



NATURGY ENERGY GROUP, S.A. (the “Company” or “Naturgy”) in compliance with the provisions of Article 17 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Article 226 of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October hereby notifies the following

INSIDER INFORMATION

In accordance with the provisions of articles 134.4 of the Spanish Securities Market Act Securities and 24 of Royal Decree 1066/2007, of 27 July, on the regime for public takeover bids, attached hereto is the report approved today by the Board of Directors of Naturgy in relation to the voluntary public takeover bid for up to 220 million shares of the Company made by Global InfraCo O (2) S.à.r.l and authorized by the National Securities Market Commission (CNMV) on 8 September 2021

Madrid, 17 September 2021



**REPORT OF THE BOARD OF DIRECTORS OF NATURGY IN RELATION TO THE VOLUNTARY
PUBLIC TAKEOVER BID LAUNCHED BY IFM.**

The Board of directors of Naturgy Energy Group, S.A has drafted and unanimously approved by its members, at its meeting held on 17 September 2021, this report in relation to the voluntary public takeover bid launched by IFM for a maximum of 220 million shares in the share capital of Naturgy.

The Offer was authorized by the Comisión Nacional del Mercado de Valores (the "CNMV") on 8 September 2021. The terms and conditions of the Offer are described in detail in the relevant prospectus prepared by the Offeror and approved by the CNMV. The Prospectus is available to the public in printed format at the places established in Article 22 of Royal Decree 1066/2007, including Naturgy's registered office, as well as in electronic format on the websites of Naturgy and the CNMV.

This report is issued in compliance with the provisions of articles 134.4 of the Spanish Securities Market Law and 24 of Royal Decree 1066/2007.

The Board of Directors recalls the mandatory, but not binding, nature of this report. The observations expressed have been issued in good faith and exclusively on the basis of the Prospectus and the data and circumstances known to the Board on the date of issue, and no account may be taken of supervening circumstances or facts, whether foreseeable or not, subsequent to that date or which, being prior, were unknown to the Board. Various sections of this report are merely descriptive and are limited to transcribing the statements of the Bidder in the Prospectus, without the Board of Directors having verified or endorsing them.

This report does not constitute a recommendation or investment or divestment advice and it is up to each Naturgy shareholder to decide whether or not to accept the Offer, taking into account, inter alia, their particular circumstances, interests and type, based on the information contained in the Prospectus, which should be read in its entirety

1. MAIN FEATURES OF THE OFFER

The features of the Offer are described in full in the Prospectus. Some of their main features are transcribed below, although it is recommended that they be consulted directly in the Prospectus where they are described in greater detail.

1.1 THE OFFEROR

The Offeror is Global InfraCo O (2) S.à. r.l., a company incorporated under the laws of Luxembourg, with registered office at 1-3, Boulevard de la Foire, L-158 Luxembourg and wholly owned by Global InfraCo O (1) S.à. r.l., a company incorporated under the laws of Luxembourg, which, in turn, is wholly owned by Global InfraCo Spain, S.L.U., a limited liability company of Spanish nationality, which, in turn, is wholly owned by Global InfraCo NL Coöperatief U.A. cooperative association incorporated under the laws of the Netherlands. Global InfraCo NL is 99.9995% owned by Global InfraCo S.à. r.l., a company incorporated under the laws of Luxembourg, and the remaining 0.0005% is held by IFM Global Infrastructure Fund ("IFM GIF"). Global InfraCo is wholly owned by IFM GIF, a master unit trust incorporated under the laws of the Cayman Islands. IFM GIF is an open-ended perpetual fund to which new capital is contributed on an ongoing basis by institutional investors.

Conyers Trust Company (Cayman) Limited is the trustee of IFM GIF and, acting in its name and on its behalf, is responsible for formally determining the investment and management decisions of IFM GIF after receiving appropriate recommendations from IFM Investors Pty Ltd ("IFM Investors"), in its capacity as principal advisor to IFM GIF. IFM Investors has the responsibility and obligation to formulate and recommend investment and management decisions (both in relation to investment opportunities and the exercise of rights relating to investments owned by IFM GIF).

1.2 SECURITIES TO WHICH THE OFFER EXTENDS

The Offer is for a maximum of 220,000,000 shares with a nominal value of 1 euro each.

The shareholders of Naturgy Rioja Acquisition S.à r.l. (investment vehicle ultimately controlled by CVC and GIP III Canary 1 S.à r.l. (GIP)) have undertaken to the Offeror, in accordance with the letters dated 25 January 2021 annexed to the Offer Announcement of 26 January, not to accept the Offer. In particular, this obligation extends to the 20.72% of the share capital of Naturgy, held by Rioja, as well as to the 20.64% of the share capital of Naturgy, held by GIP.

These letters also contain certain agreements between the Offeror and Rioja Acquisition, on the one hand, and GIP on the other, on the corporate governance of Naturgy, the parties stating that these do not constitute an assumption of concerted action in relation to Naturgy.

The Offer is made, as indicated in the Prospectus, exclusively in the Spanish market, the only market in which Naturgy shares are listed. The Offer is addressed to all Naturgy shareholders who are holders of Naturgy shares.

1.3 TYPE OF OFFER

The Offer is voluntary and partial in accordance with the provisions of article 13 of Royal Decree 1066/2007 and article 137 of the LMV.

1.4 CONSIDERATION FOR THE OFFER

The Offeror currently offers a price of 22.07 euros per Naturgy share, payable in cash.

The Offeror considers that the Offer Price meets the requirements of article 137.2 of the LMV given that it will be paid in cash and justifies its value by means of a valuation report from an independent expert Duff&Phelps (D&P), a valuation report issued on 1 July 2021, as well as another complementary report dated 27 August 2021, being attached as annex 16 to the Prospectus.

1.5 OFFER ACCEPTANCE PERIOD

According to the CNMV communication of 9 September 2021, the period began on 9 September 2021 and will end on 8 October 2021, unless extended in accordance with the provisions of Article 23 of Royal Decree 1066/2007.

1.6 CONDITIONS TO WHICH THE OFFER IS SUBJECT

As at the date of approval of this report, the effectiveness of the Offer is subject to its acceptance by holders of at least 164,834,347 Naturgy shares, representing 17% of Naturgy's share capital.

The Offeror has indicated that the effectiveness of the Offer is not conditional upon obtaining any authorization or decision of non-opposition additional to those already obtained. The Council of Ministers granted the authorization provided for in Law 19/2003, subjecting such authorization to certain conditions which the Offeror decided to accept and made public by means of a communication to the market dated 5 August 2021.

1.7 WARRANTIES AND FINANCING OF THE OFFER

1.7.1 Offer Warranties

To ensure compliance with the obligations arising from the Offer, the Offeror has submitted to the CNMV bank warranties on first demand for an aggregate amount of 4,921,400,000 €.

1.7.2 Offer financing

The Offeror has declared that, if the Offer is successful, the settlement of the Offer will be partially financed with available own resources – up to 2,913,240,000 €- and in another part with financial indebtedness – up to 1,942,160,000 €- with a set of financial institutions, as detailed in section 2.5.2 of the Prospectus.

2. PURPOSE OF THE OFFER AND THE OFFEROR'S INTENTIONS FOR NATURGY

As stated by the Offeror in the Prospectus, the purpose of the Offer is to take a stake of between 17% and approximately 22.69% of the Naturgy Group.

The Offeror states Naturgy to be an attractive investment opportunity, in line with its key investment principles and objectives, which include long-term responsible investment in critical infrastructure assets, commitment to sustainability, as well as respect for labour rights and the environment. Details of its intentions are set out in chapter four of the Prospectus.

3. AGREEMENTS BETWEEN THE OFFEREE COMPANY AND THE OFFEROR COMPANY, ITS DIRECTORS OR MEMBERS OR BETWEEN ANY OF THEM AND THE DIRECTORS OF THE OFFEREE COMPANY

3.1 AGREEMENTS BETWEEN THE OFFEREE COMPANY AND THE OFFEROR

The Board of Directors states that, as of the date of this report, no agreement exists between Naturgy and the Offeror in relation to the Offer.

3.2 AGREEMENTS BETWEEN THE OFFEREE COMPANY AND THE ADMINISTRATORS OF THE OFFEROR

The Board of Directors declares that, as at the date of this report, no agreement exists between Naturgy and the directors of the Offeror in relation to the Offer.

3.3 AGREEMENTS BETWEEN THE OFFEREE COMPANY AND THE OFFEROR'S SHAREHOLDERS

The Board of Directors declares that, as of the date of this report, there is no agreement relating to the Offer between Naturgy and entities related to the Offeror described in section 1.4 of the Prospectus.

3.4 AGREEMENTS BETWEEN THE ADMINISTRATORS OF THE OFFEREE COMPANY AND THE OFFEROR, ITS ADMINISTRATORS OR PARTNERS

The members of the Board of Directors state that, as of the date of this report, there is no agreement relating to the Offer between the directors of Naturgy in their capacity as such and the Offeror, its directors or partners, except for the agreements described in section 3.5 below.

3.5 AGREEMENTS BETWEEN THE OFFEREE COMPANY'S SHAREHOLDERS AND THE OFFEROR, ITS DIRECTORS OR PARTNERS

As indicated in section 1.5.1 of the Prospectus, on 25 January 2021 the Offeror and Rioja and GIP, significant shareholders of Naturgy holding together shares representing 41.36% of the

share capital of Naturgy, signed documents whereby Rioja and GIP undertook not to tender their shares in the Offer if it were to continue on the terms announced, the Offeror also agreeing (i) with Rioja to , to vote in favour of and support resolutions and reasonable actions at shareholders' meetings intended to procure that, promptly after the date on which the Offer is successfully settled, the composition of the Company's Board of directors is adjusted to reflect the principle of proportional representation established by Spanish law and (ii) with GIP, as long as each of the parties holds shares representing 5% or more in the company's share capital to vote in favour and support resolutions and actions at an initial or subsequent General Shareholders' Meeting, initial or subsequent meetings, intended to procure that the composition of Naturgy's Board of Directors reflects the principle of proportional representation having regard to the corporate governance recommendations of the CNMV of June 2020.

The Offeror states in the Prospectus that:

- the Offeror shall not achieve through the Offer a controlling interest in Naturgy.
- the aforementioned agreements do not entail any type of concerted action between the parties.
- the aforementioned shareholders of Naturgy have not received and will not receive, directly or indirectly, any type of compensation in relation to the Offer.
- no other agreement of any nature whatsoever exists in connection with the Offer or Naturgy between, on the one hand, the Offeror and the entities related thereto and their respective administrators and, on the other hand, Naturgy, any of its shareholders or the directors of any of them
- no advantage has been reserved to the shareholders of Naturgy or to the members of its administrative, management and control bodies

4. SECURITIES OF THE OFFEROR HELD DIRECTLY OR INDIRECTLY BY NATURGY, PERSONS WITH WHOM IT ACTS IN CONCERT OR ITS DIRECTORS

4.1 SECURITIES OF THE OFFEROR HELD BY NATURGY OR PERSONS WITH WHOM IT ACTS IN CONCERT

As of the date of this report, Naturgy does not hold, directly or indirectly or in concert with third parties, any securities of the Offeror or of its direct or indirect shareholders, nor any

securities or instruments that confer the right to acquire or subscribe such securities.

4.2 SECURITIES OF THE OFFEROR HELD BY THE DIRECTORS OF NATURGY

As at the date of this report, the directors of Naturgy do not hold, directly or indirectly or in concert with third parties, securities of the Offeror or of its direct or indirect shareholders, or securities or instruments that confer the right to acquire or subscribe such securities.

5. SECURITIES OF THE OFFEREE COMPANY HELD OR REPRESENTED, DIRECTLY OR INDIRECTLY, BY THE MEMBERS OF THE BOARD OF DIRECTORS

As of the date of this report, and according to the information records of the CNMV, the directors of the Affected Company who hold, directly or indirectly, shares in Naturgy are as follows:

Consejero	Cargo	Categoría	Número de acciones	% de capital social
Mr. Ramón Adell Ramón	board member	Independent	20.000	0,002%
Mr. Enrique Alcántara García-Irazoqui	board member	Proprietary ¹	29.770	0,003%
Mr. Francisco Belil Creixell	board member	Independent	18.925	0,002%
Ms. Lucy Chadwick	board member	Proprietary I ²	0	0%
Ms. Isabel Estapé Tous	board member	Proprietary ³	5.000	0,001%
Ms Helena Herero Starkie	board member	Independent	0	0%
Rioja Sàrl	board member	Proprietary ⁴	0	0%
Mr. Rajaram Rao	board member	Proprietary ⁵	0	0%
Mr. Francisco Reynés Massanet	Executive Chairman	Executive	80.000	0,008%
Mr. Pedro Sáinz de Baranda Riva	board member	Independent	20.000	0,002%
Mr. Claudi Santiago Ponsa	board member	Independent	0	0%
Theatre Directorship Services Beta Sàrl	board member	Proprietary ⁶	0	0%

¹ Appointed director of Naturgy at the request of Criteria Caixa SAU, holder of 252,071,298 shares representing approximately 25.997% of the share capital.

² Appointed director of Naturgy at the request of GIP II Canary S.à. r.l., holder of 200,137,868 shares representing approximately 20.64% of the share capital.

³ Appointed director of Naturgy at the request of Criteria Caixa SAU, holder of 252,071,298 shares representing approximately 25.997% of the share capital.

⁴ Represented by Mr Javier de Jaime Guijarro as the natural person representative of Rioja S.à. r.l. who is the legal person director. Mr Javier de Jaime Guijarro holds personally 1.197 Naturgy shares. Rioja S.à. r.l. has been appointed director at the request of Rioja Acquisition S.à. r.l., holder of 200,858,658 shares representing approximately 20.72% of the share capital.

⁵ Appointed director of Naturgy at the request of GIP II Canary S.à. r.l., holder of 200,137,868 shares representing approximately 20.64% of the share capital.

⁶ Represented by Mr. Jose Antonio Torre de Silva López de Letona as the natural person representative of Theatre Directorship Services BetaS.à. r.l. which is the legal person director. Mr. Jose Antonio Torre de Silva López de Letona does not personally hold any shares in Naturgy. Theatre Directorship S.à. r.l. has been appointed director of Naturgy at the request of Rioja Acquisition S.à r.l., holder of 200,858,658 shares representing approximately 20.72% of the share capital.

6. CONFLICTS OF INTEREST OF NATURGY DIRECTORS AND OTHER DISCLOSURES

Of the 12 members of the Board of Directors, 6 are proprietary directors, 5 are independent directors and 1 is an executive director

6.1 PROPRIETARY DIRECTORS

The two proprietary directors representing CVC - Rioja S.à. r.l. and Theatre Directorship Services Beta S.à. r.l. - state that the shareholder they represent signed on 25 January 2021 a letter that was communicated to the market on 26 January 2021 as an annex to the Offer Announcement. In this letter, Rioja undertook, among other matters, not to accept the Offer and, therefore, not to sell the 200,858,658 Naturgy shares held by them.

This does not imply that the directors Rioja S.à. r.l. and Theatre Directorship Services Beta S.à. r.l. are in a situation of conflict of interest, but these directors do consider that it is their duty to warn of this circumstance.

The two proprietary directors representing GIP - Rajaram Rao and Lucy Chadwick - state that the shareholder they represent signed a letter on 25 January 2021 which was communicated to the market on 26 January 2021 as an annex to the Offer Announcement. In this letter, GIP undertook, among other things, not to accept the Offer and, therefore, not to sell the 200,137,868 Naturgy shares held by them.

This does not imply that the directors Rajaram Rao and Lucy Chadwick are in a situation of conflict of interest, but these directors do consider that it is their duty to warn of this circumstance.

Criteria Caixa S.A.U. reported on 18 May 2021 its decision to increase its stake in Naturgy's capital, having subsequently increased its shareholding to 252,071,298 shares according to a communication dated 27 July 2021.

This does not imply that the proprietary directors of Criteria Caixa directors Isabel Estapé Tous and Enrique Alcántara García-Irazoqui are in a situation of conflict of interest, but these

directors do consider that it is their duty to warn of this circumstance.

The directors Isabel Estapé Tous and Enrique Alcántara García-Irazoqui also state that, since 12 February 2021 and since his designation, respectively, neither of them has participated in the decisions or deliberations of the Board of Directors of Criteria Caixa S.A.U. relating to the Offer, and therefore in no case do their statements in this report bind or reflect the position of Criteria Caixa S.A.U..⁷

6.2 NON-PROPRIETARY DIRECTORS

The five independent directors and the executive director of Naturgy have not stated that they are aware of any circumstance that should be noted.

7. NATURGY'S ACTIONS IN THE OFFER CONTEXT

7.1 PRE-ANNOUNCEMENT ACTIONS

The Board of Directors of Naturgy first became aware of the Offer on 25 January 2021 when the Chairman of the Board reported that on 20 January he had met with representatives of the Offeror at their request, who informed him that IFM wished to become a shareholder of Naturgy with a stake similar to that of the other relevant shareholders and that they were prepared to launch a partial takeover bid within a very short period of time. Subsequently, on 24 January 2021, one of IFM's representatives contacted him again to inform him that the bid would be launched the following day, provided that they could obtain letters of engagement with GIP and CVC which were very relevant. During the Board of Directors' meeting of 25 January 2021, the other members of the Board shared their knowledge of the potential bid.

On 25 January 2021, the Chairman of the Board of Directors met with representatives of the CNMV and informed them of the information available to him on the potential offer and also informed them of the work being carried out by the Board of Directors and the company's

⁷ Mr. Marcelino Armenter Vidal was replaced by Mr. Enrique Alcántara on 10 May 2021. From 12 February 2021 until his resignation, Mr. Marcelino Armenter Vidal abstained from participating in the deliberations of the Board of Naturgy in relation to the Offer or involving privileged information

management team to approve its new strategic plan, as well as the forecasts for the preparation of the accounts for the financial year 2020.

The Chairman informed the Board of Directors on 25 January 2021 that he had decided on 24 January 2021 to engage Freshfields Bruckhaus Deringer (“Freshfields”) as legal advisor and Citigroup Global Markets Europe AG (“Citi”) as financial advisor.

7.2 POST-ANNOUNCEMENT ACTIONS

Since the publication of the Announcement of the Offer, the Board of Directors, as well as Naturgy's management team, have diligently observed the applicable regulations on public takeover bids. In particular, the directors have complied at all times with the general duty to look after the interests of Naturgy and its shareholders.

To this end, they have continued to manage the company with the diligence required in the context of a partial takeover bid process that has extended over a period of more than seven months, during which the business scenario has been changing rapidly, both as a result of the general energy transition and, in particular, changes in the international natural gas markets, which would not have allowed for a standstill in decision-making.

To confirm that such management of the company in the interest of all its shareholders did not go beyond the regime of acting in the framework of a partial offer, the Board of Directors received constant legal advice and regularly cross-checked its view with that of the CNMV.

Likewise, the directors have rigorously observed their general duties of diligence and loyalty, including, but not limited to, their duties to be suitably dedicated, to request the information necessary to fulfil their obligations, to seek internal and external advice and to comply with the rules on conflicts of interest. In particular, the following actions carried out by the Board of Directors and Naturgy's management team are particularly noteworthy due to their relevance:

- (i) the Board of Directors has met, so far this year, eighteen times for relevant actions such

as: supervising the process of drawing up the Strategic Plan and its subsequent approval unanimously, which had been in preparation since August 2020; dealing with matters relating to the IFM Offer; regularly monitoring the progress of the business; taking decisions on investments, procurement of energy supplies or larger contracts, and other aspects within its scope of competence, as well as to follow up on the Offer process. In all decisions taken, the Board of Directors has pursued the corporate interest, but has also taken into account the interest of the shareholders in finally receiving an offer, irrespective of the final valuation of the offer.

- (ii) the group comprising all the non-proprietary directors has met on four occasions at the initiative of the coordinating director, and with the participation of advisors and the manager team to deal monographically with different aspects of the Offer. Several sessions have also been devoted to assessing the implications of the Offer on possible future corporate governance and clarifications have been formally requested as deemed necessary to be able to form a judgement on this report and to enable shareholders to make an informed decision in due course.
- (iii) Naturgy's management team has worked in coordination with the legal and financial advisors, sharing the necessary information so that they were in a position to advise the Board appropriately.
- (iv) Naturgy's management team has collaborated with the Offeror's advisors in order to facilitate the obtaining of the necessary administrative authorizations on its part, respecting the principle of neutrality with respect to the Offer and with the aim of ensuring that Naturgy's shareholders could receive an offer.
- (v) The Board of Directors has ensured compliance with the obligations of Naturgy in relation to making the Prospectus available to shareholders at its registered office, as well as with the obligations to inform employee representatives, including sending the Prior Announcement and the Prospectus and this report to them.

7.3 ASSESSMENT RECEIVED BY THE BOARD OF DIRECTORS

The Board of Directors has been advised by the management team, in particular the Secretary to the Board as well as with those members of the Management Committee most directly involved in the transaction.

As indicated, at the initiative of the Chairman of the Board, Freshfields was appointed as legal adviser and Citi was appointed as financial adviser in connection with the Offer. Both have held numerous meetings with the group of non-proprietary directors and the full board of directors in response to their enquiries, and have worked closely with the Management Committee in the preparation of reports and proposals by the company.

Freshfields has provided advice especially on corporate governance and on the bidding process. Citi has advised in relation to the company's strategic plan over the last eight months. In the context of the Offer, Citi has mainly carried out services of valuation of the company and assessment of alternatives to the Offer.

Citi was also requested to prepare a fairness opinion, addressed to the Board of Directors, on the financial reasonableness, as of the date of issuance of the opinion, of the Offer Price to be paid to Naturgy shareholders, as described in more detail in section 8.3 below.

8. COMMENTS OF THE MANAGEMENT BOARD ON THE OFFER

8.1 GENERAL CONSIDERATIONS

The Board of Directors notes that this Offer is unsolicited and has not been negotiated with the company and the Offeror does not aim to acquire the entire capital of the company, but a significant part of the free float.

The Board considers that receiving an offer opens up new options for shareholders and demonstrates the interest generated by the company for third parties, that support its new

strategic orientation. In any case, the shareholder's decision whether or not to accept the Offer is an individual and free decision.

The Board warns that, as it is a partial offer, its execution is subject to proration and, therefore, it is not guaranteed that all shares are tendered within the framework of the Offer will be sold. Furthermore, the potential lower liquidity of the security in the event that the Offer materializes must be taken into account, as well as the condition included in the authorization of the Council of Ministers of the Spanish Government that prevents the Offeror from supporting during at least 3 years a delisting offer for the shares of the company, as detailed in section 5.2.1 of the Prospectus.

The Board also stresses that, due to the particularity of this Offer, there are important non-financial aspects that must be considered by the shareholders when deciding as they may also affect the value in the short, medium and long term, including the conditions contained in the Spanish Government's authorization. In particular it is relevant to recall the public positioning of the three main shareholders of the company, which represent more than 67% of the share capital.

The Board warns of the possible impacts derived from the regulatory decisions adopted or announced after the Council of Ministers of 14 September 2021 and which are of a material nature. The Government has described these measures as urgent and temporary; the Government has only quantified the impact of one of the measures (2.6 billion euros in reduced revenues for electricity generation for the sector as a whole). On the other hand, Royal Decree-Law 17/2021, which contains part of the measures, is subject to a regulatory process that could affect its scope, some measures require further development, and its validity could be reviewed by the Courts.

The Board informs that the company is analysing the effects and potential economic, accounting and other impacts of these measures, although at this time it is impracticable to measure them, due to the uncertainties mentioned and the difficulty of modelling the impact on the business.

All this could affect the effective fulfilment of the 2021-25 Strategic Plan unanimously approved by the Board on 27 July, which is subject, like any plan, to the scenario and regulatory hypotheses and their projections materialising, as well as to the measures designed being implemented in the manner and within the timeframe envisaged.

This report is a summary of the Board's considerations, but it is recommended that the Board carefully read all the Offer documentation, in particular the Prospectus, in order to make an informed decision.

8.2 CORPORATE GOVERNANCE CONSIDERATIONS

Based on the information included in the Prospectus, there is uncertainty as to whether the intentions of IFM expressed in section 4.8 of the Prospectus can be implemented and whether they are compatible with the recommendations of the CNMV's code of good governance.:

- a) The intention to request two proprietary directors together with the desire not to increase the size of the Board implies a necessary reduction in the number of independent directors to a level that: i) makes it difficult to comply with the CNMV's good corporate governance recommendations regarding the number and dedication expected of independent directors; ii) would mean that independent directors would no longer be key in the company's most important decisions on their own; iii) would lead to independent directors ceasing to be key in the company's most important decisions; iv) would be a significant obstacle for the company's management.
- b) It is not possible to reconcile the Offeror's wish to reduce the number of independent directors with that of obtaining representation on the Committees on terms equivalent to those of other shareholders with similar shareholdings, as this would lead to non-compliance with the rule requiring a majority of independent directors on the Audit Committee.
- c) The Offeror does not guarantee in the prospectus that it will not participate in the possible appointment or removal of independent directors.

The Board notes that any material change in corporate governance (in particular the determination of the number of Board members and the number of independent directors

and their appointment or removal) is a decision for the full Board or the General Shareholders Meeting and not solely the will of a shareholder who, aspiring to be material, has not launched a controlling takeover bid.

8.3 CONSIDERATIONS IN RELATION TO THE OFFER PRICE

The Board makes the following observations in relation to the Offer price

1. The Board has received advice from Citi for the valuation of the Company based on various methods. As indicated in section 7.3 above, the Board of Directors commissioned Citi to provide a fairness opinion on the reasonableness, from a purely financial point of view, of the Offer Price to be paid to the shareholders of the Offer.
2. In this regard, on 17 September 2021, Citi has issued its opinion to the Board of Directors in which it concludes that, as at the date of issue of the opinion and based on and subject to the assumptions, limitations and disclosures set out in the opinion, which should be read in full, the Offer Price is, from a purely financial point of view, fair. That opinion is attached as an Appendix and forms an essential and integral part of this report.
3. Furthermore, it is noted that the CNMV has confirmed that the Offer Price is justified in the Prospectus in accordance with the rules on fair price and the valuation criteria established in articles 9 and 10 of Royal Decree 1066/2007.
4. The Offeror has stated that it attaches the utmost importance to having two directors without any change in the functioning of the Board, which would give it a position of significant influence that would justify the payment of a premium. The Offeror has not explained whether it has included such a premium in the price.

The Offeror has stated that the acquisition of Naturgy shares at €22.07 p.a. represents an attractive investment opportunity and, without proposing to alter the strategic direction or the direction already taken by the company, it can be assumed that it aspires to obtain at such a price an attractive return in line with the return it generally demands on its investments.

8.4 IMPACT OF THE OFFER OF THE OFFEROR'S INTENTIONS ON THE OVERALL INTERESTS OF SOCIETY, EMPLOYMENT AND THE LOCATION OF THE COMPANY'S SITES

The Offeror has stated in chapter 4 of the Prospectus that it has no plans to promote changes in Naturgy's strategies relating to the use or disposal of the assets of Naturgy and its group and that it shares the strategic vision contained in Naturgy's strategic plan for the period 2021-2025. Likewise, the Offeror has declared in the Prospectus that its intentions of the Offeror are aligned with the company's vision in financial matters and with the shareholder remuneration policy. Finally, it has declared that the purpose pursued by the Offeror with the Offer is to acquire a significant stake in Naturgy and with it to support the strategic principles presented to the market by the company in Naturgy's strategic plan for the period 2021-2025.

As regards employment, the Offeror has indicated in section 4.3 of the Prospectus that it does not intend to promote any change affecting the working conditions of Naturgy's employees or management team for at least 12 months following settlement of the Offer. In particular, in accordance with the conditions included in the authorization of the Council of Ministers of the Spanish Government detailed in section 5.2.1 of the Prospectus, the Offeror, in the exercise of its voting rights, shall support, during the five years following the date of settlement of the Offer, the maintenance of a significant part of the workforce of the Naturgy group in Spain.

Under these conditions, the Board of Naturgy considers that the Offer should not have an impact on the strategic orientation of the company, including the labor policy established after the new Strategic Plan.

9. THE INTENTION OF THE DIRECTORS OF NATURGY TO ACCEPT OR NOT TO ACCEPT THE OFFER. TREASURY SOTCK

The directors of Naturgy who directly or indirectly hold shares in the Affected Company at this date are those indicated in section 5 above.

All the directors holding shares - Messrs. Adell, Alcántara, Belil, de Jaime, Estapé, Reynés and

Sáinz de Baranda - have stated that their intention is not to tender their shares in the Offer.

On the other hand, at the date of this report, Naturgy has 8,675,368 own shares in treasury stock:

- - 35,773 shares are owned by Naturgy Energy Group S.A. and come from leftovers of flexible remuneration programmes for employees.
- - 8,639,595 shares are held by Naturgy Alpha Investments S.A.U. -a company indirectly wholly owned by Naturgy Energy Group S.A.- and are linked to the long-term incentive programme that forms part of the variable remuneration of the Executive Chairman and part of the management team.

The Board of Directors states its intention not to accept the Offer in respect of both groups of shares.

10. INFORMATION FOR EMPLOYEES

In accordance with that described in section 7.2 above, it is hereby stated that Naturgy has complied with its obligations to inform the employees provided for in article 25 of Royal Decree 1066/2007. In particular, on 27 January 2021, the employees' representatives were informed of the announcement of the Offer and were sent the prior announcement published by the Offeror. Likewise, on 8 September 2021, the Prospectus and on 17 September 2021 this report were made available to them.

11. OPINION OF THE BOARD OF DIRECTORS

On the basis of the considerations contained in this report, as well as the information contained in the Prospectus, taking into account all the terms and characteristics of the Offer and its impact on the interests of the Company, the Board of Directors is of the opinion that from a purely financial point of view and in the current circumstances, the price of the Offer is reasonable; however, the other qualitative observations contained in this report, and especially those relating to the possible impact of the Offer on the corporate governance of the company, must also be assessed. In any case, it is up to the shareholders to decide whether or not to accept the Offer, depending on their particular interests, risk tolerance and investment time horizon.

The Board notes that (i) Criteria communicated on 18 May 2021 its decision to strengthen its shareholding and subsequently increased its stake, (ii) Rioja and GIP have undertaken not to tender for the Offer at this price, and (iii) the directors of Naturgy, individually, and the Board, in relation to the company's treasury shares, have decided not to tender for the Offer at this price.

In Madrid, 17 September 2021

September 17, 2021

The Board of Directors
Naturgy Energy Group, S.A.
Avenida de San Luis, 77
28033 Madrid
Spain

Members of the Board:

You have requested our opinion as to the fairness, from a financial point of view, to the holders of shares with a nominal value of one euro (€1.00) each (the “Naturgy Shares”), of Naturgy Energy Group, S.A. (“Naturgy”) of the Offer Consideration (as defined below) to be paid by Global InfraCo O (2) S.à r.l (the “Offeror”), a wholly-owned subsidiary of IFM Global Infrastructure Fund (“IFM GIF”), pursuant to the terms of the unsolicited offer set forth in the tender offer document (*Folleto Explicativo de la Oferta Pública Voluntaria Parcial de Adquisición de Acciones de Naturgy Energy Group, S.A. Formulada por Global InfraCo O (2) S.à r.l*), dated September 3, 2021 and publicly filed with the Spanish National Securities Commission (*Comisión Nacional del Mercado de Valores*) on September 8, 2021 (the “Offer Document”) (the “Offer”). The Offer Document provides for a partial voluntary tender offer for up to 220 million Naturgy Shares, representing 22.689% of Naturgy’s share capital. If the number of Naturgy Shares tendered pursuant to the Offer exceeds such amount, tendering holders will be subject to a pro rata adjustment in the number of their Naturgy Shares accepted for payment. As more fully described in the Offer Document, the Offeror is offering pursuant to the Offer €22.07 in cash for each outstanding Naturgy Share (the “Offer Consideration”). The Offer Consideration reflects an adjustment to the initial offer consideration to reflect the payment by Naturgy of gross dividends of €0.63 and €0.30 per Naturgy Share on March 17, 2021 and August 4, 2021, respectively, and is subject to further adjustment. On January 25, 2021, GIP III Canary 1, S.à r.l and Rioja Acquisition S.à r.l, holders of 200,137,868 and 200,858,658 Naturgy Shares, respectively (together, the “Non-Accepting Shareholders”), irrevocably undertook to the Offeror not to accept the Offer, subject to certain conditions, although they may sell or acquire Naturgy Shares in a sale or acquisition unrelated to the Offer. Additionally, on May 18, 2021, Criteria Caixa, S.A.U., which holds 26.00% of Naturgy’s share capital, announced its intention to reinforce its position in Naturgy’s share capital without exceeding the legal threshold to launch a tender offer. According to the Offer Document, all the conditions to which the Offer was subject, including receipt of all necessary authorizations and regulatory approvals, have been satisfied except for the acceptance of the Offer by shareholders of Naturgy holding, at least, 164,834,347 Naturgy Shares, representing 17% of Naturgy’s share capital. On August 3, 2021, the Spanish Council of Ministers approved the Offeror’s direct foreign investment in Naturgy, subject to certain conditions, including undertaking to support the maintenance of Naturgy’s social domicile in Spain and the development of an industrial plan for Naturgy in connection with the Spanish energy transition, undertaking not to support a disposal that results in a change of control of certain strategic affiliates and undertaking not to support any proposal to delist the Naturgy Shares from the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges, subject to certain conditions (the “Listing Condition”), among others (collectively, the “Government Conditions”).

In arriving at our opinion, we reviewed the Offer Document and examined certain publicly available historical financial information. We also reviewed Naturgy’s strategic plan approved by the board of directors of Naturgy (the “Board of Directors”) in July 2021, subsequent to the announcement of the Offer, including the financial and operating projections relating to the business, operations and prospects of Naturgy for the years 2021 to 2025 (the “2021-2025 Strategic Plan”). Citi assisted Naturgy in connection with the preparation of the 2021-2025 Strategic Plan. We held discussions with certain senior officers, directors and other representatives of Naturgy concerning the business, operations and prospects of Naturgy (including the 2021-2025 Strategic Plan) and the respective business, operations and prospects of other companies whose operations we considered relevant in evaluating those of Naturgy. We reviewed the financial terms of the Offer as set forth in the Offer Document in relation to, among other things: current and historical market prices and trading volumes of the Naturgy Shares; the historical and projected earnings and other operating data of Naturgy; and the capitalization and financial

condition of Naturgy. We considered, to the extent publicly available, the financial terms of certain other transactions which we considered relevant in evaluating the Offer, analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations we considered relevant in evaluating those of Naturgy and considered, to the extent publicly available, certain brokers' reports relating to Naturgy. We express no view regarding, and have not separately considered for purposes of our opinion that, given the partial nature of the Offer, holders of Naturgy Shares wishing to participate in the Offer may not have all of their Naturgy Shares accepted for payment pursuant to the Offer. We also express no view regarding, and have not separately considered for purposes of our opinion, the potential impact of the consummation of the Offer on the liquidity of the Naturgy Shares, the potential impact of any sales of Naturgy Shares after the consummation of the Offer or that, given the Listing Condition, the Offeror is prohibited from supporting a delisting offer for Naturgy Shares in the three years following consummation of the Offer. We also express no view regarding, and have not separately considered for purposes of our opinion, the impact of any of the other Government Conditions. In addition to the foregoing, we conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as we deemed appropriate in arriving at our opinion. The issuance of our opinion has been authorized by our fairness opinion committee.

In rendering our opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and upon the assurances of the management of Naturgy that they are not aware of any relevant information that has been omitted or that remains undisclosed to us. We have been directed by the management of Naturgy to use the 2021-2025 Strategic Plan and other information and data relating to Naturgy provided to or otherwise discussed with us as a basis for our analyses for purposes of our opinion. With respect to the 2021-2025 Strategic Plan, we have been advised by the management of Naturgy that the 2021-2025 Strategic Plan was reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Naturgy as to the future business and financial performance of Naturgy under current circumstances, and the other matters covered thereby, and we have assumed that the financial results reflected in the 2021-2025 Strategic Plan will be realized in the amounts and at the times projected. We express no view as to, and our opinion does not address, the reasonableness (financial or otherwise) of the 2021-2025 Strategic Plan. The 2021-2025 Strategic Plan does not reflect the impact of potentially material changes to the legal and regulatory framework applicable to Naturgy announced or adopted following the meeting of the Spanish Council of Ministers on September 14, 2021, including, without limitation, Royal Decree 17/2021. We express no view as to, and our opinion does not address, the impact on the 2021-2025 Strategic Plan or otherwise on Naturgy of such changes or any other changes to the legal or regulatory framework applicable to Naturgy subsequent to the date of approval of the 2021-2025 Strategic Plan.

We have assumed, with your consent, that the Offer and its terms are legal under applicable law, that the Offer will be consummated in accordance with the terms set forth in the Offer Document without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining any necessary regulatory or third party approvals, consents and releases for the Offer, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Naturgy or the Offer. We have not made or been provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Naturgy nor have we made any physical inspection of the properties or assets of Naturgy. Our opinion does not address the underlying business decision of Naturgy regarding the Offer, the relative merits of the Offer as compared to any alternative business strategies that might exist for Naturgy, the effect of any other transaction in which Naturgy might engage or that may be proposed to Naturgy's shareholders, or any legal, regulatory, corporate governance, listing, tax or accounting matters, including the Government Conditions. We express no view as to, and our opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the Offer, or any class of such persons, relative to the Offer Consideration. Our opinion is necessarily based upon information available to us, and financial, stock market and other conditions and circumstances existing, as of the date hereof. We express no view as to, and our opinion does not address, the impact of the COVID-19 pandemic on geopolitical, macroeconomic and other conditions and we have relied, at Naturgy's

direction, upon the assessments of Naturgy's management as to, among other things, the potential impact of the global COVID-19 pandemic on Naturgy.

Citigroup Global Markets Europe AG has acted as financial advisor to Naturgy in connection with the proposed Offer and will receive a fee for such services. We also assisted the management of Naturgy in connection with the preparation of the 2021-2025 Strategic Plan and its presentation at Naturgy's capital markets day held on July 28, 2021 and will receive a fee in connection with such assistance. We also will receive a fee in connection with the delivery of this opinion. We and our affiliates in the past have provided, and currently provide, certain credit arrangements and other lending and related services, including debt structuring advice, unrelated to the proposed Offer, to certain of IFM GIF's portfolio companies, affiliates and investment vehicles, for which services we and our affiliates have received or expect to receive compensation. Furthermore, we and our affiliates in the past have provided, and currently provide, certain services to Naturgy and its affiliates unrelated to the proposed Offer, for which services we and such affiliates have received or expect to receive compensation, including, without limitation, certain mergers and acquisition advisory services, underwriting and other debt and equity capital markets services, including debt and stock buybacks, and credit arrangements and other services. In the ordinary course of our business, we and our affiliates may actively trade or hold the securities of Naturgy, IFM GIF and their respective affiliates, portfolio companies and investment vehicles for our own account or for the account of our customers and, accordingly, may at any time hold a long or short position in such securities. In addition, we and our affiliates (including Citigroup Inc. and its affiliates) may maintain relationships or enter into other transactions with Naturgy, the Offeror, IFM GIF, the Non-Accepting Shareholders and their respective affiliates and shareholders and other interested parties.

Our advisory services and the opinion expressed herein are provided for the information of the Board of Directors in its evaluation of the proposed Offer, and may not be used by the Board of Directors or any member thereof for any other purpose or relied upon by any third party. Our opinion is not intended to be and does not constitute a recommendation to any Naturgy shareholder as to how such Naturgy shareholder should vote or act on any matters relating to the proposed Offer, including whether any Naturgy shareholder should tender his or her Naturgy Shares pursuant to the Offer.

This opinion has been issued in English. In case of any inconsistency between the English-language version of this opinion and any translation thereof, the English-language version shall prevail.

Based upon and subject to the foregoing, our experience as investment bankers, our work as described above and other factors we deemed relevant, we are of the opinion that, as of the date hereof, the Offer Consideration is fair, from a financial point of view, to the holders of Naturgy Shares (other than the Offeror).

Very truly yours,



CITIGROUP GLOBAL MARKETS EUROPE AG