertaking Agreement (as amended or replaced as the case may be) will be available for inspection by the Noteholders at the registered office of the Issuer and at the specified offices of any of the Paying Agents.

A Lock-up Event shall no longer be considered to be "continuing" if at a subsequent Calculation Date, any Lock-up Ratio which was not satisfied as at the previous Calculation Date is satisfied as at such subsequent Calculation Date.

For the purpose of the calculation of any Lock-up Ratio:

- a) there shall be included in determining Consolidated EBITDA (but without double counting) for any Relevant Period (including the portion thereof occurring prior to the relevant acquisition):
  - i. the consolidated earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA, *mutatis mutandis*) for the period of any person, property, business or material fixed asset acquired and not subsequently sold, transferred or otherwise disposed of by any member of the Group during such Relevant Period (each such person, property, business or asset acquired and not subsequently disposed of being an **Acquired Entity or Business**); and
  - ii. if material (unless, in relation to any material adjustment which could be made as a result of cost savings, the Parent elects not to include such cost savings in the determination of Consolidated EBITDA), an adjustment in respect of each Acquired Entity or Business acquired during such Relevant Period equal to the amount of the Pro forma Adjustment with respect to such Acquired Entity or Business for such Relevant Period;
- b) there shall be excluded in determining Consolidated EBITDA for any Relevant Period the earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA, *mutatis mutandis*) of any person, property, business or material fixed asset sold, transferred or otherwise disposed of by any member of the Group during such Relevant Period (including the portion thereof occurring prior to such sale, transfer, disposition or conversion) (each such person, property, business or asset so sold or disposed of being a **Sold Entity or Business**);
- c) Consolidated Net Finance Charges will be adjusted to reflect the assumption or repayment of debt owed by or relating to any Acquired Entity or Business or Sold Entity or Business; and

**Pro forma Adjustment** shall mean, for any Relevant Period that includes the date on which the acquisition of or investment in an Acquired Entity or Business has been made, with respect to the Consolidated EBITDA of that Acquired Entity or Business, the *pro forma* increase in such Consolidated EBITDA projected by the Parent in good faith as a result of reasonably identifiable and supportable cost savings realisable during the period of twelve (12) months from the date of the relevant acquisition or investment in combining the operations of such Acquired Entity or Business with the operations of the Parent and its Subsidiaries (where such cost savings shall include the full year effect resulting from measures which are capable of being implemented in such 12 month period), which, by reference to the Parent's knowledge with regard to the information reasonably available at such time, the Parent reasonably believes to be realisable, **provided that** so long as such cost savings will be realisable at any time during such period, it may be assumed, for purposes of projecting such *pro forma* increase to such Consolidated EBITDA, that such cost savings will be realisable during the entire such period, **provided further that** any such *pro forma* increase to such Consolidated EBITDA shall be without duplication for cost savings actually realised during such period and already included in such Consolidated EBITDA.

Following the cessation of a Lock-up Event (including the case where a Lock-up Ratio has not been satisfied, but is satisfied as at any subsequent Relevant Period) any cash available for distribution which was previously locked-up at the level of the Parent as a result of such Lock-up Event will, subject to the terms and conditions of the Notes, become immediately available for distribution by the Parent and other purposes not expressly prohibited by the terms and conditions of the Notes.

For the purposes of the calculation of the Lock-up Ratios, no item shall be included or excluded more than once in any calculation.

If there is a change in GAAP and that affects any calculation (or any accounts to be used for the purposes of any calculation) to be made under this Condition 7 in any material respect, then the Issuer shall, upon delivery of any certificate to be delivered pursuant to this Condition 7 after the occurrence of such change, also deliver to the Noteholders in accordance with any of the methods provided for in Condition 9 (Notices) as to the delivery of notices to the Noteholders, reasonable details of any adjustments which need to be made to the relevant accounts in order to bring them into line with the GAAP as in force as at the date of the Undertaking Agreement and the certificates to be delivered pursuant to this Condition 7 after the occurrence of such change shall be prepared taking any such adjustments into account.

## 8 Representation of the Noteholders

### (a) *The Masse*

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the **Masse**).

The Masse will be governed by the provisions of Articles L.228-46 *et seq.* of the French *Code de commerce* with the exception of Articles L.228-48, L.228-65 I. 1° and 6° (and the related provisions), L.228-71 and R.228-69 of the French *Code de commerce* and as supplemented by the conditions set forth below.

### (b) *Legal Personality*

The Masse will be a separate legal entity, by virtue of Article L.228-46 of the French *Code de commerce* acting in part through a representative (the **Representative**) and in part through collective decisions of Noteholders (the **Collective Decisions**).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

### (c) *Representative*

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer, the members of its Board of Directors, its *Président*, its statutory auditors and its employees and their ascendants, descendants and spouses;
- (ii) companies possessing at least ten (10) per cent. of the share capital of the Issuer or of which the Issuer possesses at least ten (10) per cent. of the share capital;
- (iii) companies guaranteeing all or part of the obligations of the Issuer; and
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representative shall be:

**Association de représentation des masses de titulaires de valeurs mobilières**  
Association Loi 1901 / SIREN 830 898 037 / SIRET 830 898 037 00015

In the event of dissolution, death, incapacity, retirement or revocation of the Representative, a replacement representative will be elected by a Collective Decision of Noteholders.

All interested parties will at all times have the right to obtain the name and the address of the Representative at the head office of the Issuer and at the offices of the Fiscal Agent.

*(d) Powers of the Representative*

The Representative shall, in the absence of any Collective Decision to the contrary, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them in order to be justifiable, must be brought against the Representative or by it, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

*(e) Collective Decisions*

Collective Decisions are adopted either in a general meeting (the **General Meeting**) or by consent following a written consultation (the **Written Decision**).

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder or the Issuer of the name of such Noteholder as of 0:00 Paris time, on the second (2<sup>nd</sup>) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 8(j).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of the Notes.

*(f) General Meetings*

General Meetings may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the principal amount of the Notes outstanding may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions of the General Meetings shall be taken by a two-thirds (2/3) majority of votes held by the Noteholders attending such General Meeting or represented thereat.

Notice of the date, time, place, agenda and quorum requirements of any General Meeting will be published as provided under Condition 8(j) not less than fifteen (15) days prior to the date

of the General Meeting on first convocation and not less than five (5) days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy by correspondence or by visioconference or by any other means of telecommunication allowing the participation of the Noteholders. Each Note carries the right to one vote.

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) day period preceding the holding of the General Meeting on first convocation, or during the five (5) day period preceding the holding of the General Meeting on second convocation.

*(g) Written Decision*

At the initiative of the Issuer or the Representative, Collective Decisions may also be taken by a Written Decision.

Such Written Decision shall be signed by or on behalf of Noteholders holding not less than 75 per cent. of the principal amount of the Notes outstanding without having to comply with formalities and time limits referred to in Condition 8(f). Notice seeking the approval of a Written Decision will be published in accordance with Condition 8(j). Any such decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Noteholders. Such Written Decision may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such Noteholders or may be given by way of electronic communication allowing the identification of Noteholders pursuant to Article L.228-46-1 of the French *Code de commerce*, and shall be published in accordance with Condition 8(j).

*(h) Exclusion of certain provisions of the French Code de commerce*

The provisions of Article L.228-65 I. 1° and 6° of the French Code de commerce (respectively providing for a prior approval of the general meeting of the Noteholders of (i) any change in corporate purpose or form of the Issuer and (ii) the transfer of the registered office of a *societas europaea* in another EU member state) and the related provisions of the French *Code de commerce* shall not apply to the Notes.

*(i) Expenses*

The Issuer will pay all reasonable expenses incurred in the operation of the Masse, including expenses relating to the calling and holding of General Meetings, the approval of Written Decisions and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

For the avoidance of doubt, in this Condition 8 “outstanding” shall not include those Notes purchased by the Issuer that are held by it and not cancelled in accordance with applicable laws and regulations.

*(j) Notices to Noteholders*

Any notice to be given to Noteholders in accordance with this Condition 8 shall be given in accordance with Condition 9.

**9 Notices**

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, Luxembourg, for so long as the Notes are cleared through such clearing systems and published on the website of the Issuer ([www.terega.fr](http://www.terega.fr)). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

**10 Prescription**

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

**11 Further Issues**

The Issuer may, from time to time without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single Masse having legal personality.

**12 Governing Law and Jurisdiction**

The Notes are governed by and shall be construed in accordance with the laws of the Republic of France.

Any action against the Issuer in connection with the Notes will be submitted to the exclusive jurisdiction of the registered office of the Issuer.

## **USE AND ESTIMATED NET AMOUNT OF PROCEEDS**

The estimated net proceeds from the issue of the Notes amount to €493,320,000 and will be used by the Issuer for general corporate purposes, including the funding of future investments and the reimbursement at maturity in whole or in part of the existing €500,000,000 4.339 per cent. bonds due 2021 issued on 7 July 2011.

## DESCRIPTION OF THE ISSUER

### 1. General Information about the Issuer

#### 1.1 History and development

Société Nationale de Gaz du Sud Ouest (“SNGSO”) was created on 17 November 1945 for transporting and marketing natural gas in the South West of France. SNGSO was formed as a joint venture between the Régie Autonome des Pétroles (“RAP”) and the Société Nationale des Pétroles d’Aquitaine (“SNPA”). In 1955, Gaz de France (“GDF”) acquired 30% of SNGSO and the remaining 70% was owned by SNPA.

In 1976, SNPA merged with the Entreprise de Recherches et d’Activités Pétrolières, which had become the corporate successor of the RAP in 1965, to become Société Nationale Elf Aquitaine and was privatised in 1994, and SNGSO was re-named Gaz du Sud-Ouest.

The pipeline network in the South West of France developed rapidly from the Atlantic to the Mediterranean coast, increasing from 3,000 kilometers of pipeline in the 1980s to over 5,000 kilometers of pipeline as at the date of this Prospectus. The network was extended beyond France in 1993, with the construction of the first Trans-Pyrenees gas pipeline. From 1998, Gaz du Sud-Ouest supplied, transported and marketed natural gas on a fully integrated basis.

In 2000, the Totalfina and Elf groups merged, becoming the Total group in 2003. The merged entity held 70% of Gaz du Sud-Ouest, with GDF continuing to hold the remaining 30%. In 2004, Gaz du Sud-Ouest became a wholly-owned subsidiary of Total S.A. In 2005, Gaz du Sud-Ouest became TIGF.

In accordance with the relevant provisions of the French *Code de l’énergie*, TIGF was certified as a gas transmission system operator (“TSO”) in a deliberation of the *Commission de Régulation de l’Énergie* (“CRE”) dated 26 January 2012.

In July 2013, the shares of TIGF were transferred to TIGF Investissements S.A.S, which was itself 100%-owned by TIGF Holding S.A.S. The shareholders of TIGF Holding S.A.S were SNAM S.p.A., an Italian infrastructure manager, Pacific Mezz (Luxembourg) S.A.R.L, a Luxembourg law company indirectly wholly-owned by GIC (Ventures) Pte. Ltd., a Singapore law company, and Société C31 S.A.S (now Ouestgaz), a company wholly-owned indirectly by Electricité de France S.A. As a result of this transaction, the CRE initiated a procedure for the re-examination of TIGF’s certification in September 2013. By a deliberation of the CRE dated 3 July 2014, TIGF obtained its current certification as an independent TSO on the basis of the “ownership unbundling model”.

On 26 February 2015, Prévoyance Dialogue du Crédit Agricole S.A., a company wholly-owned by Crédit Agricole Assurances, entered in the share capital of TIGF with a 10% stake.

On 29 March 2018, the TIGF group became the Teréga group. Consecutively, TIGF S.A. became Teréga SA, i.e. the Issuer, TIGF Investissements S.A.S became Teréga SAS, and TIGF Holding S.A.S became Teréga Holding SAS.

The shareholding structure and the governance rules are detailed in paragraph 3 below.

#### 1.2 Legal information

Teréga SA is a *société anonyme*, governed by the laws and regulations applicable to commercial companies in France and its by-laws (*statuts*).



The Issuer is registered with the *Registre du Commerce et des Sociétés de Pau* under number 095 580 841. The Issuer was incorporated in France on 17 November 1945 for a period of 99 years. The expiration date of the Issuer is 16 November 2044, except in the event of extension or early dissolution.

The legal entity identifier of the Issuer is 969500Y0L922VYT3UI51.

The registered office of the Issuer is located at 40, Avenue de l'Europe, 64010 Pau, France and the telephone number of the Issuer is +33 (0)5 59 13 34 00.

The website of the Issuer is [www.terega.fr](http://www.terega.fr).

### 1.3 Credit ratings

The Issuer is rated “Baa2” with a stable outlook by Moody’s France SAS (“**Moody’s**”).

## 2. Business Overview

### 2.1 Principal activities

In accordance with Article 3 of its by-laws, the corporate purpose of the Issuer is the management and development of its current and future assets, in France and in Europe, and in particular, (i) constructing, operating and marketing, directly or through holdings or subsidiaries in France, a member state of the European Union or the European Economic Area, any natural gas transmission network, any underground natural gas storage facility or any liquefied natural gas reception facility; (ii) acquiring holdings in companies that trade in natural gas on exchange, and more generally, all financial, commercial and industrial, real estate or moveable property transactions directly or indirectly associated with the aforementioned purposes or with all related or connected purposes; and (iii) creating or participating in any corporation, association, corporate foundation, endowment fund, or any other public interest entity.

The Issuer is the operational company of a group held by the holding company Teréga SAS. The shareholding structure of the Issuer is detailed in paragraph 3 below.

The Issuer’s principal activities are:

- **gas transmission**, which consists of the transmission of gas to end-users such as industries and public distribution networks in the South West of France, as well as providing connections to other networks in France, Spain and the rest of Europe; and
- **underground storage of natural gas**, which consists of the operation of two storage facilities in the South West of France.

At the heart of connections between France and Spain, and midway between the North Sea gas reserves and those of Algeria, the Issuer holds a strategic location in Europe.



The Issuer has the benefit of over 70 years of experience in gas transmission and storage. The combination of the Issuer's transmission and storage activities provides shippers with flexibility in the management of flows and allows them to deal with possible variations in supply.

The Issuer's strategic target is to develop activities that will improve fluidity in the European gas market and contribute to security of gas supply, in particular by improving the performance of its transmission and storage infrastructures. The Issuer is also involved in the deployment of the biomethane sector and is focused on providing new customer-oriented services and reinforcing its positioning as a high-value partner in the gas chain.

The gas transmission business and the underground natural gas storage business are both regulated activities with predictable cash flows, as gas transmission tariffs and gas storage tariffs are set by the CRE.

## 2.2 Gas transmission

The Issuer's gas transmission activity has two main purposes: delivering gas to consumers in France and contributing to security of gas supply in Europe through its network interconnections. The quantities carried in 2019 reach 157 TWh<sup>3</sup> (+27% compared to 2018). Gas that transits from France to Spain through the Issuer's grid supplies amounted to 11.2% of the Spanish consumption in 2019. This transmission activity reinforces the Issuer's role as a European cross-border gas operator.

### 2.2.1 Gas transmission network

The Issuer's gas transmission network has two parts:

- The main grid provides a two-way link between the grids operated by neighboring TSOs in France and Spain, and access to the Lussagnet and Izaute storage sites.

<sup>3</sup> Terawatt hour

- The regional grid is sized to meet consumption needs within the area and carries gas from the main grid to industrial consumers directly connected to the Issuer's grid, or to distribution grids supplying consumers in urban areas.

The Issuer's gas transmission network consists of over 5,135 kilometers of pipelines, representing 15.8% of France's main pipeline network, and carries 18% of the total volume of natural gas transported in France, according to estimates of the Issuer. The Issuer's network has 6 compression stations with a total power output of 85 MW<sup>4</sup>. In 2019 annual gas consumption in the area served by the Issuer's network amounted to 27.5 TWh (-3.5% compared to 2018), compared to a total of 478.5 TWh of annual gas consumption in France.

The pipelines range in age from newly installed to original pipes dating back to the 1950s. On average, the pipelines are approximately 30 years old. The Issuer's network undergoes constant maintenance, modernisation and replacement in order to ensure high performance and meet safety standards.

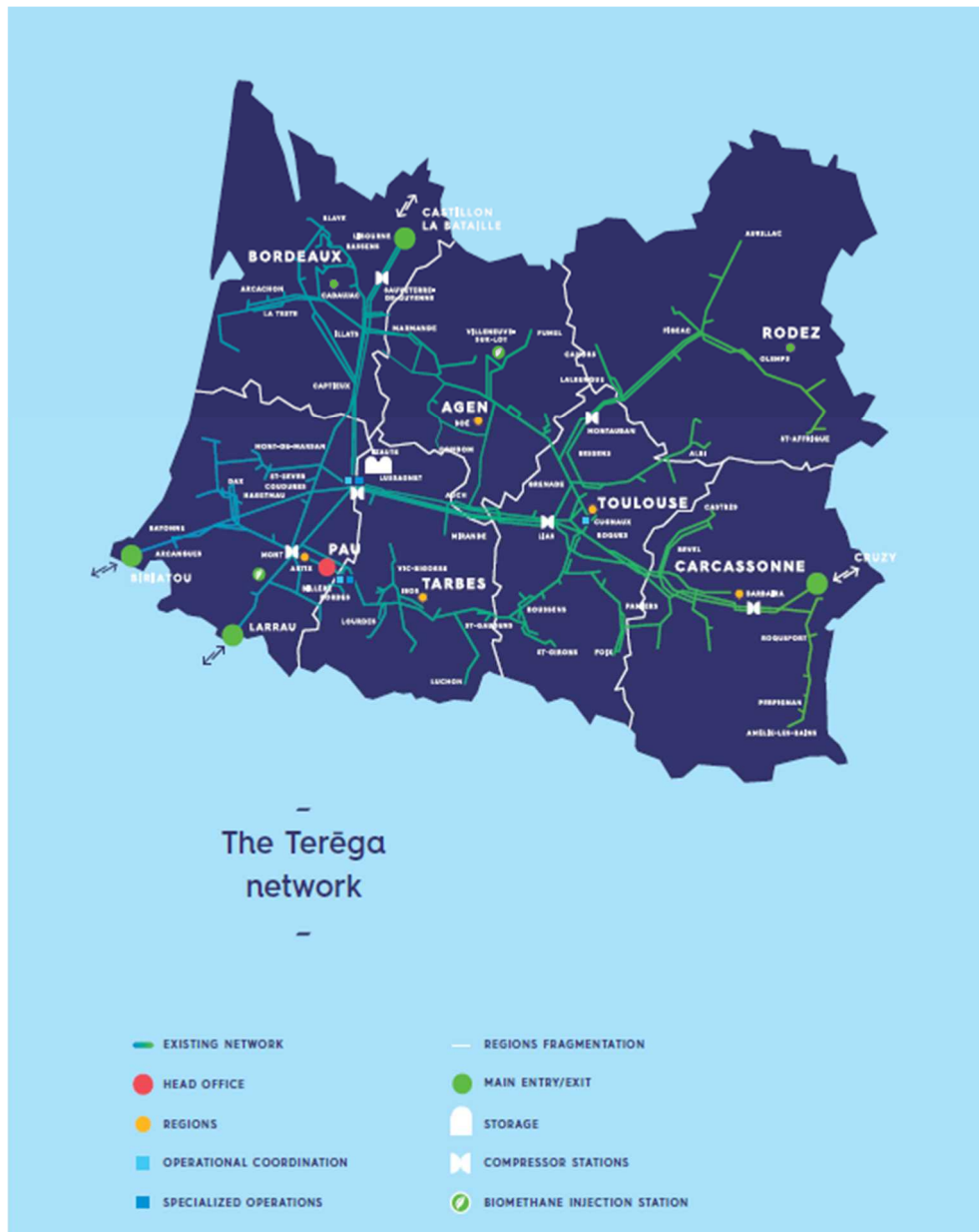
In addition, the Issuer is actively involved, both nationally and locally, in the deployment of the biomethane sector, which will form an integral part of France's future energy mix. The Issuer is involved in connecting biomethane production sites to the network. At the end of 2019, the Issuer connected two biomethane production sites, was involved in 5 ongoing projects and had identified 12 prospects.

The Issuer's network is operated from a control center located in Pau.

The following map illustrates the geographical coverage of the Issuer's network:

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<sup>4</sup> Megawatt



### 2.2.2 Single market place area for gas in France

The single gas market area in France, i.e. Trading Region France (“**TRF**”), was launched on 1 November 2018 by the Issuer and GRTgaz, the two TSOs in France. With the TRF, the entire French market is now interconnected with the European marketplaces, reducing the risk of congestion between the North and the South and thus strengthening the security of supply. The French market is therefore more liquid and more integrated to the European market.

The Gas Exchange Point (*point d’échange de gaz* or “**PEG**”) price is now the single wholesale market price of gas in France with no distinction between the North and the South. An inter-operator financial compensation mechanism has been set up to distribute the revenues received by the TSOs and allocate the management costs incurred by the TSOs.

### 2.2.3 Operation of the Issuer network / Balancing

The Issuer’s transmission service consists of collecting the gas supplied to it by the shippers at one or more inlet points and in delivering an equivalent quantity of energy to one or more redelivery points,

within the contractually-agreed limits of daily and hourly capacities. Furthermore, pursuant to Article L.431-3 of the French *Code de l'énergie*, TSOs such as the Issuer are required to ensure that their networks are safe and efficient and to ensure that gas flows are balanced at any given time.

The delivery of gas of a contractually specified quality and quantity and the balancing of natural gas flows require sophisticated modelling taking into account, among others, detailed daily weather forecasts and consumption records, as well as firmly established expertise in the areas of safety, flow distribution and quality monitoring.

As maintaining balanced gas flows ultimately depends on how shippers manage their inputs and off-takes, shippers are required to ensure, on a daily basis, that the quantity of energy supplied at the inlet point equals the quantity of energy collected at the delivery point. The balancing system is a market-orientated one, in that it encourages shippers on the transmission system to manage all imbalances themselves, clearing them daily, with no accumulation or tolerances.

Shippers are bound to pay daily imbalance charges in relation to their daily imbalance quantity for each gas day. Shippers must also pay additional charges if they use more capacity than they have reserved. The Issuer offers shippers services to help them manage the inevitable imbalances arising from the differences between forecasts and actual events.

#### **2.2.4 Maintenance and safety**

As a result of the Issuer's long history of management and extension of its physical transmission network, the Issuer benefits from highly-developed skills in engineering, infrastructure management, intervention, safety and maintenance. The Issuer has also implemented a Culture Based Safety initiative in order to reduce the risk of workplace accidents.

The Issuer operates its installations under the applicable regulation (French *Arrêté* of 5 March 2014 amended on 15 December 2016) and under its own safety and integrity rules:

- *Integrity inspection*: the Issuer uses state-of-the-art techniques to periodically inspect the network;
- *Visual inspection*: different techniques are implemented at a risk-based frequency (up to two inspections per month);
- *Third party accident prevention*: the Issuer has stepped up efforts to improve safety in areas immediately surrounding its pipelines. These actions to prevent third party accidents are focused on the Issuer's employees as well as contractors, landowners and local administrations.
- *Maintenance*: a specific maintenance plan is implemented on all equipment to insure its safety and availability.
- *Monitoring*: the entire network is continuously monitored from the headquarter in Pau.
- *Training*: the Issuer's employees benefit from dedicated training.
- *Network risk analysis*: systematic risk analysis of the network has been carried out to defined and implement relevant measures.

The Issuer has third party liability and property damage insurance coverage, except with respect to underground pipelines, which are not covered by property damage insurance. The policies are contracted with first rank insurers. The amounts insured depend on the risks defined in risk evaluations

regularly performed. Other insurance contracts are put in place in addition to property damage and third-party liability coverage, mainly for car fleet, transportation and construction works when necessary.

### **2.2.5 Third party access to the network**

The European and French regulatory framework of the gas sector is intended to ensure competitive and efficient European gas markets through the principle of transparent and non-discriminatory access to gas transmission networks. Accordingly, Articles L.111-97 to L.111-110 of the French *Code de l'énergie* require TSOs, such as the Issuer, to guarantee a right of access to producers of biogas, suppliers of natural gas or their representatives and end users. TSOs must also guarantee access to their networks and ancillary services for enabling cross-border transit of high pressure gas within the European Economic Area.

### **2.2.6 Gas transmission clients**

The Issuer has 58 clients for its transmission business as of the date of this Prospectus.

There are currently three types of clients for the Issuer's transmission capacities: shippers representing €259 million in sales in 2019, industrial clients and distribution network operators representing €3 million in sales in 2019 and a single transmission network operator representing €34 million in sales in 2019.

The Issuer offers three types of services for its clients:

- transmission services, allowing shippers to send volumes of natural gas from one point on the grid to another, which generate variable capacity reservation fees;
- a connection service, which generates fixed annual service fees; and
- additional services, tailored to customer's needs, with specific fee structures.

Shippers typically subscribe for transmission capacity on the main network, at the entrance and exit points of the Issuer network, and at the entrance and exit points of the Issuer storage facilities. They also subscribe for capacity on the regional network at the exit point for consumption by industrial clients or towards other distribution network operators. Shippers pay a capacity reservation fee that is not linked to the quantities of gas actually transported. For a separate fee, shippers use the PEG in order to trade gas quantities. The fee for this service is linked to the quantities of gas traded.

Industrial clients and distribution network operators use services linked to connections between their infrastructures and the Issuer's network, such as pipe maintenance and pressure offer. A service fee is set annually and revalued on the basis of indexations or in the event that specific works are needed.

### **2.2.7 Tariffs for using the gas transmission network**

Articles L.452-1 to L.452-3 of the French *Code de l'énergie* specify that tariffs for using the gas transmission network are set by the CRE for each TSO in order to cover all the costs borne by such TSO in so far as these costs correspond to those of an efficient network or facilities operator.

The deliberation of the CRE dated 23 January 2020 relating to the tariff for the use of the natural gas transmission networks (the “**ATRT7 Tariff**”) came into effect on 20 April 2020 for a period of approximately four years.

The ATRT7 Tariff is based on the following elements:

- **Definition of an annual authorised revenue for each TSO:** the authorised revenue for the relevant year is equal to the sum of net operating expenses, normative capital charges (based on a weighted average cost of capital (WACC) of 4.25%, i.e. a 100 bps decrease compared to the previous tariffs, explained by changes of market conditions, the scheduled decrease in French corporate tax and the increase in the beta of the assets), clearance of the balance of the CRCP (as defined below) and the inter-operator financial compensation mechanism between TSOs. The authorised revenue aims to (i) limit the TSO’s financial risk by providing for a subsequent correction of the authorised revenue by taking into account the difference between the forecast charges or revenues and the actual charges or revenues through a “revenues and expenses clawback account” (*compte de régularisation des charges et produits* or “CRCP”) and (ii) encourage the TSOs to improve their performance through incentive mechanisms.

In the deliberation setting the ATRT7 Tariff, the CRE set the authorised revenue for the Issuer for the 2020-2023 period as follows:

	2020	2021	2022	2023
In millions of euros	280.1	278.5	279.7	269.3

- **Forecast of capacity subscription for the network for each TSO:** the subscriptions trajectories for the relevant year incorporate (i) capacity subscriptions already in the portfolio of such TSO and (ii) new capacity subscriptions for such TSO.
- **Incentive mechanisms:** the CRE maintained the main mechanisms already in force for operating expenses, capital expenditure, quality of service and research & innovation. In addition, the CRE has implemented a regulation pilot for the Issuer’s information systems expenditure.

Based on these elements, the CRE established a tariff grid detailing the tariff applicable as of 1 April 2020 and the terms of its annual updates (including the authorised revenue).

## 2.2.8 Investments and development

Article L.431-6, I of the French *Code de l’énergie* provides that TSOs shall draw up, after consultation with the relevant parties, a ten-year plan for the development of their network. This plan specifies the main transmission infrastructure to be built or upgraded over the next ten years, lists the investment projects already decided, identifies new investments to be made within three years and provides a provisional timetable for all investment projects.

The Issuer’s most recent ten-year plan was published in December 2019 but has not yet been examined by the CRE. The previous ten-year plan, published in January 2019 was examined by the CRE in a deliberation dated 27 March 2019 and includes the reinforcement of the Guyenne pipeline to improve gas flows from South to North of France.

Pursuant to Article L.431-6-II of the French *Code de l’énergie*, TSOs must also prepare and submit to the CRE an annual investment program, which set out the investments to be made over the coming year in furtherance of the ten-year plan. The Issuer’s 2020 investment program, approved by a deliberation of the CRE dated 23 January 2020 and revised in its deliberation dated 22 July 2020, is as follows:

<b>Investments Items</b>	<b>Budget (M€)</b>
Development of the main network	5.2
Strengthening of the regional network	0.4
Security and maintenance	70.9
Connections	1.2
Research and innovation	2.3
General investments	21.1
<b>Total without Covid-19 effects</b>	<b>101.1</b>
<b>Total with Covid-19 effects</b>	<b>95.7</b>

The preliminary estimation of the Covid-19 impact on the Issuer's investment program is 5.4 million euros.

### **2.3 Gas storage**

Natural gas storage allows to compensate for seasonal and other fluctuations in demand and thereby helps to avoid overinvestment in natural gas transmission infrastructure. Energy consumption patterns are closely correlated with climatic variations and change considerably from one period of the year to another.

Consumption during a winter month can be as much as five times higher than during a summer month. A daily peak in demand can be as much as four times higher than the yearly average and as much as twelve times higher than the lowest point.

To mitigate the effects of fluctuations in demand, natural gas is injected into storage during the summer, and then drawn off over the winter period to supply consumers. Storage therefore enables to guarantee the continuity of supply by fully topping up the amount of gas needed to cover user needs at any given time.

Underground storage facilities are subject to mining laws and regulations and can only be operated under a concession that determines the scope and the geological formations to which it applies. The holders of underground gas storage concession must operate them in a manner compatible with the safe and effective functioning of the interconnected natural gas networks.

The Issuer operates two underground natural gas storage sites in South West France on the basis of two concession titles: Lussagnet (concession ending on 1 January 2043, as extended by Decree dated 8 December 2017) and Izaute (concession ending on 26 October 2030, as extended by Decree dated 12 December 2006).

The Issuer's total gas storage capacity reaches 6.5 Gm<sup>3</sup> <sup>5</sup>, which the Issuer estimates, based on publicly available information, to represent 26% of France's underground natural gas storage capacity. The Issuer is the only operator of storage facilities in its network zone. In 2019, the storage facilities' availability rate was 100%.

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<sup>5</sup> Billion cubic metres



### 2.3.1 Operation of the Issuer's storage facilities

Gas is transported to the Issuer's storage facilities from production sites, from where it is routed by pipeline, and from several facilities in different worldwide locations, via the methane terminals. During the summer the gas is compressed and then injected through wells into the underground reservoir. To meet the increase in demand in winter, the gas is withdrawn via the same wells. Since recently, we also observe new and opposite cycles (injection in winter and withdrawal in summer) driven by price spreads between France and its neighboring countries. Once on the surface and compressed, the gas undergoes various processes to meet the specifications of the distribution circuits: dehydration, desulphurisation where applicable, decompression then odorisation.

Before being distributed to the network, the gas is continuously analysed. Numerous parameters are assessed every ten minutes to ensure the continuous quality of the product delivered to the end user. The Izaute storage facility is linked to Lussagnet by two pipelines that are 10 kilometers long. The surface facilities of both storage units are managed and controlled from a central control room at the Lussagnet site.

### 2.3.2 Clients

The Issuer has 27 shipping clients for its storage business as of the date of this Prospectus.

The new regulation implemented in 2018, pursuant to which storage capacities are offered through auctions with a zero reserve price, prompts clients to book storage capacities and take advantage of their flexibility on the marketplaces. 33.1 TWh of storage capacity were subscribed for 2020-2021 period (from 1 April 2020 to 31 March 2021).

### 2.3.3 Third party access to storage

French Law n°2017-1839 of 30 December 2017 introduced regulated third party access to underground natural gas storage in France in Articles L.421-5 to L.421-16 of the French *Code de l'énergie*. The purpose of introducing regulated third-party access to underground natural gas storage is to guarantee the filling of storage facilities necessary for the security of supply, while providing transparency on storage costs and removing the complexity associated with the previous system of individual storage obligations. In addition, the introduction of revenue regulation for operators aims to ensure that the final consumer pays the right price for the storage necessary for the security of supply.

### 2.3.4 Gas storage tariffs

In accordance with Article L.452-1 of the French *Code de l'énergie*, the CRE set the tariff for use of the facilities of gas storage operators ("GSOs") (the "ATS2 Tariff") in a deliberation dated 23 January 2020, which came into effect on 1 April 2020 for a period of approximately four years.

The ATS2 Tariff is based on the definition of an **authorised revenue** for each of the GSOs. The collection of authorised revenue from GSOs is carried out:

- through revenues received directly by GSOs from their customers, mainly from the marketing of storage capacity on **open auctions**, the terms of which are set by the CRE in its deliberation dated 22 February 2018;
- if the revenues received directly by GSOs are lower than their authorised revenue, through **compensation** collected by TSOs from their customers and paid back to GSOs, the terms of which are set by the CRE in its deliberation dated 26 March 2020.

In addition, in order to encourage GSOs to maximise storage capacity subscriptions and generate significant auction revenues, the ATS2 Tariff includes an **incentive mechanism** allowing operators to keep a proportion of auction revenue linked to the capacity subscription rate.

Based on these elements, the CRE established a tariff grid detailing the tariff applicable as of 1 April 2020 and the terms of its annual updates (including the authorised revenue).

### ***Authorised revenue***

The ATS2 Tariff set out the forecast authorised revenue of each GSO for the ATS2 Tariff Period on the basis of the tariff file submitted by the operators. The authorised revenue is equal to the sum of net operating expenses, normative capital expenses (based on a weighted average cost of capital (WACC) of 4.75%, i.e. a 100 bps decrease compared to the previous tariffs), and the clearance of the CRCP balance.

The CRE set the authorised revenue for the Issuer for the 2020-2023 period as follows:

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
In millions of euros	146.6	150.6	153.8	157.5

The authorised revenue for the Issuer would therefore increase by 2.4% per year in average during the 2020-2023 period.

### ***Open Auctions***

In accordance with the deliberation of the CRE dated 27 September 2018, auctions of storage capacities are processed in two phases:

- the initial phase starts on a date set by the CRE and closes when bookings reach minimum stocks set by French Minister of Energy's order. During this phase, the Issuer auctions all its available storage capacities through standard products only;
- the free commercialisation phase starts after minimum stocks are reached. During this phase, the Issuer auctions its remaining storage capacities through standard or specific products.

In 2019, 100% of the Issuer's storage capacities were sold.

### ***Compensation***

Before 1 April of each year, the CRE sets the amount of compensation to be received (or paid, if such amount is negative) by each GSO and which will be collected by the TSOs. The compensation corresponds to the difference between the GSO's authorised revenue for the relevant year and the estimated revenue to be received directly by the GSO for such year.

In addition, for the first trimester of 2020, TSOs have already paid to GSOs part of their estimated compensation for 2020 covering the period between 1 January 2020 and 31 March 2020, based on the storage tariff component (*terme tarifaire stockage*) set by the CRE deliberation of 14 March 2019. As a result, the Issuer has received an overpayment of €1.7 million from the TSOs.

Authorised revenue of the Issuer for 2020	€146.6 million
Estimated revenue received directly by the Issuer for 2020	€122.0 million

**Estimated compensation to be received by the Issuer for 2020** **€24.6 million**

Estimated compensation paid for the period 1 January 2020 – 31 March 2020 €26.3 million

**Estimated compensation to be paid by the Issuer for 2020** **€1.7 million**

This compensation is recovered by the Issuer and GRTgaz (as TSOs) from shippers that use their transmission networks by applying a storage tariff component (*terme tarifaire stockage*) set by a deliberation of the CRE dated 26 March 2020.

Consequently, the Issuer is set to pay €1.504 million to GRTgaz. The remainder (€0.194 million) is compensated within the Issuer (between TSO and GSO).

### ***Incentive mechanisms***

Regarding the incentive framework, the CRE maintained the main mechanisms already in force for operating expenses, capital expenditure, quality of service, research & innovation and commercial performance in storage. In addition, the CRE has implemented a regulation pilot for the Issuer's information systems expenditure.

### **2.3.5 Investments and development**

Pursuant to Article L.421-7-1 of the French *Code de l'énergie*, GSOs submit their annual investment program to the CRE for approval. The CRE ensures that the necessary investments are made to ensure proper development of storage facilities and transparent and non-discriminatory access.

The Issuer's annual investment program for 2020 was approved by the CRE in its deliberation dated 23 January 2020 and revised in its deliberation dated 22 July 2020. The following table details the revised 2020 investment program of the Issuer:

<b>Investment Items</b>	<b>Budget (M€)</b>
<b>Development</b>	<b>0.2</b>
<b>Safety and Maintenance</b>	<b>24.4</b>
<b>General Investments</b>	<b>10.9</b>
<b>Research &amp; Innovation</b>	<b>0.4</b>
<b>Total without Covid-19 effects</b>	<b>35.9</b>
<b>Total with Covid-19 effects</b>	<b>36.2</b>

The impact of the Covid-19 on the Issuer's investment program is estimated to 0.3 million euros, due to additional costs engaged to compensate the postponement of certain projects.

The Issuer stopped investments in the development of its capacities.

The Safety and Maintenance programs for 2020 decreased compared to 2019, mainly due to work completion of several wells. The CRE approved additional investments injection in cushion gas.

The General Investments have increased due to Real Estate programs, while the investment in Research & Innovation remains steady.

### **2.3.6 EU Commission investigation on the regulation mechanism for the storage of natural gas**

On 28 February 2020, the European Commission has launched an in-depth investigation in order to determine whether the regulation mechanism for the storage of natural gas implemented by the deliberation of the CRE dated 22 March 2018 complies with the European Union rules on State aid.

The Issuer had the opportunity to submit its observations in which it argued that the mechanism cannot be seen as a State aid with the meaning of EU rules since the compensation mechanism (i) is not financed through State resources, (ii) does not give an economic advantage to operators such as the Issuer and (iii) does not distort competition or affect trade between Member States. In addition, the Issuer argued that even in the event where the mechanism would be considered as a State aid, it would be compatible with EU law, since it is necessary to guarantee the security of gas supply, proportional and the positive effects are not outweighed by the negative effects on competition and trade between the Member States.

The investigation is still at a preliminary stage and its outcome remains uncertain.

### **2.4 Impact of the Covid-19 pandemic on the Issuer's activity**

Prior to the lockdown, which was announced by the French government on 14 March 2020, the Issuer set up a crisis coordination cell in order to supervise the pandemic evolution in light of the authorities' recommendations. On 18 March 2020, the Issuer deployed a prepared plan to allow the Issuer to continue supplying gas, sustainably, while adapting its operating methods to government directives (the “**Business Continuity Plan**”).

The Business Continuity Plan is based on (i) the mobilisation of field teams and (ii) the refocusing of operations around the Issuer's essential activities. Such Plan was fully carried out and all operational and functional activities were maintained during the lockdown in France. On 11 May 2020, the Issuer implemented a plan to resume activities on priority projects.

Following the adoption in France of the order n° 2020-316 of 25 March 2020 relating to the deferral of payments of gas bills for the businesses whose activity is affected by the spread of the Covid-19 pandemic, the CRE has published a deliberation on 26 March 2020 requesting that TSOs such as the Issuer defer payments instalment of gas suppliers affected by such measures, to the extent it relates to the regional grid. Such measures had a limited impact on the Issuer's business.

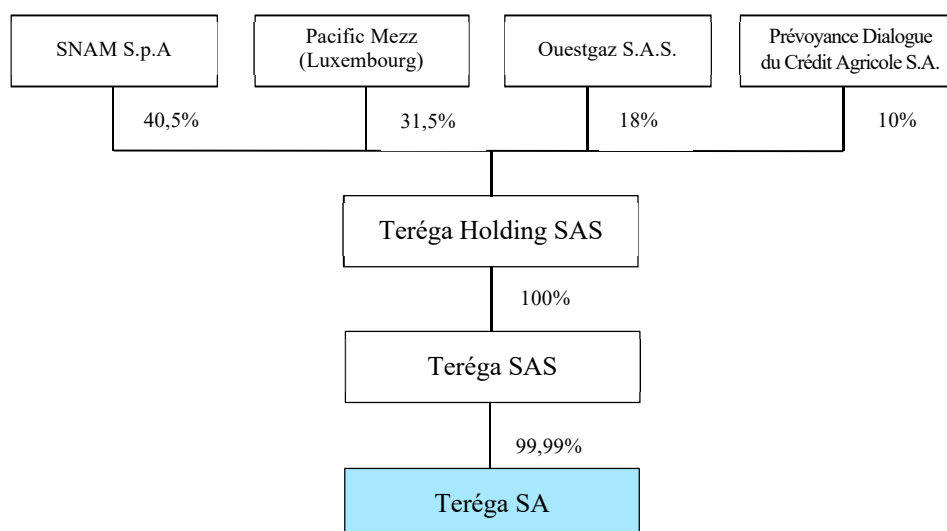
The impact of the Covid-19 crisis on revenues of the Issuer during the first half of 2020 is immaterial. The main impact relates to temporary postponement of certain technical costs and investments due to the lockdown which are expected to be largely recovered during the second half of 2020. The 2020 half-year financial statements of the Issuer are incorporated by reference in this Prospectus (see “Documents Incorporated by Reference”).

For more information about the risks relating to the Covid-19 crisis, please refer the paragraph 1.5 “Risk relating the COVID-19 crisis” of the Risk Factors section of this Prospectus.

## **3. Share Capital, Shareholders and Organisational Structure**

As of 11 September 2020, the share capital of the Issuer amounts to €17,579,088 divided into 2,197,386 shares having a nominal value of €8 per share.

As at 30 June 2020, the organisational structure of the Issuer is as follows:



### **Governance**

Since the certification of the Issuer as an independent TSO based on the ownership unbundling model in 2014, the Issuer has to monitor and report on compliance with Article L.111-8 of the French *Code de l'énergie* implementing Article 9(1) of Directive 2009/73/EC (the “**Third Gas Directive**”).

The ownership unbundling model prohibits the same person from exercising control over a producer or supplier and over a transmission system operator or over a transmission system. However, Article 9(1) does not prohibit the holding of purely passive financial rights related to a minority shareholding.

Article 9(1) also provides that the same person is not entitled (i) to appoint members of the administrative board or bodies of a TSO or a transmission system, and to exercise control over generation, production and/or supply activities or (ii) to be a member of the administrative board of both a producer or supplier and a TSO or a transmission system.

In addition, and to avoid undue influence arising from vertical relations between gas and electricity markets, Article 9(3) of the Third Gas Directive provides that ownership unbundling provisions apply across the gas and electricity markets, thus prohibiting influence over both an electricity generator or supplier and a gas TSO or a gas producer or supplier and an electricity TSO.

These rules have been implemented in respect of the Issuer through (i) a shareholders' agreement entered into by the shareholders of Teréga Holding SAS in presence of Teréga Holding SAS, Teréga SAS and the Issuer on 6 November 2013 and amended on 26 February 2015, and (ii) the by-laws (*statuts*) of Teréga Holding SAS. The CRE confirmed the conformity to these governance rules in its deliberation dated 3 July 2014.

### **4. Administrative, Management and Supervisory Bodies**

The Issuer is managed by a Chief Executive Officer (*Président-Directeur Général*) appointed by the Board of Directors (*Conseil d'administration*).

The Board of Directors also appoints a Chairman of the Board of Directors (*Président du Conseil d'administration*), which can be the Chief Executive Officer (*Président-Directeur Général*).

The Chief Executive Officer is vested with the widest powers to act under all circumstances in the name of the Issuer. He/she exercises his/her powers within the limits of the Issuer's corporate purpose and subject to the attributions conferred by law and by the by-laws to the Board of Directors, i.e. strategic decisions, decisions relating to amounts above certain thresholds, and decisions to be taken by the Issuer.

The following table sets forth the names of, the current functions within the Issuer of, and the principal business activities performed outside of the Issuer by, the Chief Executive Officer and the members of the Board of Directors of the Issuer as at the date of this Prospectus:

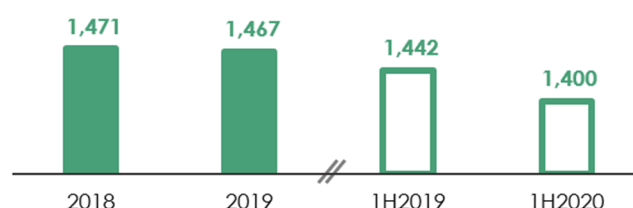
Name	Position	Principal business activities outside of the	Business address
Dominique MOCKLY	<i>Chairman of the Board of Directors and Chief Executive Officer</i>	President of Teréga SAS	40, Avenue de l'Europe, 64010 Pau, France
Stefano ZAMBONI	<i>Director</i>	Head of P&C & Finance – BU International and Business Development - SNAM	40, Avenue de l'Europe, 64010 Pau, France
Paola BONANDRINI	<i>Director</i>	Senior Vice President – Gas Operations Plants - SNAM	40, Avenue de l'Europe, 64010 Pau, France
Nicolas MACHTOU	<i>Director</i>	President of Citelum Group	40, Avenue de l'Europe, 64010 Pau, France

To the knowledge of the Issuer, there are no potential conflicts of interest between any duties owed by the members of the Board of Directors to the Issuer and their private interests and/or other duties.

## 5. Financial indicators relating to the Issuer

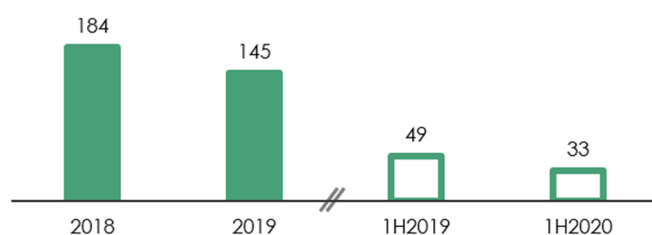
The following financial indicators are based on the financial statements of the Issuer as at 31 December 2018 ("2018"), 31 December 2019 ("2019"), 30 June 2019 ("1H2019") and 30 June 2020 ("1H2020").

### 5.1 Net Debt<sup>6</sup> (in million euros)



<sup>6</sup> Net debt = Bonds + Bank debt + Other debt - Cash and cash equivalents

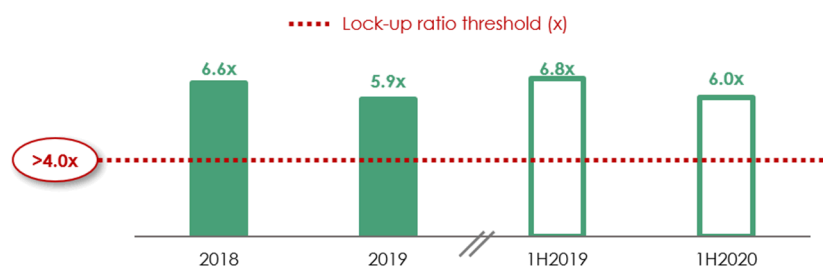
## 5.2 Capital Expenditures<sup>7</sup> (in million euros)



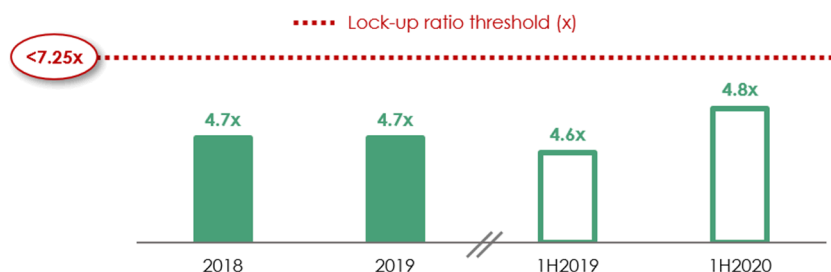
## 6. Lock-up Ratios

The Lock-up Ratios (as defined in the Terms and Conditions of the Notes) as at 31 December 2018 (“2018”), 31 December 2019 (“2019”), 30 June 2019 (“1H2019”) and 30 June 2020 (“1H2020”) are the following:

### 6.1 Interest Cover



### 6.2 Total Net Leverage



<sup>7</sup> Capital expenditures = Capitalised production expenses adjusted for subsidies

## SUBSCRIPTION AND SALE

### Subscription Agreement

BNP Paribas, Crédit Agricole Corporate and Investment Bank, Natixis, Société Générale and UniCredit Bank AG (the **Joint Lead Managers**) have, pursuant to a Subscription Agreement dated 15 September 2020 (the **Subscription Agreement**), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at an issue price equal to 99.014 per cent. of the principal amount of the Notes, less any applicable commission. In addition, the Issuer will pay certain costs incurred by it and the Joint Lead Managers in connection with the issue of the Notes.

The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

The Joint Lead Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Joint Lead Managers or their affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones, that are material to the issue.

### General Selling Restrictions

Each Joint Lead Manager has agreed severally and not jointly to observe (to the best of its knowledge and belief) all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Prospectus or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would, to the best of each Joint Lead Manager's knowledge, permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

### France

Each of the Joint Lead Managers has represented and agreed severally and not jointly that it has only offered or sold and will only offer or sell, directly or indirectly, any Notes to the public in France pursuant to an exemption under Article 1(4) of the Prospectus Regulation and Article L. 411-2 1° of the French *Code monétaire et financier* and that the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*) (with the exception of individuals) as defined in Article 2(e) of the Prospectus Regulation.

### Prohibition of Sales to European Economic Area and United Kingdom Retail Investors

Each of the Joint Lead Managers has represented and agreed severally and not jointly that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area or in the United Kingdom.



For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **United Kingdom**

Each Joint Lead Manager has represented and agreed severally and not jointly that:

- (i) 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 **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **United States**

The Notes have not been and will not be registered under the Securities Act or the securities laws of any U.S. State, and may not be offered or sold, directly or indirectly, in the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such State securities laws. The Notes are being offered and sold only outside of the United States in reliance on Regulation S.

Terms used in this paragraph and not otherwise defined in this Prospectus have the meanings given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### **Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy (**Italy**), except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and/or Italian CONSOB regulations; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under (i) or (ii) above must:

- a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No.20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

## GENERAL INFORMATION

### 1. Clearing of the Notes

The Notes have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear. The International Securities Identification Number (ISIN) for the Notes is FR0013534500. The Common Code number for the Notes is 001353450.

The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42, avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

### 2. AMF approval and admission to trading

This Prospectus received approval number no. 20-460 on 15 September 2020 from the AMF, in its capacity as competent authority under the Prospectus Regulation.

The Prospectus has been approved by the AMF, as competent authority under the Prospectus Regulation. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer and of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including information incorporated by reference) in this Prospectus which may affect the assessment of the Notes, this Prospectus must be completed by a supplement, pursuant to Article 23 of the Prospectus Regulation.

**This Prospectus will be valid until the date of admission of the Notes to trading on Euronext Paris.** The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

### 3. Corporate authorisations

The issue of the Notes was authorised by (i) a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 7 September 2020 and (ii) a decision of Dominique Mockly, Chief Executive Officer (*Président-Directeur Général*) of the Issuer, dated 11 September 2020.

### 4. Documents available

Copies of:

- (i) the *statuts* of the Issuer;
- (ii) the Fiscal Agency Agreement;
- (iii) this Prospectus;
- (iv) the documents incorporated by reference in this Prospectus; and

- (v) the terms and conditions of the bonds redeemable into shares (ORAs) issued by the Issuer and the Undertaking Agreement (as from the notice delivered to pursuant to Condition 7(c)),

will be available for inspection during the usual business hours on any week day (except Saturdays and public holidays) at the registered office of the Issuer.

This Prospectus, the *statuts* of the Issuer and the documents incorporated by reference in this Prospectus will be published on the website of the Issuer ([www.terega.fr](http://www.terega.fr)). A copy of the Prospectus will also be available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

**5. No material change and no significant change in the financial position or financial performance**

Except as disclosed in this Prospectus, including the potential impact of the health crisis resulting from the coronavirus (Covid-19), there has been no significant change in the financial position or the financial performance of the Issuer since 30 June 2020 and no material adverse change in the prospects of the Issuer since 31 December 2019.

**6. Material contracts**

At the date of this Prospectus, there are no material contracts (other than those entered into in the ordinary course of the Issuer's business) which could result in the Issuer being under an obligation or entitlement that is material to its ability to meet its obligations to Noteholders in respect of the Notes being issued.

**7. Litigation**

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

**8. Auditors**

Ernst & Young et Autres and Exco Fiduciaire du Sud-Ouest are the statutory auditors of the Issuer.

Ernst & Young et Autres and Exco Fiduciaire du Sud-Ouest have audited, and rendered unqualified report on, the financial statements of the Issuer as at, and for the years ended, 31 December 2018, 31 December 2019. They have also rendered a limited review report on the 2020 Half-Year Financial Statements.

Ernst & Young et Autres are registered as *Commissaires aux Comptes* (members of the *Compagnie Nationale des Commissaires aux Comptes* and the *Compagnie Régionale de Versailles*) and Exco Fiduciaire du Sud-Ouest are registered as *Commissaires aux Comptes* (members of the *Compagnie Régionale de Toulouse*). They are regulated by the *Haut Conseil du Commissariat aux Comptes*.

**9. Listing fees**

The estimated costs for the admission to trading are €14,600 (including AMF fees).

**10. Yield**

The yield in respect of the Notes is 0.979 per cent. on an annual basis and is calculated on the basis of the issue price of the Notes. It is not an indication of future yield.

**11. Interest material to the issue**

As far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

**12. Websites**

Any websites mentioned or referred to in this Prospectus are for information purposes only and the information to such websites does not form any part of this Prospectus unless that information is incorporated by reference into the Prospectus.

**13. Forward-looking statements**

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. For the avoidance of any doubt, such forward-looking statements are not (nor shall they be construed or interpreted as) a "forecast" (or as "forecasts") within the meaning of applicable securities laws and regulations.

**14. Potential conflict of interest**

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, Teréga SAS and Teréga Holding SAS (as defined in Condition 7 of the Terms and Conditions of the Notes) in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers 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, Teréga SAS and Teréga Holding SAS. The Joint Lead Managers 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.

**15. LEI**

The Issuer's Legal Entity Identifier (LEI) is: 969500Y0L922VYT3UI51.

## PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

To the best knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information. The Issuer accepts responsibility accordingly.

**Teréga SA**  
40, avenue de l'Europe  
64000 Pau  
France

Duly represented by:

Agnès Butterlin  
Chief Financial & Purchasing Officer (*Directrice Finance Achats*) of the Issuer  
authorised signatory pursuant to the resolutions of the Board of Directors (*Conseil d'administration*)  
of the Issuer dated 7 September 2020 and the decision of Chief Executive Officer (*Directeur Général*)  
dated 11 September 2020

Dated 15 September 2020



### **Autorité des marchés financiers**

This Prospectus has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129. The AMF has approved this Prospectus after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval is not a favourable opinion on the Issuer and on the quality of the Notes described in this Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.

This Prospectus has been approved on 15 September 2020 and is valid until the admission to trading of the Notes on Euronext Paris and shall, during this period and in accordance with the provisions of Article 23 of the Regulation (EU) 2017/1129, be completed by a supplement to the Prospectus in the event of new material facts or substantial errors or inaccuracies. This Prospectus obtained the following approval number: n°20-460.

## REGISTERED OFFICE OF THE ISSUER

**Teréga SA**  
40, avenue de l'Europe  
64000 Pau  
France

## JOINT LEAD MANAGERS

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Crédit Agricole Corporate and Investment Bank**  
12, place des Etats-Unis  
CS 70052  
92547 Montrouge Cedex  
France

**Natixis**  
30, avenue Pierre Mendès-France  
75013 Paris  
France

**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France

**UniCredit Bank AG**  
Arabellastrasse 12  
81925 Munich  
Germany

## STATUTORY AUDITORS OF THE ISSUER

**Ernst & Young et Autres**  
1-2, place des Saisons  
92400 Courbevoie-Paris La Défense  
France

**Exco Fiduciaire du Sud-Ouest**  
2, rue des Feuillants  
31076 Toulouse Cedex 03  
France

## LEGAL ADVISORS

*To the Issuer*  
**Linklaters LLP**  
25, rue de Marignan  
75008 Paris  
France

*To the Joint Lead Managers*  
**Allen & Overy LLP**  
52, avenue Hoche  
CS 90005  
75008 Paris  
France

## FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

**Société Générale**  
Service aux Emetteurs  
32, rue du Champ de Tir  
CS 30812  
44308 Nantes Cedex 3  
France