

GAS NATURAL SDG, S.A.

Gas Natural SDG, S.A. (“Gas Natural Fenosa”, “GNF” or the “Company”), in compliance with the provisions of article 228 of the consolidated text of Act 24/1988, of 28 July, on the Securities Market, hereby notifies the National Securities Market Commission of the following

REGULATORY DISCLOSURE

Gas Natural Fenosa has signed an agreement to sell a 20% minority equity interest in the company holding the natural gas distribution assets in Spain (GNDB) to a consortium of long-term infrastructure investors comprising Allianz Capital Partners (ACP) and Canada Pension Plan Investment Board (CPPIB).

- Gas Natural Fenosa has reached an agreement to sell a 20% minority equity interest in GNF’s gas distribution business in Spain to a consortium of Allianz Capital Partners and Canada Pension Plan Investment Board for a total consideration of €1,500 million in cash which implies an Enterprise value (100%) for GNDB of €13,935 million, equivalent to 15.7x EV/EBITDA based on a reported EBITDA 2016 of €889 million
- Gas Natural Fenosa will retain an 80% equity shareholding and will continue to fully operate and fully consolidate GNDB
- Proceeds from the transaction will be used to support future investment needs on existing projects, with any excess to be used in future investments, leverage optimisation or shareholder remuneration, as it will be determined by the board

GNDB is the largest gas distribution network in Spain with more than 5.3m connection points and serving c. 1,100 municipalities. Post transaction, GNF will continue to own an 80% equity shareholding in GNDB which remains a core part of GNF’s portfolio. GNF will partner with the consortium of new investors to continue executing on its long-term strategy for GNDB, invest in future growth and increase gas penetration in Spain. The expected increase of natural gas penetration in Spain should also support the growing gas demand as well as the greater use of regasification and transportation infrastructures.

The transaction terms imply an Enterprise value for 100% of GNDB of €13,935 million. In consideration for the sale of the 20% equity interest, on completion GNF will receive a payment of €1,500 million in cash from the consortium. As part of the transaction GNF will enter into a €6 billion long-term intercompany financing agreement with GNDB which will not impact GNF’s capital structure nor rating. The transaction is expected to generate positive reserves in shareholder’s equity of approximately €1.04 billion.

The completion of the transaction is subject to the required regulatory approvals and competition clearance. Subject to the satisfaction of this condition, Gas Natural Fenosa expects that the transaction will complete on or prior to January 2018.

Rafael Villaseca Marco, Chief Executive of Gas Natural Fenosa, said:

“GNDB is a premium asset in the gas sector in Spain and essential part of our investment strategy. We welcome the opportunity to partner with these two well renowned long-term infrastructure investors and continue to invest in further expanding the gas network in Spain and maintaining high efficiency of operations and quality of customer service.”

Christian Fingerle, Chief Investment Officer at Allianz Capital Partners, said:

“GNDB represents an attractive opportunity for our customers and is fully aligned with our investment strategy of investing in core infrastructure assets. We are very pleased to be entering into a new partnership with GNF as a leading international energy group and look forward to further strengthening our relationship with GNF and CPPIB and to support the continued success of this high quality business.”

Cressida Hogg, Managing Director & Global Head of Infrastructure, CPPIB, added:

“GNDB is a core infrastructure asset that fits well with CPPIB’s infrastructure portfolio, providing long-term stable cash flows for the CPP Fund. We look forward to establishing an enduring partnership with GNF and Allianz in this world-class business, and in adding to our investments in Spain.”

About GNF

Gas Natural Fenosa is a multinational leader in the energy sector, a pioneer in the integration of gas and electricity. Present in more than 30 countries, the company offers services to almost 22 million customers in five continents, and manages a total installed capacity of 15.5 GW with a diversified mix of electricity generation technologies.

About GNDB

GNDB is the largest natural gas distribution company in Spain. The company manages a c. 53,000km distribution network that delivers natural gas to over 5.3 million connection points in approximately 1,100 municipalities in Spain. In addition to the gas distribution activities, which include regulated services such as inspections, gas meter rentals, and other services, the company also manages a 1,255 km gas transmission network and 2,249 km of LPG network and c. 244k LPG connection points.

About Allianz Capital Partners

Allianz Capital Partners is the Allianz Group's in-house investment manager for alternative equity investments. With offices in Munich, London, New York and Singapore, Allianz Capital Partners manages approximately EUR 19 billion of alternative assets. The investment focus is on infrastructure, renewables as well as private equity funds. ACP's investment strategy is

targeted to generate attractive, long-term and stable returns while diversifying the overall investment portfolio for the Allianz Group insurance companies.

About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with more than 86 million retail and corporate customers. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing over 650 billion euros on behalf of its insurance customers while our asset managers Allianz Global Investors and PIMCO manage an additional 1.3 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we hold a leading position in the Dow Jones Sustainability Index. In 2016, over 140,000 employees in more than 70 countries achieved total revenue of 122 billion euros and an operating profit of 11 billion euros for the group.

About CPPIB

Canada Pension Plan Investment Board (CPPIB) is a professional investment management organization that invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits on behalf of 20 million contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, São Paulo and Sydney, CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At March 31, 2017, the CPP Fund totalled \$316.7 billion.

Barcelona, August 3, 2017