PROSPECTUS DATED 20 JULY 2020

TenneT Holding B.V.

(*incorporated with limited liability in the Netherlands with its statutory seat in Arnhem*)

€1,000,000,000 Fixed-to-Reset Rate NC5.25 Perpetual Capital Securities

Issue Price: 100 per cent.

The €1,000,000,000 Fixed-to-Reset Rate NC5.25 Perpetual Capital Securities (the "**Securities**") will be issued by TenneT Holding B.V. (the "**Issuer**") on 22 July 2020 (the "**Issue Date**").

The Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 22 October 2025 (the "**First Reset Date**"), at a rate of 2.374 per cent. per annum, payable annually in arrear on 22 October in each year, except that the first payment of interest, to be made on 22 October 2020, will be in respect of the period from (and including) the Issue Date to (but excluding) 22 October 2020 and will amount to €5.98 per €1,000 in principal amount of the Securities. Thereafter, unless previously redeemed, the Securities will bear interest from (and including) the First Reset Date to (but excluding) 22 October 2030 (the "**First Step-up Date**") at a rate per annum which shall be 2.719 per cent. above the euro 5 year Swap Rate (as defined in the Terms and Conditions of the Securities (the "**Conditions**")) for the relevant Reset Period (as defined in the Conditions), payable annually in arrear on 22 October in each year. From (and including) the First Step-up Date to (but excluding) 22 October 2045 (the "**Second Step-up Date**") the Securities will bear interest at a rate per annum which shall be 2.969 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 22 October in each year. From (and including) the Second Step-up Date, the Securities will bear interest at a rate per annum which shall be 3.719 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 22 October in each year, all as more particularly described in "Terms and Conditions of the Securities — Coupon Payments".

If the Issuer does not elect to redeem the Securities in accordance with Condition 6, following the occurrence of a Change of Control (as defined in the Conditions), the then prevailing interest rate (and each subsequent interest rate otherwise determined in accordance with the Conditions) shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Event occurred, see "Terms and Conditions of the Securities — Coupon Payments — Step-up after Change of Control". The Securities will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing Coupon Rate (as defined in the Conditions) in accordance with the Conditions.

The Issuer may, at its discretion, elect to defer any interest, in whole but not in part, except for interest payable upon redemption of the Securities as more particularly described in "Terms and Conditions of the Securities — Deferral of Interest". Any amounts so deferred, together with further interest accrued thereon at the interest rate per annum prevailing from time to time (which interest shall compound on each Coupon Payment Date (as defined in the Conditions)) shall constitute Arrears of Interest (as defined in the Conditions). The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time in accordance with the Conditions. Notwithstanding this, the Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates (i) the 10th Business Day following the date on which a Mandatory Payment Event occurs; (ii) any Coupon Payment Date in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant interest period; and (iii) the date on which the Securities are redeemed or the Issuer becomes subject to a Winding-up, all as more particularly described in "Terms and Conditions of the Securities — Deferral of Interest".

The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities and the Securities shall be redeemable (at the option of the Issuer) in whole but not in part

on any Business Day from and including the First Call Date to and including the First Reset Date or any Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, see "Terms and Conditions of the Securities — Redemption, Purchase and Modification". In addition thereto, the Securities may be redeemed at the option of the Issuer, including, without limitation, upon the occurrence of a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Event, a Rating Event, a Change of Control and following the exercise of the Clean-up Call or the Make-whole Call (each as defined in the Conditions), see "Terms and Conditions of the Securities — Redemption, Purchase and Modification". The Securities will become due and payable in the event of a winding-up of the Issuer, see "Terms and Conditions of the Securities — Enforcement Events".

The Securities will be unsecured securities of the Issuer and will constitute subordinated obligations of the Issuer, all as more particularly described in "Terms and Conditions of the Securities — Status, Subordination". Payments in respect of the Securities shall be made free and clear of, and without withholding or deduction for, or on account of, taxes of the Netherlands, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts may be payable by the Issuer, subject to certain exceptions as is more fully described in "Terms and Conditions of the Securities — Taxation".

This prospectus (the "**Prospectus**") has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"), as the competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The AFM 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 that is the subject of this Prospectus or of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities (see "*Risk Factors – Risks related to the Securities generally – The Securities may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of the Securities in connection with green projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to the Securities may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets*" below). Application has been made for the listing and trading of the Securities on Euronext Amsterdam N.V. ("**Euronext Amsterdam**") with effect from 22 July 2020.

The Securities will initially be represented by a temporary global security (the "**Temporary Global Security**"), without coupons, which will be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. The Temporary Global Security will be exchangeable for interests in a permanent global security (the "**Permanent Global Security**" and together with the Temporary Global Security, the "**Global Securities**"), without coupons, on or after a date which is expected to be on or about 31 August 2020, upon certification as to non-U.S. beneficial ownership. The Permanent Global Security will be exchangeable for definitive Securities in bearer form in the denominations of (i) €100,000 and integral multiples of €1,000 in excess thereof up to, and including, €199,000. No definitive Securities will be issued with a denomination above €199,000, see "Summary of Provisions relating to the Securities while in Global Form".

The Securities are have been rated BB+ by S&P Global Ratings Europe Limited ("**S&P**") and Baa3 by Moody's Investors Service Limited ("**Moody's**"). Each of S&P and Moody's is established in the European Union or the United Kingdom and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As at the date of this Prospectus, the Issuer has a long term senior unsecured debt rating of "A-" by S&P and "A3" by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

Joint Structuring Advisers to the Issuer and Joint Lead Managers

BNP PARIBAS		**HSBC**

Joint Lead Managers

DEUTSCHE BANK		**ING**

Passive Bookrunners

ABN AMRO	**COMMERZBANK**	**LLOYDS BANK**
NATWEST MARKETS	**RABOBANK**	**SMBC NIKKO**

This Prospectus has been prepared for the purposes of the listing and admission to trading of the Securities on Euronext Amsterdam and does not constitute an offer of, or an invitation by or on behalf of the Managers to, subscribe or purchase any of the Securities in any jurisdiction by any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Securities which are to be admitted to trading on a regulated market in the European Economic Area (the "EEA") and will expire on 22 July 2021. For these purposes, reference(s) to the EEA include(s) the United Kingdom. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "Documents Incorporated by Reference"). Other than in relation to the documents which are deemed to be incorporated by reference (see "Documents Incorporated by Reference" below), the information on the websites to which this Prospectus refers does not form part of this Prospectus (unless that information is incorporated by reference into the Prospectus) and has not been scrutinized or approved by the AFM. This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Securities. The distribution of this Prospectus and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of further restrictions on offers and sales of Securities and distribution of this Prospectus, see "Subscription and Sale" below.

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 Managers. Neither the delivery of this Prospectus nor any offer or 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 Securities 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 fullest extent permitted by law, the Managers accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by a Manager or on its behalf in connection with the Issuer or the issue and offering of the Securities. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities 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 Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (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 Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of sales to EEA or UK retail investors – The Securities 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 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; (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in

the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or delivered within the United States or to U.S. persons.

References to "**euro**", "**Euro**", "**EUR**" and "**€**" refer to the lawful 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 by the Treaty on European Union.

In connection with the issue of the Securities, BNP Paribas (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal and interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. These investors purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules, and consult their own tax advisers as to the tax consequences of the purchase, ownership and disposal of the Securities.

While it is the intention of the Issuer to apply the net proceeds of the Securities in connection with Eligible Green Projects (as defined below) in the manner described under "*Use of Proceeds*", any failure to do so and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets which may cause one or more of such investors to dispose of the Securities held by them which may affect the value, trading price and/or liquidity of the Securities. See "*Risk Factors - Risks related to the Securities generally - The Securities may not be a suitable investment for all investors seeking exposure to green assets.*

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Risk Factors

Before investing in the Securities, prospective investors should consider carefully all of the information in this Prospectus, including the following specific risks and uncertainties in addition to the other information set out in this Prospectus.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. All of these factors are contingencies which may or may not occur. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Securities are also described below.

If any of the following risks actually occur, the Issuer's business, results of operations or financial condition could be materially adversely affected, and could result in an inability to pay interest, principal or other amounts on or in connection with the Securities. The Issuer believes that the factors described below represent the material risks inherent in investing in the Securities, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Securities for other reasons. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business, results of operations or financial condition and may result in an inability to pay interest, principal or other amounts on or in connection with the Securities.

Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's business, financial condition, results of operations and prospects. The Issuer may face a number of these risks described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision. Furthermore, before making an investment decision with respect to any Securities, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Securities and consider such an investment decision in light of the prospective investor's personal circumstances.

*Any references in this Prospectus to the "**Group**" are to the Issuer and its subsidiaries and affiliates taken as a whole. Any references in this Prospectus to "**TenneT TSO NL**" are to TenneT TSO B.V. including its subsidiaries and any references in this Prospectus to "**TenneT TSO Germany**" are to TenneT GmbH & Co KG including its subsidiaries. All capitalised terms that are not defined in these Risk Factors will have the meanings given to them elsewhere in this Prospectus.*

Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Securities

Risks relating to the Issuer

A. Risks relating to the Issuer's business operations

Changes in Dutch and German regulatory frameworks may impact the Issuer's business, financial conditions and net income

The business, results of operations, revenue, profits, financial position, prospects and cash flows of the Issuer could be affected by the Dutch and German regulatory frameworks, which include both economic and environmental rules and regulations (see "*Business Description of the Issuer – Regulatory framework*").

The regulated activities of the Group, which produced over 99% of the Group's underlying revenue last year, depend on licences, authorisations, exemptions and/or dispensations in order to operate its business. These licences, authorisations, exemptions and/or dispensations may be subject to withdrawal, amendments and/or additional conditions being imposed on the regulated activities of the Group. Given the dependency of the Group on its regulated business, the occurrence of any of these events, or a combination thereof, may result in the Group no longer being able to conduct its business or part thereof. This could have a material adverse effect on the revenue of the Group, potentially reducing it significantly, and therefore on the Issuer's profits and financial position.

The Issuer's income also depends on interest and dividends received from its subsidiaries, which payments are often not regulated. However, the Issuer's net income is to a large degree derived from the revenues of the regulated activities of its subsidiaries. Such activities of the Issuer's regulated subsidiaries depend on governmental regulations and European legislation, which implies that, in the end, the Issuer's net income is sensitive to regulatory amendments and decisions.

Dutch regulatory and administrative decisions and proceedings

The tariffs of TenneT TSO NL are subject to incentive regulation by the Authority Consumer & Market (*Autoriteit Consument & Markt*) (the "**ACM**") providing for a revenue cap (see "*Business Description of the Issuer – Regulatory framework – Tariff regulation*"). Within this regulatory framework, the ACM adopts various decisions regarding TenneT TSO NL. The business, financial condition and net income of TenneT TSO NL and the Issuer are sensitive to and may be materially affected by the outcome of such regulatory decisions and any related or other proceedings, inter alia when such decisions and proceedings are based on estimated data (such as inflation), historical data, assumptions, research, efficiency and productivity goals which may be too stringent, fail to acknowledge costs which TenneT TSO NL cannot avoid incurring and, consequently, deviate from actual values or costs made. In addition, changes in the value of the parameters or in the regulatory methodology used will impact the revenue levels of TenneT TSO NL and therefore will impact its cash flows, results of operations and financial position. In this regard, TenneT TSO NL is particularly exposed to the risk that the revision of the benchmark model by the ACM will result in a significantly lower efficiency score of TenneT TSO NL, and that the ACM will set the projected weighted average costs of capital ("**WACC**") significantly lower for the next regulatory period (see "*Business Description of the Issuer – Regulatory framework – Tariff regulation for the current regulatory period (2017 – 2021)*"). Each of these events is likely to decrease the Issuer's revenue in the Netherlands.

In general, the assessment of exposures and ultimate outcomes of regulatory decisions and legal and regulatory proceedings involves uncertainties and may be subject to change.

For example, certain parties connected to TenneT TSO NL's network are disputing or may dispute invoiced amounts relating to transmission and system services rendered by TenneT TSO NL. The related amounts can currently not be reliably estimated and it is also unclear if all of such amounts would be recoverable by TenneT TSO NL through future tariffs.

Furthermore, TenneT TSO NL was involved in an ACM procedure regarding a claim of an industrial customer due to an unplanned outage of the 150kV network. At the request of this industrial customer, the ACM decided that TenneT TSO NL does not comply with the obligation of Article 31, paragraph 12 of the Dutch electricity act 1998 (this act, as amended from time to time, the "**Electricity Act**") that states that the high voltage grids (except for the grid at sea) are designed redundantly in order to prevent outages. TenneT TSO NL filed an appeal against this ACM decision with the *College van Beroep voor het bedrijfsleven* (the "**CBb**"). The CBb ruled that

TenneT TSO NL does comply with the redundancy criteria for the involved grid EHV-station, but confirmed the judgement of the ACM that TenneT TSO NL during this outage has not acted in accordance with the provisions in the Electricity Act, more specifically article 16 (grid operator task) of the Electricity Act. This CBb ruling will probably be used as a starting point in a civil law procedure regarding the question whether and to what extent TenneT TSO NL is obliged to compensate damages caused by an unplanned outage of the network. The findings in this case may have an impact on similar claims in the future.

Dutch certifications

TenneT TSO NL is currently certified as transmission system operator (a "**TSO**") for the Dutch national (extra) high voltage grid and as interconnector operator for its part of the NorNed Cable and the Cobra Cable and fully complies with all applicable requirements. In addition, TenneT TSO NL has been certified and appointed as the sole offshore grid operator in the Netherlands. There can be no assurance that either of these certifications will never be revoked and subsequently needs to be obtained again, *e.g.* because of non-compliance by TenneT TSO NL with certification requirements or change of conditions and/or regulation. This could have a material impact on the Issuer's business.

German grid tariffs

For an overview of the German regulatory framework and recent amendments thereto, reference is made to "*Business Description of the Issuer – Regulatory framework – Regulation of grid tariffs*".

The revenues of TenneT TSO Germany are derived from the operation of the transmission grid and are subject to regulation by the German Federal Network Agency (*Bundesnetzagentur*, "**BNetzA**"). Consequently, TenneT TSO Germany's overall business, financial condition and net income are – similar to TenneT TSO NL – sensitive to regulatory changes and decisions of the regulator. Such changes and decisions may impact the revenue levels of TenneT TSO Germany and may therefore impact its cash flows. For example, changes made to the regulatory framework in Germany in 2019 and BNetzA's preference to see adjustments being made to the intra group financing (which adjustments may impact the cost of debt), may impact the revenue levels of TenneT TSO Germany and may therefore impact its cash flows (see risk factor "*Connection of offshore wind farms*"). For instance, a decrease has occurred in the return on equity, which decrease is mainly driven by a reduced regulatory rate of return on equity in Germany, starting with the new 5-year regulatory period in 2019 and other regulatory changes.

The Regional Competition Authority of Lower Saxony started an antitrust investigation against TenneT TSO GmbH in March 2019. The investigation concerns irregularities around a number of tenders in Lower Saxony in 2014 and 2015 already subject to prosecutors investigations. TenneT TSO Germany has cooperated with the prosecutor, declared full cooperation with the Competition Authority and supported the investigation since. It cannot be excluded that investigations can result in a fine and, thus, could have a negative effect on the Issuer's reputation, which could have a material adverse effect on the Issuer's business, financial condition and net income. TenneT TSO Germany and the Issuer are particularly at risk in this regard since they perform public tasks, so that these incidents are more likely to reduce their credibility and political or public acceptance (see risk factor "*Reputational damage*" below).

Connection of offshore wind farms

For a description of the regulatory framework relating to the connection of offshore wind farms, see "*Business Description of the Issuer – Regulatory framework – Connection of offshore wind farms*".

The realisation of offshore grid connection systems extending from the offshore wind farms ("**OWF**") to the nearest technologically and economically feasible onshore grid connection point ("**OWF Connections**") requires large scale investments. As TenneT decided to apply a grandfathering model introduced by the ordinance "Regulation for the calculation of the Offshore grid levy and adjustments to the regulatory

framework" (*Verordnung zur Berechnung der Offshore-Netzumlage und zu Anpassungen im Regulierungsrecht*, "ONU-VO"), the treatment of investments depends on whether the respective projects are finished and commissioned before year-end 2019 or later. For new project investments, there is a risk that BNetzA does not approve certain capital expenditures, because they are higher than those of an "efficient and comparable grid operator" (section 3a paragraph 1 in conjunction with section 4 paragraph 1 StromNEV). That could lead to a material negative effect on the financial position of TenneT TSO Germany if those cost positions are not covered through other mechanisms.

Until 2018, BNetzA granted an OPEX lump sum for offshore assets of 3.4%. BNetzA has revised its decision to grant an OPEX lump sum for offshore assets. In the new ruling the BNetzA has stated that the operational expenses shall be reimbursed based on actuals with effect as from 1 January 2019. However, it cannot be ruled out that the actual operating costs will not be fully reimbursed due to insufficient verification. In its decision of 18 May 2020, the BNetzA revoked the lump sum for offshore assets with retroactive effect for the year 2018. TenneT Germany expects to initiate an appeal proceedings against the annulment of the lump sum for offshore assets, as the Decision Chamber announced the abolition of the lump sum for offshore assets in December 2019.

In addition, several contractors of OWF Connections have filed judicial claims against certain subsidiaries of TenneT TSO Germany (see for pending procedures in this regard "*Business Description of the Issuer – Legal and arbitration proceedings – TenneT TSO Germany*"). In case of compensation payments to OWF operators, TenneT TSO Germany's operational costs will increase. However, in principle, TenneT TSO Germany is entitled – possibly with a time lag – to pass through compensation payments for delays and interruptions to the other TSOs and eventually to end consumers (so-called offshore liability balancing regime). For restrictions and limitations in this regard, inter alia in case of wilful misconduct or gross or simple negligence, see "*Business Description of the Issuer – Regulatory framework – Connection of offshore wind farms*". Although it cannot be entirely ruled out that certain delays will be found to have been caused by wilful misconduct or by gross or simple negligence (which would have an impact on the profits and financial position of TenneT TSO Germany), so far BNetzA has not found that TenneT TSO Germany acted negligently or wilfully in this respect. If and to the extent these claims were (partly) justified and the payments resulting therefrom could not be passed through to the end customers, the binding rulings may have a negative impact on the financial position of TenneT TSO Germany and the Group as a whole.

Certification as a transmission system operator

BNetzA certified TenneT TSO Germany as a transmission system operator by its decision dated 3 August 2015. Similar to TenneT TSO NL, there can be no assurance that the certification will never be revoked and subsequently needs to be obtained again, *e.g.* because of non-compliance by TenneT TSO Germany with certification requirements or change of conditions and/or regulation. This could have a material impact on the Issuer's business.

System Responsibility

As set out under "*Business Description of the Issuer – Regulatory framework – System responsibility*", the German Electricity Market Act (*Strommarktgesetz*) includes, *inter alia*, amendments in relation to redispatch measures and decommissioning of generation facilities, and costs incurred by TenneT TSO Germany resulting from such measures are normally recognised by BNetzA as grid-related costs subject to reimbursement under the incentive regulation regime. In this context, several lawsuits have been lodged against TenneT TSO (see "*Business Description of the Issuer – Legal and arbitration proceedings – TenneT TSO Germany*"). These claims are still pending. Although costs resulting from redispatch-measures are still classified as permanently non-influenceable costs and thus currently fully reimbursed under the incentive regulation, it cannot be entirely ruled out that the outcome of these claims may have a negative impact on the financial position of TenneT TSO Germany. For the further development and the potential introduction of incentives on redispatch see "*Business Description of the Issuer – Regulatory framework*".

Operational risks and risks related to material projects

Operational, technical and realisation risk

The Issuer faces a substantial investment programme in the coming years to (i) connect renewable and conventional electricity production capacity to the grid; (ii) ensure optimal grid availability (security of supply); and (iii) drive the energy transition as a green grid operator and thought leader. The level, complexity and innovative character of these investment projects brings along operational risks. For example, the increased demand for additional (extra) high-voltage underground connections can affect the reliability of the transmission network. Technical problems with underground cables are more expensive and require longer time to repair than problems with overhead power lines. Besides that, the development of innovative instruments to increase flexibility and grid utilization is necessary for an affordable energy transition. However, this may lead to significant changes in grid operation and maintenance, e.g. due to increased volatility of renewable energy.

Furthermore, there is a risk, amongst others, of insufficient supplier capacity, materials and human resources to realise the substantial investment programme. Additionally, the increasing number of construction and maintenance operations - in conjunction with the volatility of renewable energies - aggravates the outage planning. The development of several large projects simultaneously and the introduction of new combinations of existing technology in, amongst others, platform design, construction and installation of offshore high voltage direct current ("**HVDC**") converter stations increase realisation risks for projects. Due to the novelty and complexity of HVDC connections, further technical as well as operational issues might arise after the construction phase. Accordingly, should any such risks occur, these may result in increased costs, which may result in curtailment or suspension of the Issuer's related operations. As a result, the manifestation of such risks could have a material adverse effect on the Issuer's business, financial condition and net income. It is also reiterated that interruptions in the transmission network may lead to claims and investigations as well as reputational damage, so that the Issuer's business, financial condition and net income may also be affected in that way (see risk factors "*Dutch regulatory and administrative decisions and proceedings*" and "*Reputational damage*").

Grid Performance, including risk of blackouts

Due to more intensive grid usage (higher utilisation), the market integration of European electricity markets and increased feed-in from renewable energy, combined with the grid condition, there is an increased risk of interruptions and/or incidents within the grid of TenneT TSO NL and TenneT TSO Germany. Besides that, weaknesses in the market design may lead to a systematic shortage of electricity production and significant frequency deviations in the grid. Shortages can e.g. be caused by inaccurate forecasts on renewable power production, whereas different prices at the intraday market, compared to imbalance settlement prices, incentivise balancing parties to not compensate imbalances or even to speculate for shortages. Additionally, non-harmonized ramp-up and ramp-down times of different production entities may lead to frequency spikes. The Issuer manages these risks for example by speeding up replacements and investments in its current network, combined with improved information technology ("**IT**") systems to steer the network. Furthermore, a terrorist- or cyber-attack might cause a blackout. The Issuer manages these risks mainly by improving its security measures of its physical and non-physical critical systems. To the extent the Issuer fails to manage these terrorist- and cyber-attack risks, their occurrence might have material adverse effects on its business, financial condition and net income.

Dependency on information technology systems

The Issuer expects more technological and market developments in the upcoming decades, as a result of which international co-operation and disruptive innovation and digitalisation will be required to guarantee a secure and reliable supply of energy and to meet both the energy needs of society and the national and international carbon-reduction targets. Different sectors will most likely couple, *e.g.* energy from electricity, gas storages and

distribution as well as mobility. New ground breaking-innovations or changes in the market design could have a material adverse effect on the Issuer's business, financial condition or results of operations.

Furthermore, the Issuer's operations and business processes depend on the availability of IT systems. Due to the nature of the Issuer's business, the availability of IT systems is of paramount importance and interruptions could have significant effects on the direct accessibility of electricity throughout the Netherlands as well as in Germany. The Issuer has in place IT solutions and information security management systems to ensure an uninterrupted operation of its IT systems. Risks are significant interruptions in the availability of IT systems, inability of the Issuer to adapt to the fast changes in the IT domain and technical problems compromising the accessibility or confidentiality of business-critical information. Decentralised renewable power production parties are usually connected to distribution system operator ("**DSO**") grids. As a result the Issuer may only have limited access to data. In addition, there is a risk that the Issuer could be the target of external attempts to gain unauthorised access to its IT systems. Each of these events could have a material adverse effect on the Issuer's business, financial condition or results of operations.

Reputational damage

The Issuer and its subsidiaries perform public tasks and have multiple stakeholders. Therefore, the Issuer carries an increased risk of reputational damage. Part of the Issuer's investment programme is related to the development of the onshore grid. In case of any resistance from residents living closely to newly built onshore lines, investments can be delayed, which could affect future grid performance. Incidents or interruptions in the grid, stranded investments, delay of (large) projects or increased costs for society could also have negative effects on the Issuer's reputation, reducing political or public acceptance. Furthermore, a changing energy landscape increases the complexity of mid- and long term planning. The Issuer's failure to comply with external declarations previously made could have a negative effect on its external credibility and reputation, which could have materially adverse consequences on the Issuer's business, financial position and net profits. Additionally, in Germany, a law (NABEG) empowers regulatory authorities to impose sanctions and penalties against TSOs.

Lack or loss of qualified personnel

As the operations of the Issuer are strongly technical in nature, the availability of sufficient qualified personnel is key to the Issuer's business, financial condition and income. The Issuer experiences increasing difficulties in attracting and retaining qualified (technical) personnel needed to support its operations. The Issuer's investment portfolio causes a high workload throughout the entire supply chain and together with the high degree of organisational complexity of the Issuer's projects, this may lead to the situation where a lack or loss of according staff results in insufficient expertise and know-how and in unsatisfactory quality levels of the Issuer's operations, the inability to operate the Issuer's grid, delays in completion of infrastructure projects and maintenance, or failure to meet strategic objectives. The occurrence of one of such risks could have a material adverse effect on the Issuer's business, financial condition and net income.

Environmental issues relating to subsidiaries of Issuer may impact the Issuer's business, financial condition and net income

As the environment is one of the focal points in the Issuer's internal and external activities, the Issuer has an established environmental policy in order to meet all applicable environmental standards.

The operations and properties of subsidiaries of the Issuer are subject to various local and EU laws and regulations concerning the protection of the environment, including regulation of air and water quality, controls of hazardous or toxic substances and guidelines regarding health and safety. Subsidiaries of the Issuer may be required to pay for clean-up costs (and in specific circumstances, for aftercare costs) for any contaminated property they currently own or have owned in the past.

Environmental laws can impose liability without regard to whether the owner or operator had knowledge of the release of substances or caused the release. Although the Issuer might have no knowledge of properties requiring immediate remediation or decontamination or other measures related to environmental obligations (except as provisioned for), environmental authorities may come to a different assessment. Third parties may also initiate proceedings to require decontamination. Hence, one or more of the Issuer's subsidiaries may be required to initiate costly, extensive and time-consuming clean ups at one or more of its properties, in addition to the risk of incremental penalty payments or other penalties. Such requirements (imposed on the subsidiaries of the Issuer) could have a material adverse effect on the Issuer's business, financial condition and net income.

Although the Issuer strives to limit the impact on the environment to a maximum possible extent, due to the nature of its operations it, TenneT TSO NL and/or TenneT TSO Germany, cannot entirely exclude the generation of emissions, the creation of waste, the use of non-renewable materials or their infrastructure having a negative effect on biodiversity. A risk with respect to emissions in both the Netherlands and Germany is posed by the use of sulphur hexafluoride ("**SF6**") in the absence of technical alternatives for certain types of (extra) high-voltage switchgear. SF6 is a gas with greenhouse impact. It is used in closed systems, but it may be released through leakages and/or during maintenance work on the installation. Furthermore, the leakage of oil used in transformers and cables could have another negative local environmental impact of the Issuer's operations. Therefore, polyethylene cables, which do not contain any oil are used for almost all new projects.

Any of the above developments may affect the timing and amount of investments, could result in increased expenditures on the part of the Issuer and in potential liability risks relating to damages claimed by affected persons.

B. Risks relating to the structure of the Issuer

The Issuer is a holding company with no operations and relies on its operating subsidiaries to provide it with the funds necessary to meet its financial obligations

The Issuer is a holding company with no material, direct business operations. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on loans, interest, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends to its shareholder and the payment of interest and principal to its creditors, including the holders of the Securities (the "**Securityholders**"). The ability of the Issuer's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory or contractual restrictions. In this respect, reference is made to "*Business Description of the Issuer – Regulatory framework*", under headings "*Dutch Decree on Financial Management*" and "*System responsibility*".

Due to the legal framework described under "*Business Description of the Issuer – Regulatory framework – System responsibility*", the ability of the Issuer to upstream cash from TenneT TSO Germany in order to meet its obligations under the Securities is restricted. In addition, in view of its position as an equity investor in its subsidiaries, the Issuer's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries. To the extent that the Issuer is recognised as a creditor of such subsidiaries, the Issuer's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to the Issuer's claims.

If the subsidiaries of the Issuer are for whatever reason not in a position to upstream funds to the Issuer or only upstream funds in a lesser amount than envisaged based on previous years and therefore the amounts that the Issuer receives from its subsidiaries may not be sufficient to meet its financial obligations, as a result of which the Issuer may not be able to fulfil its obligations under the Securities in full.

Decisions of the State of the Netherlands as the sole shareholder of the Issuer may impact the Issuer's business, financial condition and net income

The Issuer is controlled by the State of the Netherlands (the "**State**"), being the sole holder of the shares in the share capital of the Issuer. The Issuer's current dividend policy is to pay 35% of the underlying distributable profit, after income allocated to project investors and distributions made to hybrid capital holders, as dividend to its shareholder. The State has a strong interest in maintaining a healthy financial profile for the Issuer and has agreed to lower dividends when deemed appropriate. Through its role as sole shareholder, policymaker and legislator the State has a strong influence on the Issuer's operations, which depending on the circumstances may positively or negatively influence the Issuer's business, financial condition and net income.

On 18 October 2013, the Dutch government published its Policy on Government Participations 2013 (*Nota Deelnemingenbeleid 2013*, the "**Policy on Government Participations 2013**"). In the Policy on Government Participations 2013, the State resolved that it will seek further influence over the Issuer, *e.g.* in respect of important investments and in respect of the appointment of members of the management boards and supervisory boards of its participations (see "*Business Description of the Issuer – Corporate Governance*").

The significant amount of investments (see "*Business Description of the Issuer - Funding*") is expected to require additional equity capital to maintain sufficient credit ratings for the Issuer and for individual Subsidiaries. On 13 September 2019, the Dutch Minister of Finance informed Dutch parliament (*Tweede Kamer*) in writing of the further capital needs by TenneT to protect its credit rating given the demands of TenneT's large and growing planned capex programme. On 19 May 2020, the Dutch Minister of Finance informed Dutch parliament in writing that a joint declaration of intent was signed by the Dutch and German state on 19 May 2020 to further investigate the possibility of the German state taking a minority interest in the Issuer or TenneT Germany. The Dutch Minster of Finance indicated that the common objective is to reach an agreement in the first quarter of 2021. A change of ownership following such agreement may have an impact on the credit profile of the Group or individual Subsidiaries. Also, the incurrence of debt in context of the capex programme will impact such credit profile and assessment of the Issuer and its group by rating agencies.

Potential conflicts of interest may exist between the objectives of the Group versus the national interest of the State. It cannot be assured that all decisions and actions taken by the State as the sole shareholder of the Issuer are fully compatible with the Issuer's interests. Such decisions and actions may require extensive investments from the Issuer (for example in relation to reaching sustainability targets in Dutch and German national energy policies) and may result in a downgrade of the credit ratings, lower revenues or a lower profit margin which could have a material adverse effect on the Issuer's business, financial condition and net income.

In addition, there is a risk of a political conflict of interest regarding national energy strategy between the Netherlands and Germany. Any difference between such strategies may lead to the Issuer being required to comply with the most far-reaching strategy, which could have a material adverse effect on the Issuer's business, financial condition and net income.

C. Risks relating to the financing of the Issuer

The Issuer partly relies on financial markets to secure financing for capital expenditures

The Issuer faces substantial financing needs in the coming years to fund its onshore and offshore investment projects in the Netherlands and Germany as well as international sub-sea (extra) high-voltage cables (see also "*Business Description of the Issuer - Funding*"). If the Issuer is unable to raise such financing, it might not be able to invest as scheduled. Any limitations on the Issuer's ability to invest as scheduled, could affect the Issuer's cash flows, and affect its ability to execute its strategic plans, which could have a material adverse effect on the Issuer's business, financial condition and net income.

Additionally, current and future problems that are and may be affecting the domestic and international debt and equity markets generally may adversely affect the availability and cost of funding for the Issuer. The envisaged capital expenditures and ensuing financing needs of the Issuer will require that it seeks external financing, either in the form of public or private financing or other arrangements, which may not be available at attractive terms or may not be available at all. Any such limitations on the Issuer's envisaged capital expenditures could limit the Issuer's liquidity, its financial flexibility and/or its cash flows and affect its ability to execute its strategic plans, which could have a material adverse effect on the Issuer's business, financial condition and net income. If the debt and/or equity markets are not available for a prolonged period of time, the Issuer may find itself cut off from sufficient financing sources, which may lead to a situation where the Issuer can no longer pay its obligations – including under the Securities – when they fall due.

In order to mitigate the risk of the inability to secure timely financing, TenneT concluded a committed EUR 3,300,000,000 revolving credit facility (the "**RCF**") with a syndicate of eleven banks. The RCF matures in November 2024. However, there can be no assurance that this amount will suffice in case capital markets close or do not have sufficient capital available for a prolonged period of time.

The Issuer requires sustainable access to equity

The significant amount of investments during the next ten or more years (see "*Business Description of the Issuer - Funding*") is expected to require additional equity to secure sufficient credit ratings. The Issuer is in discussions with the Dutch Ministry of Finance (see "*Risk Factors – Decisions of the State of the Netherlands as the sole shareholder of the Issuer may impact the Issuer's business, financial condition and net income*") about the possible contribution of additional equity, and the level and timing thereof. There is a risk that the Issuer will be unable to raise equity or secure equity commitments in a timely fashion which could adversely affect its investment plans which could have a material adverse effect on the Issuer's business, financial condition or results of operations as well as the credit rating of the Issuer.

Adverse interest rate development may impact the Issuer's financial condition and net income

The Issuer is allowed under its current policy to partly finance itself with floating rate debt. As the reference interest rate on this debt can fluctuate, the Issuer is exposed to interest rate risk. In addition, interest rates on future debt issuances as a result of the Issuer's large financing needs are yet uncertain. Increasing interest rates will result in higher interest costs and may negatively affect the profitability of the Issuer. The Issuer's policy is to have between 50% and 100% of its debt portfolio financed on a fixed-rate basis or hedged through the use of interest rate swaps. On 31 December 2019, 100% of the senior debt portfolio of the Issuer with an original maturity longer than 12 months was on a fixed rate basis. Adverse fluctuations and increases in interest rates, to the extent that they are not hedged, could have a material adverse effect on the Issuer's financial condition and net income.

Adverse decisions from rating agencies may impact the Issuer's financial condition and net income

Rating agencies have issued, and may in the future issue, credit ratings for the Issuer or one or more of its Subsidiaries. There is no assurance that a rating assigned to a Subsidiary would be equal to the rating of the Issuer. Furthermore, there is no assurance that any such ratings will not be lowered or withdrawn by the relevant rating agency or the Issuer at any time if, in its judgement, circumstances so warrant. A decision by any rating agency to downgrade or withdraw the Issuer's current credit rating (for whatever reason) could reduce the Issuer's funding options, increase its cost of borrowings and adversely affect its net income.

Risks related to the Securities generally

The Issuer's obligations under the Securities are unsecured and subordinated

The Issuer's obligations under the Securities will be unsecured and subordinated and will rank junior to the claims of all senior and other unsubordinated and other subordinated creditors of the Issuer, except for creditors of Parity Securities and any loans and securities expressed to rank pari passu with the Securities and after redemption in full of each of the 2013 Capital Securities and the 2017 Capital Securities, the Issuer's preferred share capital, see "Terms and Conditions of the Securities — Status, Subordination" and "Terms and Conditions of the Securities — Winding-up".

The Securities will be deeply subordinated obligations and the most junior instrument in the capital of the Issuer, other than ordinary shares and preference shares, if any, the latter only for as long as the 2013 Capital Securities and the 2017 Capital Securities are not fully redeemed. After such redemption and subject to certain conditions and subject to the Issuer's right to disapply or revert, a Subsequent Change in Ranking may apply which would provide for the Securities to rank pari passu with preference shares of the Issuer, if any. The Issuer may be able to incur significant additional secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness. If the Issuer becomes insolvent or is liquidated, or if payment under any secured or unsecured unsubordinated and/or prior-ranking subordinated debt obligations is accelerated, the Issuer's secured or unsecured unsubordinated or, as the case may be, prior-ranking subordinated lenders would be entitled to exercise the remedies available to a secured or unsecured unsubordinated and/or prior-ranking subordinated lender before the Holders. As a result, the Securities are subordinated to any secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness that the Issuer may incur in the future, and the holders of the Securities may recover rateably less than the lenders of the Issuer's secured or unsecured unsubordinated debt and/or prior-ranking subordinated debt in the event of the Issuer's bankruptcy or liquidation.

Unsubordinated liabilities of the Issuer may also arise from events that are not reflected on the balance sheet of the Issuer, including, without limitation, insurance or reinsurance contracts, derivative contracts, the issuance of guarantees or the incurrence of other contingent liabilities on an unsubordinated basis. Claims made under such guarantees or such other contingent liabilities will become unsubordinated liabilities of the Issuer that in a winding-up or insolvency proceeding of the Issuer will need to be paid in full before the obligations under the Securities may be satisfied.

Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

Securityholders have restricted remedy for non-payment when due

In accordance with the Conditions, the sole remedy against the Issuer available to any Holder for recovery of amounts which have become due and payable in respect of the Securities will be the institution of proceedings for the Winding-up of the Issuer in the Netherlands (but not elsewhere, except that in the case of an substitution of the Issuer in accordance with Condition 12, such proceedings must be instituted against the Substituted Issuer in the jurisdiction in which the Substituted Issuer is incorporated) and/or proving in such Winding-up, as it may think fit to enforce any term or condition binding on the Issuer under the Agency Agreement or the Securities. However, such proceedings cannot oblige the Issuer to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it under the Conditions. The Securities cannot cross default based on non-payment on other securities, except where such non-payment on other securities itself results in the Winding-up of the Issuer. The Holders have limited ability to influence the outcome of an insolvency or liquidation or restructuring outside an insolvency or liquidation and may incur a loss under the Securities.

The Issuer has the right to defer Payments on the Securities

The Issuer may at its sole discretion defer any Payment on the Securities at any time and for any reason as provided in Condition 4(a). Any amounts deferred in accordance with Condition 4(a) (including interest accrued thereon) shall constitute Arrears of Interest.

Any Arrears of Interest may be paid in whole or in part at any time, and in any event, will automatically remain due and become payable under certain conditions as provided for in Condition 4(b).

Any deferral of Payments will likely have an adverse effect on the market price of the Securities. In addition, as a result of the deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrual is not subject to such deferrals, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The Securities may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of the Securities in connection with green projects as provided under the Issuer's Green Financing Framework, and/or any failure to meet, or to continue to meet, the GBP or the investment requirements of certain environmentally focused investors with respect to the Securities may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets

The use of proceeds of the Securities is specified to be for the financing and/or refinancing of specified "green" projects of the Issuer or any of its subsidiaries, in accordance with certain prescribed eligibility criteria prepared by the Issuer in the context of its Green Financing Framework (as defined and further described under "*Use of Proceeds*" below).

The Issuer has requested a sustainability rating agency or sustainability consulting firm to issue a second-party opinion confirming that the Eligible Green Projects (as defined under "*Use of Proceeds*" below) have been defined in accordance with the broad categorisation of eligibility for green projects set out by the International Capital Market Association (ICMA) Green Bond Principles (GBP) and/or a second-party opinion regarding the suitability of the Securities as an investment in connection with certain environmental and sustainability project (any such second-party opinion, a "**Second-party Opinion**").

Potential investors should be aware that a Second-party Opinion will not be incorporated into, and will not form part of, the Prospectus. Any such Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Securities or the projects financed or refinanced toward an amount corresponding the net proceeds of the Securities. A Second-party Opinion does not constitute a recommendation to buy, sell or hold securities and is only current as of the date it is released.

While the GBP do provide a high level framework, still there is currently no market consensus on what precise attributes are required for a particular project to be defined as "green", and therefore no assurance can be provided to potential investors that the green projects specified for the Securities will meet all investors' expectations regarding sustainability performance or continue to meet the relevant eligibility criteria. Although applicable green projects are expected to be selected in accordance with the categories recognised by the GBP, and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

Further, although the Issuer agrees at the Issue Date to certain allocation and/or impact reporting and to use the proceeds for the financing and/or refinancing of green projects (as specified in "*Use of Proceeds*" below), it

would not be an event of default under the Securities if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in "*Use of Proceeds*" below and/or (ii) the Second-party Opinion were to be withdrawn and the Issuer is under no obligation to redeem or repurchase the Securities in such case. Any failure to use the net proceeds of the Securities in connection with green projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Securities may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets which may cause one or more of such investors to dispose of the Securities held by them which may affect the value, trading price and/or liquidity of the Securities and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

Neither the Issuer nor the Managers make any representation as to the suitability for any purpose of any Second-party Opinion or whether the Securities fulfil the relevant environmental criteria of any potential investor in the Securities. Prospective investors should have regard to the eligible green bond projects and eligibility criteria described.

Each potential purchaser should determine for itself the relevance of the information contained in this Prospectus regarding the use of proceeds and its purchase of any Securities should be based upon such investigation as it deems necessary.

The Securities are perpetual securities and therefore have no fixed redemption date

The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities. Accordingly there is uncertainty as to when (if ever) an investor in the Securities will receive repayment of the principal amount of the Securities, which may also affect the market value of the Securities.

Under circumstances, the Issuer may amend or vary the Securities without consent of the Holders

Pursuant to the Conditions and subject to the conditions set out therein, the Issuer may exchange the Securities for new securities (the "**Exchanged Securities**") or vary the terms of the Securities (the "**Varied Securities**") without any consent of the Holders in the event of an Accounting Event, a Withholding Tax Event, an Income Tax Deduction Event or a Rating Event so that in either case (A) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is recorded as "equity" in full in the consolidated financial statements of the Issuer pursuant to EU-IFRS, (B) in the case of a Withholding Tax Event, payments of principal and interest in respect of the Exchanged Securities or Varied Securities (as the case may be) are not subject to deduction or withholding by reason of Dutch law or published regulations, (C) in the case of an Income Tax Deduction Event, payments of interest payable by the Issuer in respect of the Exchanged Securities or Varied Securities (as the case may be) are tax-deductible to the extent permitted by Dutch law or (D) in the case of a Rating Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an investment exhibits the characteristics of an ordinary share) by the relevant Rating Agency that is equal to or greater than that which was assigned to the Securities by that Rating Agency on the Issue Date, or if such equity credit was not assigned on the Issue Date, at the date when the equity credit was assigned for the first time.

In addition, The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority. Securityholders are therefore exposed to the risk that changes are made to the Securities and the Conditions without their knowledge or consent and/or which may have an adverse effect on them.

The Securities could be redeemed at any time upon a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Event, a Rating Event, a Change of Control or following the exercise by the Issuer of the Clean-up Call or the Make-whole Call and on any Business Day from and including the First Call Date to and including the First Reset Date or any Coupon Payment Date thereafter

The Securities are redeemable (at the option of the Issuer) in whole but not in part on any Business Day from and including the First Call Date to and including the First Reset Date or any Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date,

The Securities may also be redeemed at the option of the Issuer, including, without limitation, for tax, accounting and rating reasons, following a change of control and following the exercise of the Clean-up Call or the Make-whole Call, see "Terms and Conditions of the Securities — Redemption, Purchase and Modification" for more detail on the terms applicable to such redemption including the basis for calculating the redemption amounts payable.

If the Issuer would exercise any of these options, an investor may not be able to reinvest the proceeds of the redemption of the Securities in a comparable security at a rate of return similar to that of the Securities. Potential investors should therefore consider reinvestment risk in light of other investments available at that time.

No limitation on issuing senior or pari passu securities or incurring senior or pari passu liabilities

There is no restriction in the documentation entered into in connection with the issue of the Securities by the Issuer on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders and Couponholders on a Winding-up of the Issuer and/or may increase the likelihood of a deferral of Payments under the Securities, which may affect the market value of the Securities.

No obligation to pay additional amounts if payments in respect of the Securities are subject to the Dutch conditional withholding tax on interest

Under current law, the Netherlands does not levy a withholding tax on interest payments. However, on 27 December 2019, the Withholding Tax Act 2021 (*Wet bronbelasting 2021*) was published in the Dutch Official Gazette (*Staatsblad* 2019, 513). This legislation introduces a conditional withholding tax on interest and royalties that will enter into effect (*in werking treden*) on 1 January 2021. As of this date, the conditional withholding tax may apply on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity of the Issuer if such entity (i) is considered to be resident of a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Dutch Withholding Tax Act 2021. The conditional withholding tax rate will be 21.7% in 2021. However, this rate might be increased.

In case payments made by the Issuer in respect of the Securities are, as of 1 January 2021, subject to the conditional interest withholding tax, the Issuer will not be obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*).

Changes or uncertainty in respect of EURIBOR may affect the value or payment of interest under the Securities

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR**), which are used to determine the amounts payable

under financial instruments or the value of such financial instruments (**Benchmarks**), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on the Securities.

The Conditions provide that the Reset Coupon Rate shall be determined by reference to the Reset Screen Page.

Where the Original Reference does not appear on the Reset Screen Page, the Conditions provide for the Reset Coupon Rate to be determined by the Calculation Agent by reference to quotations from the Reset Reference Banks communicated to the Calculation Agent.

If no quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 5 year Swap Rate in respect of the immediately preceding Reset Period, or (ii) in the case of the Reset Period commencing on the First Reset Date, -0.344 per cent per annum. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from Reset Reference Banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Securities.

Benchmark Events include (amongst other events) permanent discontinuation of the Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Reset Coupon Rate is likely to result in the Securities performing differently (which may include payment of a lower Reset Coupon Rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the holders of Securities.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Securities performing differently (which may include payment of a lower Reset Coupon Rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the terms and conditions of the Securities.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next relevant Reset Coupon Determination Date, the Reset Coupon Rate for the next succeeding Reset Period will be the Reset Coupon Rate applicable as at the last preceding Reset Coupon Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Reset Coupon Determination Date, the Reset Coupon Rate will be the First Fixed Coupon Rate which may adversely affect the value of, and return on, the Securities.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Reset Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Reset Coupon Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Reset Periods, as necessary.

Applying the First Fixed Coupon Rate, or the Reset Coupon Rate applicable as at the last preceding Reset Coupon Determination Date before the occurrence of the Benchmark Event is likely to result in the Securities performing differently (which may include payment of a lower Reset Coupon Rate) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

Pursuant to the applicable fallback provisions contained in Condition 5(f), the Independent Advisor shall act in good faith and in a commercially reasonable manner as an expert in determining whether a Successor Rate or Alternative Rate is available which will determine the way in which the interest rate is set, which may lead to a conflict of interests of the Issuer (being responsible for the compensation of the Independent Advisor), the Independent Advisor and Securityholders including with respect to certain determinations and judgments that the Independent Advisor may make pursuant to Condition 5(f) that may influence the amount receivable under the Securities. The Independent Advisor and the Issuer might have conflicts of interests that could have an adverse effect on the interests of the Securityholders as the Independent Advisor has discretionary power in deciding the applicability of a benchmark and/or replacement of amendment of a benchmark. Potential investors should be aware that the Issuer may be involved in general business relationship or/and in specific transactions with the Independent Advisor as the latter party will be a financial institution of international repute or an independent financial adviser with appropriate expertise who may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. Consequently, the Issuer and the Independent Advisor might have conflicts of interests that could have an adverse effect to the interests of the Securityholders in respect of the determination of the interest rate as a result of a benchmark and/or replacement of amendment of a benchmark.

In the event that the Issuer must apply the fall back provision and a Successor Rate, Alternative Rate and/or Adjustment Spread needs to be determined, there is a risk that such Successor Rate, Alternative Rate and/or Adjustment Spread qualifies as a benchmark under the provisions of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") and the requirements and obligations set out in the Benchmarks Regulations need to be satisfied. In addition, the Independent Adviser may be considered an "administrator of benchmarks" within the meaning of the Benchmarks Regulation. Failing the due authorisation of the Independent Adviser as administrator pursuant to the Benchmarks Regulation, there is a risk that the Independent Adviser may not act in such capacity and that the appointment of another agent is required to be organised. Delays in the calculation of the Successor Rate, Alternative Rate and/or Adjustment Spread may occur in such instance. This could have a material adverse effect on the value of and return on any such Securities which could affect the ability of the Issuer to meet its obligations under the Securities.

Furthermore, there is a risk that the application of the Successor Rate, Alternative Rate and/or Adjustment Spread will not be effective or does not comply with the Benchmarks Regulation and can therefore not be effectuated. In such case the First Fixed Coupon Rate, or the Reset Coupon Rate applicable as at the last preceding Reset Coupon Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This could have a material adverse effect on the value of and return on any such Securities which could affect the ability of the Issuer to meet its obligations under the Securities.

The Coupon Rate on the Securities will be reset on each Reset Date, which may affect the market value of the Securities

The Securities will initially earn interest at a fixed rate of interest to, but excluding, the First Reset Date. From, and including, such date, however, and every Reset Date thereafter, the Coupon Rate will be reset to the Reset Coupon Rate (as described in Condition 5 of the Conditions). This Reset Coupon Rate may be less than the initial Coupon Rate and/or the Coupon Rate that applies immediately prior to such Reset Date, which could affect the amount of any interest payments under the Securities and consequently the market value of the Securities.

Securities with denominations which are not integral multiples of less than €100,000 may not receive Definitive Securities

As the Securities have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such case a Holder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Security in respect of such holding (should Definitive Securities be printed) and would need to purchase a principal amount of Securities such that its holding amounts to the minimum denomination. If Securities in definitive form are issued, holders should be aware that Securities in definitive form which have a denomination that is not an integral multiple of EUR 100,000 may be illiquid and difficult to trade.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The unavailability of a liquid trading market for the Securities may impact the value

The Securities are new securities which may not be widely distributed and for which there is currently no active trading market. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Securities to be admitted to listing and trading on Euronext Amsterdam, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Securities. Lack of liquidity may have an adverse effect on the market value of the Securities.

The Securities are subject to exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Securities in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency unit (the "**Investor's Currency**") other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the 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 (1) the Investor's Currency equivalent yield on the Securities, (2) the Investor's Currency equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

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.

The Securities are subject to interest rate risks

Investment in the Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities. A Securityholder is exposed to the risk that the value of the Securities could fall as a result of changes in the market interest rate. While the nominal interest rate of the Securities specified herein is fixed up to (but excluding) the First Reset Date, the current interest rate on the capital markets ("**Market Interest Rate**") typically varies on a daily basis. As the Market Interest Rate changes, the value of the Securities would typically change in the opposite direction. If the Market Interest Rate increases, the value of the Securities would typically fall, until the yield of such Securities is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the value of the Securities would typically increase, until the yield of such Securities is approximately equal to the Market Interest Rate. There can be no assurance regarding the future level of Market Interest Rates.

The Coupon Rate in respect of the Securities will be reset as from their respective First Reset Date and on each Reset Date thereafter and as such is not pre-defined at the date of issue of the Securities; it may be different from the First Fixed Coupon Rate and may adversely affect the yield of the Securities.

Following the First Reset Date, interest on the Securities shall be calculated on the basis of the mid swap rates for EUR swap transactions with a maturity of five years. These mid swap rates are not predefined for the lifespan of the Securities. Higher mid swap rates for EUR swap transactions mean a higher interest and lower mid swap rates for EUR swap transactions mean a lower interest, which may adversely affect the yield and market value of the Securities.

In addition, due to the varying interest income on the Securities, potential investors are not able to determine a definite yield of the Securities at the time they purchase the Securities and accordingly their return on investment cannot be compared with that of investments having longer fixed interest periods.

Overview

The following overview is qualified in its entirety by the remainder of this Prospectus.

Issuer:	TenneT Holding B.V.
Legal Entity Identifier (LEI):	724500LTUWK3JQG63903
The Securities:	€1,000,000,000 Fixed-to-Reset Rate NC5.25 Perpetual Capital Securities
Fiscal Agent:	The Bank of New York Mellon, London Branch
Issue Price:	100 per cent.
Form of Securities, Initial Delivery of Securities and Clearing Systems:	The Securities will be in bearer form and will initially be represented by a Temporary Global Security, without coupons, which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg on or about the Issue Date. The Temporary Global Security will be exchangeable for interests in a Permanent Global Security, without coupons, on or after a date which is expected to be 31 August 2020, upon certification as to non-U.S. beneficial ownership. The Permanent Global Security will be exchangeable for Definitive Securities in bearer form in the denominations of (i) €100,000 and integral multiples of €1,000 in excess thereof up to, and including, €199,000, in the limited circumstances set out in it. No Definitive Securities will be issued with a denomination above €199,000. Also see "*Summary of Provisions relating to the Securities while in Global Form*".
No Fixed Maturity:	The Securities are perpetual securities in respect of which there is no fixed redemption date.
Denominations:	€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. Also see "Form of Securities, Initial Delivery of Securities and Clearing Systems" above.
Status of the Securities:	The Securities will constitute subordinated obligations of the Issuer as described in "Terms and Conditions of the Securities — Status, Subordination". Also see "Terms and Conditions of the Securities — Winding-up".
Interest:	The Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 22 October 2025 (the "**First Reset Date**") at a rate of 2.374 per cent. per annum, payable annually in arrear on 22 October in each year, except that the first payment of interest, to be made on 22 October 2020, will be in respect of the period from (and including) the Issue Date to (but excluding) 22 October 2020 and will amount to €5.98 per €1,000 in principal amount of the Securities. Thereafter, unless previously redeemed, the Securities will bear interest from (and including) the First Reset Date to (but excluding) 22 October 2030 (the "**First Step-up**

Date") at a rate per annum which shall be 2.719 per cent. above the euro 5 year Swap Rate (as defined in the Terms and Conditions of the Securities (the "**Conditions**")) for the relevant Reset Period (as defined in the Conditions), payable annually in arrear on 22 October in each year. From (and including) the First Step-up Date to (but excluding) 22 October 2045 (the "**Second Step-up Date**") the Securities will bear interest at a rate per annum which shall be 2.969 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 22 October in each year. From (and including) the Second Step-up Date, the Securities will bear interest at a rate per annum which shall be 3.719 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 22 October in each year.

If the Issuer does not elect to redeem the Securities in accordance with Condition 6, following the occurrence of a Change of Control (as defined in the Conditions), the then prevailing interest rate (and each subsequent interest rate otherwise determined in accordance with the Conditions) shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control occurred, see "Terms and Conditions of the Securities — Coupon Payments — Step-up after Change of Control".

The Securities will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing Coupon Rate (as defined in the Conditions) in accordance with the Conditions.

Deferral of Interest and payment of Arrears of Interest:

The Issuer may, at its discretion, elect to defer any interest, in whole but not in part, except for interest payable upon redemption of the Securities as more particularly described in "Terms and Conditions of the Securities — Deferral of Interest". Any amounts so deferred, together with further interest accrued thereon at the interest rate per annum prevailing from time to time (which interest shall compound on each Coupon Payment Date (as defined in the Conditions)) shall constitute Arrears of Interest (as defined in the Conditions). The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time in accordance with the Conditions. Notwithstanding this, the Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates (i) the 10th Business Day following the date on which a Mandatory Payment Event occurs; (ii) any Coupon Payment Date in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant interest period; and (iii) the date on which the Securities are redeemed or the Issuer becomes subject to a

	Winding-up, all as more particularly described in "Terms and Conditions of the Securities —Deferral of Interest".
Redemption:	The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities and shall be redeemable (at the option of the Issuer) in whole but not in part on any Business Day from and including the First Call Date to and including the First Reset Date or any Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, see "Terms and Conditions of the Securities — Redemption, Purchase and Modification".
Special Event Redemption:	The Securities may be redeemed at the option of the Issuer, including, without limitation, for tax, accounting and rating reasons, following a change of control and following the exercise of the Clean-up Call or the Make-whole Call, see "Terms and Conditions of the Securities — Redemption, Purchase and Modification" for more detail on the terms applicable to such redemption including the basis for calculating the redemption amounts payable.
Withholding Tax and Additional Amounts:	All payments of principal and interest in respect of the Securities will be made free and clear of withholding taxes of the Netherlands subject to customary exceptions, all as described in "Terms and Conditions of the Securities — Taxation".
Governing Law:	Dutch law.
Ratings:	The Securities are expected to be rated BB+ by S&P and Baa3 Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. As at the date of this Prospectus, the Issuer has a long term senior unsecured debt rating of "A-" by S&P and "A3" by Moody's. Each of S&P and Moody's is established in the European Union or the United Kingdom and is registered under the CRA Regulation.
Listing and Admission to Trading:	Application has been made to list the Securities on Euronext Amsterdam.
Selling Restrictions:	United States, EEA and UK retail investors, the United Kingdom, Japan and Switzerland, see "Subscription and Sale". The Issuer is Category 1 for the purposes of Regulation S under the U.S. Securities Act of 1933, as amended.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities. These include various risks relating to the Issuer's business. In addition, there are

certain factors which are material for the purpose of assessing the market risks associated with the Securities. These include the fact that the Securities may not be a suitable investment for all investors and certain market risks, see "Risk Factors".

Use of Proceeds:

The net proceeds from the issue of the Securities, expected to amount to approximately €996,200,000, will be allocated to a sub portfolio (the "**Green Project Portfolio**") with the special purpose to finance, refinance and/or invest in Eligible Green Projects (as defined below) meeting the Eligibility Criteria (as defined below). Tracking will be facilitated through the portfolio approach.

The Issuer will strive to maintain a level of allocation for the Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding green financing instruments. Additional Eligible Green Projects will be added to the Issuer's Green Project Portfolio to the extent required to ensure that the net proceeds from the Issue of the Securities will be allocated to Eligible Green Projects. Whilst any net proceeds from the Issue of the Securities remain unallocated, the Issuer will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Green Project Portfolio.

The Issuer is expected to issue a report on (i) the impact of the Eligible Green Projects on the environment, as well as (ii) whether the net proceeds issued under the Green Financing Framework are used to finance Eligible Green Projects. This report will be issued once a year until all Securities which were issued for the purpose of financing, refinancing and or/investing in Eligible Green Projects are repaid in full or until the maturity date of these Securities The report will be reviewed by a second party consultant or with limited assurance by an independent auditor. In addition, the Issuer is expected to provide regular information through its website (www.tennet.eu) and/or newsletters to investors on the environmental outcomes of the Eligible Green Projects.

None of the Managers will verify or monitor the proposed use of proceeds of Securities. See also "*The Securities may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of the Securities in connection with green projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to the Securities may affect the value and/or trading price of the Securities,*

	and/or may have consequences for certain investors with portfolio mandates to invest in green assets" above. "**Eligible Green Projects**" means projects relating to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology and/or the development, construction and reconstruction of the onshore electricity grid to enhance the transmission capacity for renewable energy. "**Eligibility Criteria**" means the criteria prepared by the Issuer in the context of the Green Financing Framework. A second party consultant (*e.g.* ISS ESG) has reviewed the selected Eligible Green Projects and issued a second party opinion based on the Eligibility Criteria. The second party-opinion is made available on the Issuer's website (www.tennet.eu). If any further Eligible Green Projects are added to the Green Project Portfolio, the Issuer will seek a further second party-opinion. "**Green Financing Framework**" means the green financing framework prepared by the Issuer as a structure for verifying the sustainability quality of the projects to be financed through its Green Financing Instruments. The Green Financing Framework is aligned with the Green Bond Principles (GBP) published by the International Capital Markets Association (ICMA) in June 2018 and the Green Loan Principles (GLP) published by the Loan Market Association (LMA) in December 2018. The Green Financing Framework is available on the Issuer's website (www.tennet.eu). For the avoidance of doubt, the Green Financing Framework has not been and will not be incorporated by reference in and, therefore, does not and will not form part of this Prospectus.
ISIN:	XS2207430120
Common Code:	220743012
CFI:	DBFXPB, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA)
FISN:	TENNET HOLDING/2.374BD PERP SUB RE, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA)

Documents Incorporated by Reference

The following parts of the documents listed below, which have previously been published and filed with the AFM, shall be incorporated in and form part of this Prospectus and are correct as of their date:

1. pages 42-45 (inclusive) and pages 83-146 (inclusive) of the TenneT Integrated Annual Report 2018 (English version): https://www.tennet.eu/fileadmin/user_upload/Company/Profile/2018_pic/TenneT-Integrated-Annual-Report-2018.pdf.

2. pages 44-49 (inclusive) and pages 87-151 (inclusive) of the TenneT Integrated Annual Report 2019 (English version): https://annualreport.tennet.eu/2019/annualreport.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer and https://www.tennet.eu/company/investor-relations/financial-reports/.

Terms and Conditions of the Securities

The following are the terms and conditions of the Securities substantially in the form in which they will be endorsed on the Global Security. The terms and conditions applicable to any Security in global form will differ from those terms and conditions which would apply to the Security were it in definitive form to the extent described under "Summary of Provisions Relating to the Securities while in Global Form" below.

The issue of the Securities was authorised pursuant to resolutions of the Executive Board of the Issuer passed on 26 June 2020. A fiscal agency agreement dated 22 July 2020 (as amended, restated and/or supplemented from time to time, the "**Agency Agreement**") has been entered into in relation to the Securities between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent, calculation agent and paying agent. The fiscal agent, calculation agent and the paying agents for the time being are referred to below respectively as the "**Fiscal Agent**", the "**Calculation Agent**" and the "**Paying Agents**" (which expression shall include the Fiscal Agent). The Agency Agreement includes the form of the Securities and the coupons relating to them (the "**Coupons**"). Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents or in electronic form upon email request to treasury@tennet.eu or corpsov1@bnymellon.com. The holders of the Securities (the "**Securityholders**") and the holders of the Coupons (whether or not attached to the relevant Securities) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References to "**Holders**" shall include both Securityholders and Couponholders.

1. Form, Denomination and Title

(a) *Form and Denomination*

The Securities are serially numbered and in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to (and including) €199,000, each with Coupons attached on issue. No definitive Securities will be issued with a denomination above €199,000. Securities of one denomination may not be exchanged for Securities of any other denomination.

(b) *Transfer and Title*

Title to the Securities and Coupons passes by delivery (*levering*). The holder of any Security or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. Status, Subordination

The Securities, together with interest accrued thereon, including any Additional Amounts and Arrears of Interest, constitute direct, unsecured and subordinated obligations of the Issuer (ranking *pari passu* without any preference among themselves), which in the event of a Winding-up rank:

(a) prior to redemption in full of each of the 2013 Capital Securities and the 2017 Capital Securities:

(i) junior to the claims of all senior and other subordinated creditors of the Issuer, except for the loans and securities referred to in sub-clause (ii) hereunder;

(ii) *pari passu* among themselves, with any Parity Securities and any loans and securities expressed to rank *pari passu* with the Securities; and

(iii) senior to the Issuer's ordinary and preferred share capital,

in each case, except as otherwise required by mandatory provisions of law; and

(b) after redemption in full of each of the 2013 Capital Securities and the 2017 Capital Securities:

(i) junior to the claims of all senior and other subordinated creditors of the Issuer, except for the loans, securities and the Issuer's preferred share capital referred to in sub-clause (ii) hereunder;

(ii) *pari passu* among themselves, with any Parity Securities and any loans and securities expressed to rank *pari passu* with the Securities and the Issuer's preferred share capital; and

(iii) senior to the Issuer's ordinary share capital,

(the "**Subsequent Change in Ranking**")

in each case, except as otherwise required by mandatory provisions of law.

Notwithstanding any other provision of this Condition 2, no Subsequent Change in Ranking will apply if and to the extent that, in the determination of the Issuer, if a Subsequent Change in Ranking could reasonably be expected to cause an Accounting Event, a Rating Event, an Income Tax Deduction Event or a Withholding Tax Event to occur.

In addition thereto the Issuer is at all times and at its own discretion entitled to (i) disapply the automatic Subsequent Change in Ranking or, after a Subsequent Change in Ranking has occurred, (ii) revert to the ranking under (a) above, subject to the Issuer giving notice to the Holders thereof in accordance with Condition 14 (Notices).

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. This Condition 2 is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors referred to in (i) above and each such creditor may rely on and enforce this Condition 2 under Section 6:253 of the Dutch Civil Code.

3. Winding-up

In the event of a Winding-up, the Securities will become immediately due and payable at their outstanding principal amount, together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to but excluding the redemption date, provided that such amount shall only be paid to the Holders to the extent that all senior and other subordinated creditors of the Issuer referred to in Condition 2 (a)(i) or (b)(i), as the case may be, shall have been satisfied in full.

4. Deferral of Interest

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Terms and Conditions.

(a) *Deferral of Payments*

(i) The Issuer may in respect of any Payment which would, in the absence of deferral in accordance with this Condition 4(a)(i), be payable (except for interest payable upon redemption of the Securities), defer such Payment, in whole but not in part, at its sole discretion at any time and for any reason, by giving notice (a "**Deferral Notice**") to the Holders, the Fiscal Agent and the Calculation Agent not less than 7 Business Days prior to the relevant due date.

(ii) If any Payment is deferred pursuant to this Condition 4(a) then such deferred Payment shall bear interest, at the Coupon Rate prevailing from time to time (which interest shall compound on each Coupon Payment Date), from (and including) the date on which (but for such deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.

(iii) Any amounts deferred in accordance with this Condition 4(a) (including interest accrued thereon pursuant to Condition 4(a)(ii)) shall constitute Arrears of Interest. Non-payment of Arrears of Interest shall not constitute a default by the Issuer under the Securities or for any other purpose, unless such payment is required in accordance with Condition 4(b).

Non-payment of interest deferred pursuant to this Condition 4(a) shall not constitute a default by the Issuer or the guarantor under the Securities or the Guarantee, if applicable.

(b) *Payment of Arrears of Interest*

The Issuer may give a Deferral Notice under Condition 4(a) with regard to a Coupon Payment Date in its sole discretion and for any reason. The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time (such date in such respect then a Deferred Coupon Satisfaction Date) by giving notice to the Holders, the Fiscal Agent and the Calculation Agent not less than 7 Business Days prior to the relevant Deferred Coupon Satisfaction Date.

The Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates:

(i) the 10th Business Day following the date on which a Mandatory Payment Event occurs;

(ii) any Coupon Payment Date in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant interest period; and

(iii) the date on which the Securities are redeemed or the Issuer becomes subject to a Winding-up (such date in such respect then a Deferred Coupon Satisfaction Date).

5. Coupon Payments

(a) *Coupon Payment Dates*

The Securities bear interest from (and including) the Issue Date. Such interest will (subject to Condition 4) be payable annually in arrear on each Coupon Payment Date. Each Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing Coupon Rate in accordance with this Condition.

(b) *Coupon Rate*

(i) The Coupon Rate payable from time to time in respect of the Securities in respect of the First Fixed Rate Period will be 2.374 per cent. per annum (the "**First Fixed Coupon Rate**"). The Coupon Amount in respect of such Coupon Period will amount to €23.74 per Calculation Amount, except for the first Coupon Period from (and including) the Issue Date to (but excluding) 22 October 2020 (short first coupon) which will amount to €5.98 per Calculation Amount.

(ii) The Coupon Rate payable in respect of the Securities for each Coupon Period falling in a Reset Period (each a "**Reset Coupon Rate**") shall, except as provided below, be the arithmetic mean of

the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which (a) has a term of 5 years, commencing on the relevant Reset Date, (b) is in an amount that is representative of a single transaction, in the swap market on the second Business Day prior to the beginning of the relevant Reset Period (the "**Reset Coupon Determination Date**"), with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the 6-months EURIBOR rate (calculated on an Actual/360 day count basis) and which appears on Reuters screen page "ICESWAP2" (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as an annual euro swap transactions with a maturity of 5 years which is fixed as of 11:00 a.m. (Central European Time ("**CET**")) (the "**Reset Screen Page**") on the Reset Coupon Determination Date, (the "**5 year Swap Rate**") plus the Margin, all as determined by the Calculation Agent. The Reset Coupon Rate shall at any time be at least zero per cent.

In the event that the 5 year Swap Rate does not appear on the Reset Screen Page on the Reset Coupon Determination Date other than as a result of a Benchmark Event, the 5 year Swap Rate will be the Reset Reference Bank Rate on such Reset Coupon Determination Date. "**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the 5 year Swap Rate quotations provided by five leading swap dealers selected by the Issuer in the interbank market (the "**Reset Reference Banks**") to the Calculation Agent at approximately 11:00 a.m. CET, on the Reset Coupon Determination Date. If (a) at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (or, if only three quotations are provided, the median) of the quotations, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 5 year Swap Rate in respect of the immediately preceding Reset Period, or (ii) in the case of the Reset Period commencing on the First Reset Date, -0.344 per cent per annum.

Where it is necessary to compute an amount of interest in respect of any Security for a period which is less than a complete year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Coupon Payment Date. Where it is necessary to compute an amount of interest in respect of any Security for a period of more than one year, such interest shall be the aggregate of the interest payable in respect of a full year plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

Interest in respect of any Security shall be calculated per €1,000 in principal amount of the Securities (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the relevant Coupon Rate, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(c) *Publication of Coupon Rate and Coupon Amount per Calculation Period*

The Calculation Agent will cause the Coupon Rate, the Coupon Amount and the relevant Coupon Payment Date to be notified to the Fiscal Agent and the other Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Securities have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the first day of the relevant Coupon Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any amount of interest (on the basis of the foregoing provisions) without notice in the event of an extension or shortening

of the relevant Coupon Period. If the Calculation Amount is less than the minimum denomination, the Calculation Agent shall not be obliged to publish each Coupon Amount but instead may publish only the Calculation Amount and the amount of interest in respect of a Security having the minimum denomination.

(d) *Notifications*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the other Paying Agents and the Holders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(e) *Step-up after Change of Control*

In the event of a Change of Control, if the Issuer does not elect to redeem the Securities in accordance with Condition 6(g), the applicable Coupon Rate on the Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control occurred.

(f) Benchmark discontinuation

(i) Independent Adviser

(A) If a Benchmark Event occurs in relation to the Original Reference Rate when any Reset Coupon Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable (provided that such appointment need not be made earlier than with effect from 30 days prior to the first date on which the Original Reference Rate is to be used to determine any Reset Coupon Rate (or any component part thereof)), to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(f)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(f)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(f) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the other Paying Agents or the Holders for any determination made by it and for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(f).

(B) If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 5(f)(ii) prior to the relevant Reset Coupon Determination Date, the Reset Coupon Rate applicable to the next succeeding Reset Period shall be equal to the Reset Coupon Rate last determined in relation to the Securities in respect of the immediately preceding Reset Period. If there has not been a first Reset Coupon Determination Date, the Reset Coupon Rate shall be the First Fixed Coupon Rate. Where a different Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Margin relating to the relevant Reset Period shall be substituted in place of the Margin relating to that last preceding Reset Period. For the avoidance of doubt, this Condition 5(f)(i)(B) shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 5(f)(i)(A).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Coupon Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 5(f)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Coupon Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 5(f)).

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(f) and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread(such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(f)(v), without any requirement for the consent or approval of Holders or Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Fiscal Agent of a certificate signed by two authorized signatories of the Issuer pursuant to Condition 5(f)(v), the Fiscal Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Holders, be obliged to concur with the Issuer in effecting any Benchmark Amendments. In connection with any such variation in accordance with this Condition 5(f)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 5(f), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a Rating Event to occur.

The Benchmark Amendments may comprise in particular (not limited to) the following conditions of these Terms and Conditions: (A) the Original Reference Rate including the "Reset Screen Page" and/or the method for determining the fallback rate in relation to the Original Reference Rate, and/or (B) the definitions of day count fraction and the terms "Business Day", "Coupon Payment Date", "Reset Date", "Coupon Determination Date", and/or "Coupon Period" (including the determination whether the Reference Rate will be determined in advance on or prior to the relevant Coupon Period or in arrear on or prior to the end of the relevant Coupon Period); and/or (C) the business day convention.

(v) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(f) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorized signatories of the Issuer:

(a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(f); and

(b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Holders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 5(f)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b) will continue to apply unless and until a Benchmark Event has occurred.

(vii) Definitions

As used in this Condition 5(f):

"Adjustment Spread" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied);

(iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original

Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative to the Original Reference Rate which the Independent Adviser determines in accordance with Condition 5(f)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same currency as the Securities;

"**Benchmark Amendments**" has the meaning given to it in Condition 5(f)(iv);

"**Benchmark Event**" means:

(1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or

(5) it has become unlawful for any Paying Agent, the Fiscal Agent, the Calculation Agent, the Issuer, or other party to calculate any payments due to be made to any Holder using the Original Reference Rate;

provided that in the case of sub-paragraphs (2), (3) and (4), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(f)(i);

"**Original Reference Rate**" means the originally-specified 5 year Swap Rate used to determine the Reset Coupon Rate (or any component part thereof) on the Securities;

"**Relevant Nominating Body**" means, in respect of the Original Reference Rate:

(i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (c) a group of the

aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

6. Redemption, Purchase and Modification

(a) *No Fixed Redemption Date*

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 10) only have the right to repay them in accordance with the following provisions of this Condition 6.

(b) *Issuer's Call Option*

The Issuer may, by giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable and shall specify the date fixed for redemption, elect to redeem the Securities in whole, but not in part, on any Business Day from and including the First Call Date to and including the First Reset Date or any Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date.

(c) *Redemption at the option of the Issuer at Make-whole Premium*

The Issuer may, by giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable and shall specify the date fixed for redemption (the **Make-whole Redemption Date**), elect to redeem the Securities in whole, but not in part, on any Business Day prior to the First Call Date at the Make-whole Redemption Amount.

(d) *Redemption for Taxation Reasons*

The Issuer may redeem the Securities in whole, but not in part, upon not more than 60 days' nor less than 10 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, at any time at their principal amount (or, if a Withholding Tax Event (as defined below) coincides with an Income Tax Deduction Event (as defined below) prior to the First Call Date, at 101% of their principal amount), in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date provided that the Issuer certifies in its notice that it has obtained an opinion in writing from a reputable firm of lawyers of good standing or a recognised independent auditor to the effect that the Issuer would be required to pay Additional Amounts in accordance with (and as defined in) Condition 9 upon the next due date for a payment in respect of the Securities by reason of:

(i) any actual or proposed change in or amendment to the laws, regulations or rulings of the Netherlands or any political subdivision or taxing authority thereof or therein; or

(ii) any actual or proposed change in the official application or interpretation of such laws, regulations or rulings; or

(iii) any action which shall have been taken by any taxing authority or any court of competent jurisdiction of the Netherlands or any political subdivision or taxing authority thereof or therein, whether or not such action was taken or brought with respect to the Issuer; or

(iv) any actual or proposed change in the official application or interpretation of, or any actual or proposed execution of, or amendment to, any treaty or treaties affecting taxation to which the Netherlands is or is to be a party,

(a "**Withholding Tax Event**") which change, amendment, change of application or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date.

The Issuer may also redeem the Securities in whole, but not in part, upon not more than 60 days' nor less than 10 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, at any time at an amount equal to (i) 101 per cent. of their principal amount if such redemption occurs prior to the First Call Date or (ii) their principal amount if such redemption occurs on or after the First Call Date, in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, provided, in each case, that the Issuer certifies in its notice that it has obtained an opinion in writing from a reputable firm of lawyers of good standing or a recognised independent auditor to the effect that interest payments under the Securities were but are no longer or will no longer be tax-deductible by the Issuer for Dutch corporate income tax purposes by reason of:

(i) any actual or proposed change in or amendment to the laws, regulations or rulings of the Netherlands or any political subdivision or taxing authority thereof or therein; or

(ii) any actual or proposed change in the official application or interpretation of such laws, regulations or rulings; or

(iii) any action which shall have been taken by any taxing authority or any court of competent jurisdiction of the Netherlands or any political subdivision or taxing authority thereof or therein, whether or not such action was taken or brought with respect to the Issuer; or

(iv) any actual or proposed change in the official application or interpretation of, or any actual or proposed execution of, or amendment to, any treaty or treaties affecting taxation to which the Netherlands is or is to be a party,

(an "**Income Tax Deduction Event**") which change, amendment, change of application or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date.

(e) *Redemption for Accounting Reasons*

The Issuer may redeem the Securities in whole, but not in part, upon giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, (i) at 101 per cent. of their principal amount if such redemption occurs prior to the First Call Date or (ii) at their principal amount if such redemption occurs on or after the First Call Date, in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles or methodology (or the application thereof) which have been officially adopted after 20 July 2020 (such date, the "**Accounting Event Adoption Date**"), the Securities may no longer be recorded as a "equity" in full in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to EU-IFRS or any other accounting standards that may replace EU-IFRS (an "**Accounting Event**"). The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date.

(f) *Redemption for Rating Reasons*

The Issuer may redeem the Securities in whole, but not in part, upon giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, (i) at 101 per cent. of their principal amount if such redemption occurs prior to the First Call Date or (ii) at their principal amount if such redemption occurs on or after the First Call Date, in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, if the Issuer has received confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in its hybrid capital methodology or in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, any or all of the Securities will no longer be eligible (or if the Securities have been partially or fully re-financed since the Issue Date and are no longer eligible for equity credit from such Rating Agency in part or in full as a result, any or all of the Securities would no longer have been eligible as a result of such amendment to, clarification of, or change in its hybrid capital methodology or in the interpretation thereof had they not been re-financed) for the same or a higher amount of "equity credit" as was attributed to the Securities as at the Issue Date (or, if equity credit is not assigned to the Securities by the relevant Rating Agency on the Issue Date, the date on which equity credit is assigned by such Rating Agency for the first time) (a "**Rating Event**").

(g) *Redemption for Change of Control*

Upon the occurrence of a Change of Control:

(i) the Issuer shall promptly notify the Holders in accordance with Condition 14 and the Fiscal Agent upon becoming aware of such Change of Control; and

(ii) the Issuer may redeem the Securities in whole, but not in part, upon giving not less than 10 nor more than 60 days' notice irrevocable notice (specifying a date for such redemption which is, subject to sub-paragraph (y) below, a Coupon Payment Date) to the Holders in accordance with Condition 14 and to the Fiscal Agent, at their principal amount, together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to but excluding the redemption date.

If at the time of the occurrence of a Change of Control any Puttable Senior Securities are outstanding, the redemption date of the Securities will be the later of (x) the first Coupon Payment Date following the Change of Control on which notice may be given in accordance with paragraph (ii) above and (y) the first Business Day (which does not need to be a Coupon Payment Date) following the last day on which such Puttable Senior Securities may become due for redemption in accordance with their terms due to the exercise of the investor put rights which the holders of such Puttable Senior Securities may have in respect of the same Change of Control.

(h) *Redemption following exercise of Clean-up Call*

The Securities will be redeemable at the option of the Issuer, in whole but not in part, at any time following the purchase by or on behalf of the Issuer or a Subsidiary of an aggregate principal amount of the Securities equal to or in excess of 75 per cent. of the aggregate principal amount of the Securities issued (x) on the Issue Date and (y) if any, issued pursuant to Condition 15 (*Further Issues*) (the "**Clean-up Call**").

Upon such redemption, the Issuer will redeem the Securities at their principal amount, together with accrued and unpaid interest to the date of redemption and all Arrears of Interest and Additional Amounts, if any, upon giving not less than 10 nor more than 60 days' irrevocable notice to the Holders in accordance with Condition 14 (*Notices*).

(i) *Purchases*

The Issuer may (subject to Condition 2) at any time purchase Securities in any manner and at any price. Securities purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be cancelled in accordance with Condition 6(j) below. Any Securities so purchased, while held by or on behalf of the Issuer, shall not entitle the

holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Condition 11(a).

(j) *Cancellation*

Any Securities cancelled may not be reissued or resold. The obligations of the Issuer in respect of any such Securities shall be discharged.

(k) *Exchange and Variation*

If at any time after the Issue Date the Issuer determines that an Income Tax Deduction Event, an Accounting Event, a Rating Event or a Withholding Tax Event has occurred, the Issuer may, as an alternative to an early redemption of the Securities, on any applicable Coupon Payment Date, without any further consent of the Holders, (i) exchange the Securities for new securities (the "**Exchanged Securities**"), or (ii) vary the terms of the Securities (the "**Varied Securities**"), so that in either case (A) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is recorded as "equity" in full in the consolidated financial statements of the Issuer pursuant to EU-IFRS, (B) in the case of a Withholding Tax Event, payments of principal and interest in respect of the Exchanged Securities or Varied Securities (as the case may be) are not subject to deduction or withholding by reason of Dutch law or published regulations, (C) in the case of an Income Tax Deduction Event, payments of interest payable by the Issuer in respect of the Exchanged Securities or Varied Securities (as the case may be) are tax-deductible to the extent permitted by Dutch law or (D) in the case of a Rating Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an investment exhibits the characteristics of an ordinary share) by the relevant Rating Agency that is equal to or greater than that which was assigned to the Securities by that Rating Agency on the Issue Date, or if such equity credit was not assigned on the Issue Date, at the date when the equity credit was assigned for the first time.

Any such exchange or variation shall be subject to the following conditions:

(i) the Issuer giving not less than ten (10) nor more than sixty (60) calendar days' notice to the Holders in accordance with Condition 14 (*Notices*);

(ii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange as the Securities if they were admitted to trading immediately prior to the relevant exchange or variation;

(iii) the Exchanged Securities or Varied Securities shall maintain at least the same ranking in liquidation, the same interest rate and interest payment dates, the same First Reset Date, the same First Call Date and other early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued interest and any other amounts payable under the Securities which, in each case, have accrued to Holders and have not been paid, the same rights to principal and interest, and, if publicly rated by Moody's and/or S&P on a solicited basis immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by both Moody's and S&P if the Securities are publicly rated by both such rating agencies on a solicited basis, or by the relevant such Rating Agency if the Securities are only rated by one such Rating Agency, as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with Moody's and/or S&P to the extent

practicable) and shall not contain terms providing for the mandatory deferral of interest and do not contain terms providing for loss absorption through principal write-down or conversion to shares;

(iv) the terms of the exchange or variation not being materially prejudicial to the interests of the Holders, including compliance with (iv) above, as certified to the benefit of the Holders by two directors of the Issuer, having consulted with an independent investment bank of international standing (for the avoidance of doubt the Fiscal Agent shall accept the certificates of the Issuer as sufficient evidence of the occurrence of a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Event or a Rating Event and that such exchange or variation to the terms of the Securities are not materially prejudicial to the interest of the Holders); and

(v) the issue of legal opinions addressed to the Fiscal Agent for the benefit of the Holders from one or more international law firms of good reputation confirming (x) that the Issuer has capacity to assume all rights and obligations under the Exchanged Securities or Varied Securities and has obtained all necessary corporate or other relevant authorisations to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities.

(l) Issuer discretion to waive rights

The Issuer is at all times and at its own discretion entitled to irrevocably waive any of its redemption rights described in Condition 6(b), Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f), Condition 6(g) and Condition 6(h), subject to the Issuer giving notice to the Holders of such waiver in accordance with Condition 14 *(Notices*).

7. Payments

(a) *Method of Payment*

(i) Payments of principal and Coupon Amounts and all other payments on or in respect of the Securities will be in Euro and will be calculated by the Calculation Agent and effected through the Paying Agents.

Payments of principal, premium and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by Euro cheque drawn on, or by transfer to a Euro account maintained by the payee with, a bank in the Euro-zone. Payments of interest due in respect of any Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Security.

(ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain for so long as the Securities are listed on Euronext Amsterdam, or any other stock exchange or regulated securities market and the rules of such exchange or securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 14.

(b) *Payments subject to fiscal laws*

All payments made in accordance with these Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

(c) *Surrender of unmatured Coupons*

Each Security should be presented for redemption together with all unmatured Coupons relating to it in respect of the First Fixed Rate Period, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 5 years after the due date for the relevant payment of principal.

Upon the due date for redemption of any Security, unmatured Coupons relating to such Security in respect of any Reset Period (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(d) *Payments on payment Business Days*

A Security or Coupon may only be presented for payment on a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business in Amsterdam and, if different, in the place of the specified office of the relevant Paying Agent to whom such Security or Coupon is presented for payment and (ii) the TARGET System is operating.
No further interest or other payment will be made as a consequence of the day on which a Security or Coupon may be presented for payment under this paragraph falling after the due date. A Security or Coupon may not be presented for payment before the due date.

8. Enforcement Events

(a) If any of the following events (each an "**Enforcement Event**") occurs:

(i) *Non-payment*

Subject to Condition 4(a) (*Deferral of Payments*), default is made in the payment of any amount in respect of the Securities on the due date for payment thereof and such default is not remedied within 14 days; or

(ii) *Winding-up*

An order is made or an effective resolution is passed for the Winding-up of the Issuer (except in the case of a winding-up for the purpose of a merger, reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders),

then, in the case of paragraph (i) (*Non-payment*), the Holder of such Security may, at its discretion and, subject to any applicable laws, without further notice, institute proceedings for the Winding-up of the Issuer in the Netherlands (but not elsewhere, except that in the case of an substitution of the Issuer in accordance with Condition 12, such proceedings must be instituted against the Substituted Issuer in the jurisdiction in which the Substituted Issuer is incorporated) and/or prove in any Winding-up of the Issuer, but may take no other action in respect of such default and, in the case of paragraph (ii) (*Winding-up*), the Securities will immediately become due and repayable at their principal amount together with accrued interest and any

Arrears of Interest and Additional Amounts and/or prove in the Winding-up of the Issuer, subject always to the ranking provided in Condition 2 (*Status, Subordination*).

Except as provided in this Condition 8, a Holder shall otherwise have no right to accelerate payment of any Security in the case of an Enforcement Event.

(b) Subject as provided in this Condition 8, any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Agency Agreement or the Securities provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

9. Taxation

All payments by the Issuer in respect of the Securities and the Coupons will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts receivable by Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Securities or the Coupons in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in relation to any payment with respect to any Security or Coupon:

(i) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Security or Coupon; or

(ii) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(iii) to, or to a third party on behalf of, a Holder that is a partnership or a Holder that is not the sole beneficial owner of the Security or Coupon or which holds the Security or Coupon in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or

(iv) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(v) in respect of any taxes, duties, assessments or governmental charges of whatsoever nature that are not imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, including a FATCA Withholding; or

(vi) in respect of any withholding tax due under the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

In these Conditions, "**Relevant Date**" means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further presentation of the Security or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Terms and Conditions to any amounts which may become due and payable pursuant hereto shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions.

10. Prescription

Claims for payment in relation to Securities and Coupons will become void unless exercised within a period of five years from the due date for payment thereof.

11. Meetings of Securityholders and Modification

(a) *Meeting of Securityholders*

The Agency Agreement contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Meetings may be held in the Netherlands, the United Kingdom, Belgium, Luxembourg, Germany or France. The notice convening the meeting shall specify the day, time and place of the meeting. Such a meeting may be convened by Securityholders holding not less than 10 per cent. in principal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Securities for the time being outstanding; if such quorum is not present the meeting will be adjourned, and at any adjourned meeting the quorum to consider an Extraordinary Resolution will be two or more persons being or representing Securityholders whatever the principal amount of the Securities held or represented; in each case, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the dates on which interest is payable in respect of the Securities, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on or to vary the method of calculating the rate of interest or to reduce the rate of interest on, the Securities, (iii) to change the currency of payment of the Securities or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent.; if such quorum is not present the meeting will be adjourned, and at any adjourned meeting such necessary quorum will be two or more persons holding or representing not less than 25 per cent., in principal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

(b) *Modification of Agency Agreement*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Securityholders.

Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders in accordance with Condition 14 as soon as practicable thereafter.

12. Substitution of the Issuer

(a) The Issuer may, and the Holders hereby irrevocably agree in advance that the Issuer may without any further consent of the Holders being required, when no payment of principal of any of the Securities or interest on any of the Securities is in default, be replaced and substituted by (i) any directly or indirectly wholly owned Subsidiary of the Issuer in the circumstances set out under (i) x) below or (ii) any Subsidiary of the Issuer in the circumstances set out under (i) (y) below (the "**Substituted Issuer**") as principal debtor in respect of the Securities provided that such documents shall be executed by the Substituted Issuer and the Issuer as may be necessary to give full effect to the substitution (together the "**Substitution Documents**") and:

(i) either:

(x) (without limiting the generality of the foregoing) pursuant to the Substitution Documents (i) the Substituted Issuer shall undertake in favour of each Holder to be bound by the Terms and Conditions of the Securities and the provisions of the Agency Agreement as fully as if the Substituted Issuer had been named in the Securities and the Agency Agreement as the principal debtor in respect of the Securities in place of the Issuer and (ii) the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Holder the payment of all sums payable (including any Additional Amounts payable pursuant to Condition 9) in respect of the Securities;

or

(y) (i) the Securities are rated immediately before such substitution of the Issuer has taken place and the solicited ratings of the Securities immediately after the Issuer has been substituted by the Substituted Issuer or if applicable after the end of a rating agency review period in relation to the substitution of the Issuer would be at least equivalent to the ratings of the Securities immediately before such substitution of the Issuer has taken place, (ii) the Substituted Issuer is directly or indirectly majority owned by the Issuer and (iii) such Substituted Issuer is carrying out or directly or indirectly has a controlling interest in all or substantially all of the Issuer's Subsidiaries carrying out TSO business activities in Germany (including the offshore wind farm connection business);

(ii) where the Substituted Issuer is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Substitution Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Holder has the benefit of a covenant in terms corresponding to the provisions of Condition 9 with the substitution of the references to the Netherlands with references to the territory in which the Substituted Issuer is incorporated, domiciled and/or resident for taxation purposes. The Substitution Documents shall also contain a covenant by the Substituted Issuer and the Issuer to indemnify and hold harmless each Holder against all liabilities, costs, charges and expenses (provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective) which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Holder by any political sub-division or taxing authority of any country in which such Holder resides or is subject

to any such tax or duty and which would not have been so imposed had such substitution not been made);

(iii) the Substitution Documents shall contain a warranty and representation by the Substituted Issuer and the Issuer (a) that each of the Substituted Issuer and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Substitution Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Issuer and the Issuer under the Substitution Documents are all valid and binding in accordance with their respective terms and enforceable by each Holder;

(iv) each stock exchange which has Securities listed thereon shall have confirmed that following the proposed substitution of the Substituted Issuer for the Issuer the Securities would continue to be listed on such stock exchange;

(v) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from the internal legal adviser to the Issuer to the effect that the Substitution Documents (including the Guarantee, if applicable) constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Issuer for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent; and

(vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a reputable firm of Dutch lawyers to the effect that the Substitution Documents (including the Guarantee, if applicable) constitute legal, valid and binding obligations of the Substituted Issuer and, if applicable, the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Issuer for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent.

(b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Issuer need have any regard to the consequences of any such substitution for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Holder, except as provided in Condition 12(a)(ii), shall be entitled to claim from the Issuer or any Substituted Issuer under the Securities any indemnification or payment in respect of any tax or other consequences arising from such substitution.

(c) In respect of any substitution pursuant to this Condition in respect of the Securities, the Substitution Documents referred to in Condition 12(a) above shall provide for such further amendment of the Terms and Conditions of the Securities as shall be necessary or desirable to (i) effectuate such substitution under terms commercially and economically similar to the Conditions and (ii) ensure that the Securities constitute subordinated obligations of the Substituted Issuer and that the Guarantee, if applicable constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Securities under Condition 2.

(d) With respect to the Securities, the Issuer shall be entitled, by notice to the Holders given in accordance with Condition 14, at any time to (x) effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Holders or (y) waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.

(e) Upon the execution of the Substitution Documents as referred to in paragraph (a) above, and subject to the notice as referred to in paragraph (g) below having been given, the Substituted Issuer shall be deemed to be named in the Securities as the principal debtor in place of the Issuer and the Securities shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Substitution Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Securities save that any claims under the Securities arising against the Issuer prior to its release shall inure to the benefit of Holders.

(f) The Substitution Documents shall be deposited with and held by the Fiscal Agent for so long as any Securities remain outstanding and for so long as any claim made against the Substituted Issuer by any Holder in relation to the Securities or the Substitution Documents is not finally adjudicated, settled or discharged. The Substituted Issuer and the Issuer shall acknowledge in the Substitution Documents the right of every Holder to the production of the Substitution Documents for the enforcement of any of the Securities or the Substitution Documents.

(g) Not later than 15 days after the execution of the Substitution Documents, the Substituted Issuer shall give notice thereof to the Holders in accordance with Condition 14.

(h) Upon the notice referred to in paragraph (g) above being given and without prejudice to the efficacy of the substitution the Issuer and the Substituted Issuer will use best efforts to provide such information in respect of the Substituted Issuer as may reasonably be requested by a Holder as part of its on-boarding procedures.

13. Replacement of Securities and Coupons

Should any Security or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (or such other place of which notice shall have been given in accordance with Condition 14) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity and/or as the Issuer may reasonably require. The mutilated or defaced Security or Coupon must be surrendered before any replacement will be issued.

14. Notices

Notices to Holders shall be given by publication in the English language in a daily newspaper having general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

15. Further Issues

The Issuer is at liberty from time to time, without any further consent of the Holders being required, to create and issue further Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Securities) and so that the same shall be consolidated and form a single series with the outstanding Securities.

16. Agents

The Issuer will procure that there shall at all times be a Calculation Agent and a Fiscal Agent so long as any Security is outstanding. If either the Calculation Agent or the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Terms and Conditions or the Agency Agreement, as appropriate, the Issuer shall appoint a reputable independent investment bank of good standing to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Fiscal Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Fiscal Agent in relation to the Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Paying Agents and the Holders.

None of the Issuer and the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

17. Governing Law and Jurisdiction

(a) The Agency Agreement, these Terms and Conditions, the Securities and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.

(b) The Issuer submits for the exclusive benefit of the Holders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action, proceedings or disputes which may arise out of or in connection with the Agency Agreement and the Securities may be brought in any other court of competent jurisdiction.

18. Definitions

In these Terms and Conditions:

"**5 year Swap Rate**" has the meaning ascribed to it in Condition 5(b);

"**2013 Capital Securities**" means the Issuer's EUR Nachrangige Bürgeranleihe-Westküstenleitung (ISIN DE000A1HKQE8);

"**2017 Capital Securities**" means the Issuer's €1,000,000,000 Fixed-to-Floating Rate NC7.1 Perpetual Capital Securities issued on 12 April 2017 (ISIN XS1591694481) as increased with €100 million on 13 August 2018;

"**Accounting Event**" has the meaning ascribed to it in Condition 6(e);

"**Additional Amounts**" has the meaning ascribed thereto in Condition 9;

"**Agency Agreement**" has the meaning ascribed to it in the preamble;

"**Agents**" means the agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Fiscal Agent;

"**Arrears of Interest**" means any amounts deferred in accordance with Condition 4(a);

"**Business Day**" means a day, other than a Saturday or Sunday, which is a TARGET Settlement Day and on which commercial banks and foreign exchange markets are open for general business in Amsterdam;

"**Calculation Agent**" means The Bank of New York Mellon, London Branch as calculation agent in relation to the Securities, or its successor or successors for the time being appointed under the Agency Agreement;

"**Calculation Amount**" has the meaning ascribed to it in Condition 5(b);

"**Calculation Date**" means the third business day preceding the Make-whole Redemption Date;

"**CET**" has the meaning ascribed to it in Condition 5(b)(ii);

"**Change of Control**" means that the State of the Netherlands ceases to: (i) own directly or indirectly (through any municipality, governmental body and/or governmental organisation, or in the case of a substitution of the Issuer in accordance with Condition 12 by any other directly or indirectly government owned or controlled entity) more than 50 per cent. of the total issued share capital of the Issuer or (ii) have the power directly or indirectly (through any municipality, governmental body and/or governmental organisation, or in the case of a substitution of the Issuer in accordance with Condition 12 by any other directly or indirectly government owned or controlled entity) to cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at general meetings of the Issuer. For the purpose of this definition, "control" (*beschikking*), "share" (*aandeel*) and "votes" (*stemmen*) have the meanings given to them in Chapter 5.3 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*);

"**Clean-up Call**" has the meaning ascribed to it in Condition 6(h);

"**Condition**" means any of the numbered paragraphs of these Terms and Conditions of the Securities;

"**Coupons**" has the meaning ascribed to it in the preamble;

"**Couponholder**" has the meaning ascribed to it in the preamble;

"**Coupon Amount**" means (i) in respect of a Coupon Payment, the amount of interest payable on a Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 6(d), 6(e), 6(f) and 6(g) any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5;

"**Coupon Determination Date**" means, in respect of the period from (and including) the First Reset Date, the second Business Day before the commencement of each Coupon Period;

"**Coupon Payment**" means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

"**Coupon Payment Date**" means each of (i) 22 October in each year, starting 22 October 2020 in respect of a short first coupon, (ii) the First Reset Date, (iii) the First Step-up Date and (iv) the Second Step-up Date, provided that if any Coupon Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the immediately preceding Business Day;

"**Coupon Period**" means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period commencing on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date or the date of redemption, as the case may be;

"**Coupon Rate**" means the First Fixed Coupon Rate and each Reset Coupon Rate, as the case may be, which may be increased by 5 per cent. per annum on account of a Change of Control which has occurred in respect of the Securities;

"**Deferral Notice**" has the meaning ascribed to it in Condition 4(a);

"**Deferred Coupon Payment**" means any Arrears of Interest which pursuant to Condition 4(a) the Issuer has elected to defer and which have not been satisfied;

"**Deferred Coupon Satisfaction Date**" means:

(i) the date on which the Issuer voluntarily satisfies a Deferred Coupon Payment, as notified by the Issuer to the Holders, the Fiscal Agent and the Calculation Agent in accordance with Condition 4(b); or

(ii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(b);

"**Documents**" has the meaning ascribed to it in Condition 12(a);

"**EU-IFRS**" means the International Financial Reporting Standards applicable from time to time to the consolidated financial statements of listed companies in the EU;

"**FATCA**" means (a) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any current or future regulations or official interpretations thereof, (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above, or (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction;

"**FATCA Withholding**" means any deduction or withholding required pursuant to FATCA;

"**First Call Date**" means 22 July 2025;

"**First Fixed Coupon Rate**" has the meaning ascribed to it in Condition 5(b);

"**First Fixed Rate Period**" means the period from (and including) the Issue Date to (but excluding) the First Reset Date;

"**First Reset Date**" means 22 October 2025;

"**First Step-up Date**" means 22 October 2030;

"**Fiscal Agent**" has the meaning ascribed to it in the preamble;

"**Guarantee**" has the meaning ascribed to it in Condition 12(a);

"**Guarantor Parity Securities**" means (i) any securities or other similar instruments issued by the guarantor providing the Guarantee which rank, or are expressed to rank, *pari passu* with the guarantor's obligations under the Guarantee and (ii) any securities or other similar instruments issued by a Subsidiary of the guarantor which have the benefit of a guarantee from the guarantor (or similar instrument from the guarantor), which rank or are expressed to rank *pari passu* with the guarantor's obligations under the Guarantee;

"**Holder**" has the meaning ascribed to it in the preamble;

"**Income Tax Deduction Event**" has the meaning ascribed to it in Condition 6(d);

"**Interest**" shall, where appropriate, include Coupon Amounts and Deferred Coupon Payments;

"**Issue Date**" means 22 July 2020, being the date of initial issue of the Securities;

"**Issuer**" means TenneT Holding B.V. or in the case of an substitution of the Issuer in accordance with Condition 12, the Substituted Issuer;

"**Make-whole Redemption Amount**" means the sum of:

(i) the greater of (x) the principal amount of the Securities so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Securities to the First Reset Date discounted to the relevant Make-whole Redemption Date on an annual basis at the Make-whole Redemption Rate plus a Make-whole Redemption Margin; and

(ii) any interest accrued but not paid on the Securities to, but excluding, the Make-whole Redemption Date,

as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer and the Fiscal Agent;

"**Make-whole Redemption Margin**" means 0.50 per cent.;

"**Make-whole Redemption Rate**" means (i) the mid-market yield to maturity of the Reference Security which appears on the Relevant Make Whole Screen Page on the third business day preceding the Make-whole Redemption Date at 11:00 a.m. (CET) or (ii) to the extent that the mid-market yield to maturity does not appear on the Relevant Make Whole Screen Page at such time, the average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Security on the third business day preceding the Make-whole Redemption Date at or around 11:00 a.m. (CET);

"**Managers**" means BNP Paribas, HSBC Bank plc, Deutsche Bank Aktiengesellschaft, ING Bank N.V., AMRO Bank N.V., Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH, NatWest Markets N.V. and SMBC Nikko Capital Markets Europe GmbH;

"**Mandatory Payment Event**" shall have occurred if:

(a) a declaration or payment of any distribution or dividend or any other payment made by the Issuer, and in the case of a Guarantee, the guarantor providing such Guarantee on its share capital or by the Issuer or any Subsidiary of the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee, as the case may be, on any Parity Securities or Guarantor Parity Securities;

(b) a redemption, repurchase, repayment, or other acquisition by the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee or any Subsidiary of the Issuer of any shares of the Issuer;

(c) a redemption, repurchase, repayment or other acquisition by the Issuer or any Subsidiary of the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee of any Parity Securities, Guarantor Parity Securities or any Securities;

save for:

(i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, or other acquisition required by the terms of such securities or by mandatory operation of applicable law;

(ii) in each case, any distribution of dividend that was already announced by the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee but not (fully) paid out yet by the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee at time of the relevant Deferral Notice;

(iii) in the case of (b) above only, the redemption, repurchase, repayment, or other acquisition is executed in connection with, or for the purpose of any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) and in the case of a Guarantee, the guarantor providing such Guarantee or any existing or future stock option plan or free share allocation plan or other incentive plan reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee or any associated hedging transaction; and

(iv) in the case of (c) above only, any redemption, repurchase, repayment, or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per security below its par value;

"**Margin**" means (i) in respect of each Coupon Period from and including the First Reset Date to but excluding the First Step-up Date: 2.719 per cent. per annum (no step-up), (ii) in respect of each Coupon Period from and including the First Step-up Date to but excluding the Second Step-up Date: 2.969 per cent. per annum (including a 0.25% step-up over the initial credit spread); and (iii) in respect of each Coupon Period from and including the Second Step-up Date to but excluding the date on which the Issuer redeems the Securities: 3.719 per cent. per annum (including a further 0.75% step-up);

"**Paying Agents**" has the meaning ascribed to it in the preamble;

"**Payment**" means any Coupon Payment or Deferred Coupon Payment;

"**Parity Securities**" means (i) any securities or other similar instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Securities and (ii) any securities or other similar instruments issued by a Subsidiary of the Issuer which have the benefit of a guarantee from the Issuer (or similar instrument from the Issuer), which rank or are expressed to rank *pari passu* with the Issuer's obligations under the Securities (Parity Securities include, for the avoidance of doubt, the 2013 Capital Securities and the 2017 Capital Securities as long as they remain outstanding);

"**Puttable Senior Securities**" means securities which (i) are debt securities of the Issuer ranking senior to the Securities or any securities or other similar instruments issued by a Subsidiary which have the benefit of a guarantee from the Issuer (or similar instrument from the Issuer) which rank or are expressed to rank senior to the Issuer's obligations under the Securities, and (ii) may become due for redemption in accordance with their terms due to the exercise of any investor put rights which the holders of such securities may have in respect of the Change of Control;

"**Quotation Agent**" means the agent to be appointed by the Issuer if required for the determination of the Make-whole Redemption Amount

"**Rating Agency**" means any of the following: Moody's Investors Service Limited ("**Moody's**") or S&P Global Ratings Europe Limited ("**S&P**"), and any other rating agency of equivalent international standing solicited from time to time by the Issuer to grant a rating to the Issuer and/or the Securities and in each case, any of their respective successors to the rating business thereof;

"**Rating Event**" has the meaning ascribed to it in Condition 6(f);

"**Reference Dealers**" means each of the four banks (that may include the Managers) selected by the Quotation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues;

"**Reference Security**" means DBR 1 08/15/25 (ISIN DE0001102382) (1% German government bond maturing on 8 August 2025). If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the Calculation Date, quoted in writing by the Quotation Agent to the Issuer and published in accordance with Condition 14 (*Notices*);

"**Relevant Make Whole Screen Page**" means Bloomberg screen page "DE0001102382 Govt" (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Security;

"**Reset Coupon Determination Date**" has the meaning ascribed to it in Condition 5(b);

"**Reset Date**" means the First Reset Date and each fifth anniversary thereafter;

"**Reset Period**" means each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date thereafter and "relevant Reset Period" shall be construed accordingly;

"**Reset Reference Bank Rate**" has the meaning ascribed to it in Condition 5(b);

"**Reset Reference Banks**" has the meaning ascribed to it in Condition 5(b);

"**Reset Screen Page**" has the meaning ascribed to it in Condition 5(b);

"**Second Step-up Date**" means 22 October 2045;

"**Securities**" means €1,000,000,000 Fixed-to Reset Rate NC5.25 Perpetual Capital Securities, and such expression shall include any further Securities issued pursuant to Condition 15 and forming a single series with the Securities, and "**Security**" means any of the Securities;

"**Securityholder**" has the meaning ascribed to it in the preamble;

"**Similar Security**" means a reference bond or reference bonds issued by the same issuer as the Reference Security having actual or interpolated maturity comparable with the remaining term of the Securities that would be utilized, 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 Securities;

"**Subsidiary**" means a subsidiary of the Issuer within the meaning of Section 2:24a of the Dutch Civil Code (whether Dutch or non-Dutch);

"**Substituted Issuer**" has the meaning ascribed to it in Condition 12(a);

"**TARGET Settlement Day**" means a day on which TARGET2 is open for the settlement of payments in euro;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto;

"**TARGET System**" means the TARGET2 system;

"**Winding-up**" means a situation where (i) an order is made or a decree or resolution is passed for the winding-up, liquidation or dissolution of the Issuer, except for the purposes of a solvent merger, reconstruction or amalgamation, or (ii) a trustee (*curator*) is appointed by the competent District Court in the Netherlands in the event of bankruptcy

(*faillissement*) affecting the whole or a substantial part of the undertaking or assets of the Issuer and such appointment is not discharged within 30 days, or in the case of an substitution of the Issuer in accordance with Condition 12, any equivalent steps that may be taken against the Substituted Issuer in the jurisdiction in which the Substituted Issuer is incorporated; and

"**Withholding Tax Event**" has the meaning ascribed thereto in Condition 6(d).

Replacement intent: The following paragraphs in italics do not form part of the Conditions.

The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Securities only to the extent they are replaced with instruments which provide at least equivalent S&P equity credit. The net proceeds received by the Issuer or a Subsidiary of the Issuer from the sale of securities which are assigned an S&P "equity credit" (or such similar nomenclature used by S&P from time to time) that is at least equal to the equity credit assigned to the Securities by S&P, at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), will count as replacement.

The following exceptions apply as to the Issuer's replacement intention. The Securities are not required to be replaced:

a) if the rating or stand-alone credit profile assigned by S&P to the Issuer is at least the same as or higher than the rating or stand-alone credit profile assigned to the Issuer on the date when the Issuer's most recent hybrid note was issued (excluding refinancings without net new issuances) and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase; or

b) in the case of repurchase or a redemption, taken together with other relevant repurchases or redemptions of less than (x) 10 per cent. of the aggregate principal amount of the Issuer's outstanding hybrid notes in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Issuer's outstanding hybrid notes in any period of 10 consecutive years is repurchased, provided that such repurchase or redemption has no materially negative effect on the Issuer's rating or stand-alone credit profile, or

c) if the Securities are redeemed pursuant to an Accounting Event, a Rating Event, an Income Tax Deduction Event, a Withholding Tax Event, a Change of Control or a Clean-up Call, or

d) if the Securities are not or no longer assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase), or

e) in the case of any repurchase, up to the maximum amount of Securities repurchased that would allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase to be equal to or greater than the maximum aggregate principal amount of hybrid capital to which S&P would assign "equity credit" (or such similar nomenclature then used by S&P at the time of such repurchase); or

f) if such redemption or repurchase occurs on or after the relevant Second Step-up Date.

Summary of Provisions relating to the Securities while in Global Form

The Temporary Global Security and the Permanent Global Security will contain provisions which apply to the Securities while they are in global form, some of which modify the effect of the Conditions. The following is a summary of certain of those provisions as they relate to the Securities:

1 Exchange

The Temporary Global Security is exchangeable in whole or in part for interests in the Permanent Global Security on or after a date which is expected to be on or about 31 August 2020, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security. The Permanent Global Security is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Securities described below (i) if the Permanent Global Security is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of any Securities is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange the Permanent Global Security for Definitive Securities on or after the Exchange Date specified in the notice.

If principal in respect of any Securities is not paid when due and payable the holder of the Permanent Global Security may, by notice to the Fiscal Agent (which may but need not be the default notice referred to in "Summary of Provisions relating to the Securities while in Global Form – Default" below), require the exchange of a specified principal amount of the Permanent Global Security (which may be equal to or (provided that, if the Permanent Global Security is held by or on behalf of a clearing system, that clearing system agrees) less than the outstanding principal amount of Securities represented thereby) for Definitive Securities on or after the Exchange Date (as defined below) specified in such notice.

On or after any Exchange Date the holder of the Permanent Global Security may surrender the Permanent Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for the Permanent Global Security, or on endorsement in respect of the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Securities (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Security), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Fiscal Agency Agreement. On exchange in full of the Permanent Global Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Securities.

"**Exchange Date**" means a day falling not less than 60 days or, in the case of exchange pursuant to (ii) above, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

2 Payments

No payment will be made on the Temporary Global Security unless exchange for an interest in the Permanent Global Security is improperly withheld or refused. Payments of principal, premium and interest in respect of the Securities represented by the Permanent Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of the Permanent Global Security to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to

the Permanent Global Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Securities.

3 Notices

So long as the Securities are represented by the Permanent Global Security and the Permanent Global Security is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions and 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.

4 Prescription

Claims against the Issuer in respect of principal, premium and interest on the Securities while the Securities are represented by the Permanent Global Security will become void unless it is presented for payment within a period of five years from the date the relevant payment first became due.

5 Meetings

The holder of the Permanent Global Security shall (unless the Permanent Global Security represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of the Securities.

6 Purchase and Cancellation

Cancellation of any Security required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Permanent Global Security.

7 Default

The Permanent Global Security provides that the holder may cause the Permanent Global Security or a portion of it to become due and payable in the circumstances described in Condition 8 by stating in the notice to the Fiscal Agent the principal amount of Securities which is being declared due and payable. If principal in respect of any Security is not paid when due and payable, the holder of the Permanent Global Security may elect that the Permanent Global Security becomes void as to a specified portion and that the persons entitled to such portion, as accountholders with a clearing system, acquire direct enforcement rights against the Issuer under further provisions set out in the Permanent Global Security.

Business Description of the Issuer

Introduction

The Issuer was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 28 April 1994 and operates under the laws of the Netherlands. The Issuer has its corporate seat in Arnhem, the Netherlands and has its registered office at Utrechtseweg 310, 6812 AR Arnhem, the Netherlands (telephone number +31 26 373 1111). The Issuer is registered with the Dutch Chamber of Commerce under registration number 09083317. The Issuer's legal entity identifier (LEI) is 724500LTUWK3JQG63903.

Objects

Article 2 of the Issuer's articles of association, regarding its objects, reads as follows (translated from the original Dutch language version):

> "2.1. The objects of the company are to, directly or indirectly, participate in or to take an interest in any other way in, and to conduct the management of other business enterprises with objects as described in this paragraph and paragraph 2 of this article or objects which are similar or related thereto, furthermore to finance third parties and to provide security or undertake the obligations of third parties in any way, as well as to do everything that is in conformance with the provisions of this article or related or conducive thereto in the broadest sense.
>
> 2.2. The objects of the other business enterprises mentioned in paragraph 1 of this article may include:
>
> (i) to provide for the transport and dispatch of electrical energy;
>
> (ii) to install, operate, manage and/or maintain networks intended for the transport of electricity, including connections that cross national borders as well as to measure the electrical energy supplied to and/or withdrawn from these networks;
>
> (iii) to render system services and other services for the electricity supply within the Netherlands and abroad;
>
> (iv) to conduct operations and/or to promote market forces in the area of energy and the environment, including but not limited to operating exchanges and other trading and market places, registering and issuing rights and certificates and issuing subsidies and other payments;
>
> (v) to lease, to allow third parties to use or to make available in any other way facilities, goods and/or rights, including networks connected by optical fibre cables and telecommunication equipment and areas belonging to masts and buildings;
>
> (vi) to conduct operations related or connected to the above objects as well as to perform all other tasks charged to the company in or pursuant to any statutory scheme or designation from competent authorities; and
>
> as well as to do everything that is in conformance with the above objects or related or conducive to the above objects in the broadest sense.
>
> As long as the company is part of a group with the transmission system operator it is not permitted to engage in acts or activities that may be contrary to the interest of the operation of electricity transmission systems."

Capitalisation and Group Structure

The authorised share capital of the Issuer is EUR 500,000,000, comprising of one million registered shares with a nominal value of EUR 500 each. A total of two hundred thousand registered shares have been issued, all of which are fully paid.

The Issuer's sole shareholder is the State, represented by the Ministry of Finance (as opposed to the Ministry of Economic Affairs being the legislator in respect of the energy sector). On 18 October 2013, the Dutch government published its Policy on Government Participations 2013. In this policy the State categorised its participations in three categories:

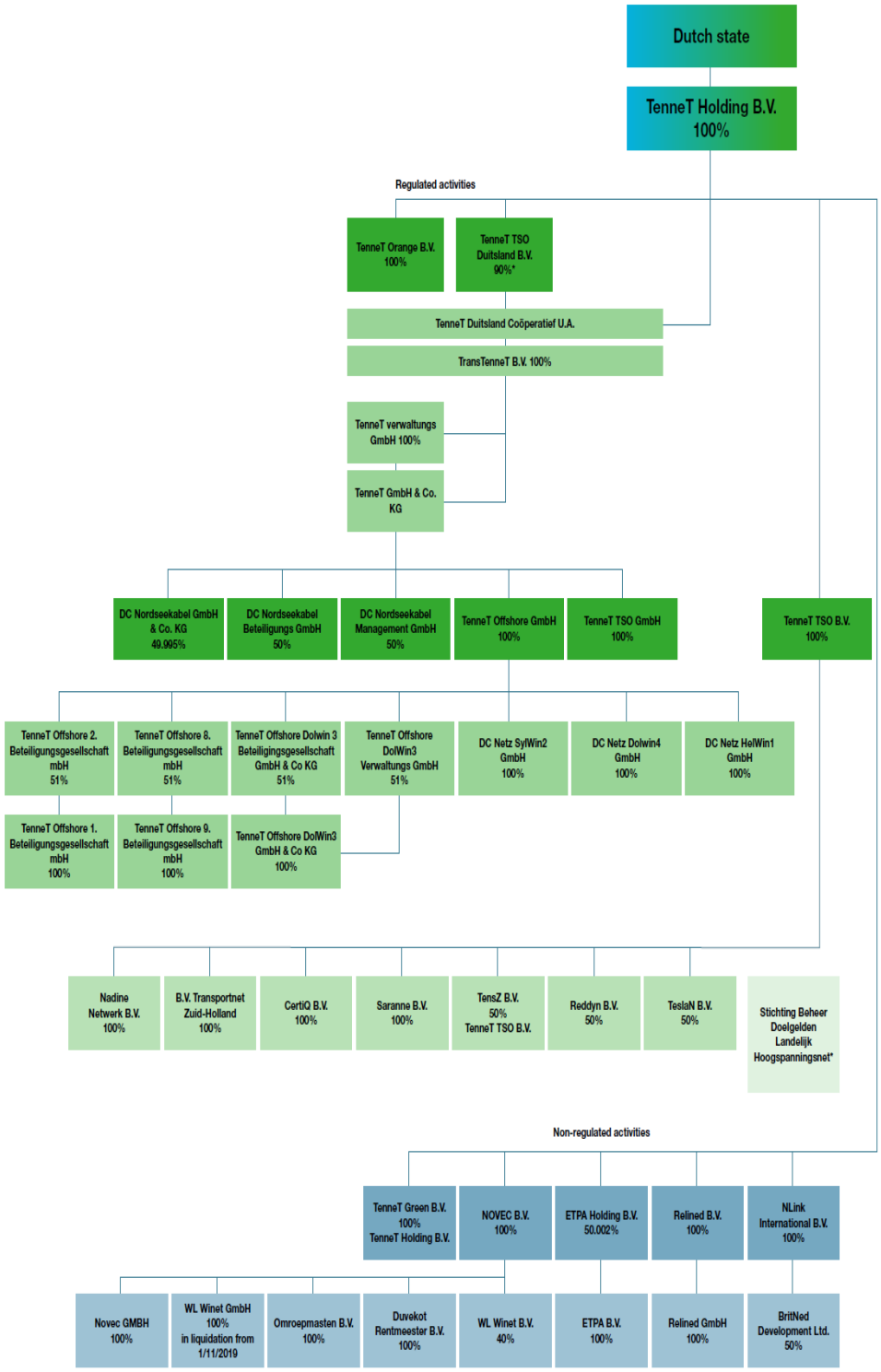
1. predetermined temporary state-ownership;
2. permanent state-ownership; and
3. non-permanent state-ownership.

The category "permanent state-ownership" contains participations in respect of which the Dutch government deems it important that the State maintains a controlling influence by means of at least a majority stake. It does not entail that there cannot be any additional private or public shareholders. However, the State must maintain a controlling interest. The State's participation in the Issuer has been placed in the "permanent state-ownership" category. The Dutch government will not seek private parties to make risk-bearing investments in the Issuer's Dutch activities. However, the Dutch government may review the possibility of entering into strategic cooperations or cross-participations with other transmission system operators certified under the European rules by means of cross-participations. No such transaction will, however, take place before the Second Chamber of the Dutch Parliament has been consulted.

In the Policy on Government Participations 2013, the State announced that (i) for the time being, it wishes to retain full ownership of the Issuer and (ii) it will hold annual reviews of the State's participations. Every participation (including the Issuer), shall be evaluated at least once every seven years in order to determine whether it is still feasible and in the public interest for the State to keep a majority interest in such participation. Such review will focus on an assessment of (i) the public framework, (ii) corporate governance, (iii) the economic position, (iv) the strategic environment of the participation and (v) the manner in which public interest are met. Furthermore, the Policy on Government Participations 2013 provides that the State will seek to increase its influence over certain of the Issuer's business decisions and the Issuer's corporate governance (see "*Risk factors – Risks relating to structure of the Issuer – Decisions of the State of the Netherlands as the sole shareholder of the Issuer may impact the Issuer's business, financial condition and net income*" and "*Business Description of the Issuer – Corporate Governance*"). It is noted that the business of the Issuer is regulated by the European Union's third package on the internal energy market (including the third EU Electricity Directive 2009/72/EC) and the Electricity Act 1998 (this act, as amended from time to time, the "**Electricity Act**") (as amended to implement the aforesaid Electricity Directive 2009/72/EC).

The current Group structure, headed by the Issuer, was established in 2005 through a number of mergers and demergers with the objective to separate regulated and non-regulated activities of the Group in accordance with Article 17a of the Electricity Act. All Dutch regulated activities of the Group are performed by either TenneT TSO NL or one of its subsidiaries. With a few exceptions, TenneT TSO NL and its subsidiaries are not allowed to perform activities that could create competition with third parties. Any permitted unregulated activities are performed by subsidiaries (excluding TenneT TSO NL and its subsidiaries) and participations positioned directly under the Issuer or directly or indirectly under such subsidiaries. The unregulated activities of these subsidiaries are not allowed to conflict with the – regulated – interests of TenneT TSO NL. All German regulated activities are performed by TenneT TSO Germany and its subsidiaries.

The legal structure of the Group as of 30 June 2020 is as follows (minority participations excluded):



* 10% Stichting Beheer Doelgelden Landelijk Hoogspanningsnet

History and development of the Issuer

The history and development of the Issuer is inextricably linked with the history and development of the Dutch and German electricity markets.

Dutch electricity market

The Dutch electricity market is regulated by the Electricity Act. Many provisions of the Electricity Act are detailed in subordinate legislation laid down by the Crown, the Minister of Economic Affairs & Climate and the ACM. The ACM is the market regulator and has comprehensive *ex ante* and *ex post* regulatory powers, which include the adoption of binding conditions and tariffs for third party network access.

Under the Electricity Act, generation and supply activities on the one hand and network operation activities on the other may not be integrated in one legal entity. When the Electricity Act was implemented in 1998, the generation companies and the distribution companies had to transfer the operation and management of their electricity networks to separate limited liability companies. These separate limited liability companies must operate independently and provide non-discriminatory network access against regulated tariffs and conditions. As of 1 January 2011, the network companies have to be fully unbundled from energy (including electricity) generation, trading and supply companies. TenneT TSO NL and its predecessors have been fully unbundled since they started operations under the Electricity Act.

Transmission system operators must operate, maintain and develop their installations in an efficient, safe, reliable and environmental friendly manner. The Dutch electricity network is laid out in a "cascade" of voltage levels. The national transmission network is operated at 220 kV or 380 kV (extra high voltage) and at a voltage level of 110 kV or 150 kV (high voltage). Distribution networks are operated at levels of up to 50 kV.

All Dutch regulated activities of the Group are performed by TenneT TSO NL and its subsidiaries. TenneT TSO NL operates substantially all networks with a voltage level of 110 kV, 150 kV, 220 kV or 380 kV. The lower voltage networks are operated by various regional distribution network companies.

Electricity Directive (EU) 2019/944 requires that an operator is certified by the national regulatory authority before it is designated as a transmission system operator. By decision of 18 December 2013, the ACM has certified TenneT TSO NL as the transmission system operator for the Dutch National HV Grid (as defined below) and on 1 May 2015 as an interconnector operator for its part of the NorNed Cable. In addition, TenneT TSO NL has been certified and designated as transmission system operator for the Dutch offshore grid on 13 June 2016 and 5 September 2016, respectively, as well as the interconnector operator of the Cobra Cable (certification on 26 November 2018 and designation on 30 January 2019).

TenneT TSO NL's tasks can be distinguished in system operation tasks, aimed at maintaining the balance of the Dutch electricity system and contributing to the maintenance of the balance of connected systems in Europe on the one hand, and the transmission task to provide non-discriminatory access to its networks on the basis of civil law contracts on the other. TenneT TSO NL's tasks are subject to published tariffs and conditions adopted by the ACM. Also on regional network operators rests the latter task in respect of their respective grids. Some of the tasks imposed on TenneT TSO NL are described in more detail in "*Description of the Issuer – Business – Dutch Regulated business*" below.

In December 2016, the Minister of Economic Affairs published a legislative proposal, which includes amendments to the Gas Act (*Gaswet*) and the Electricity Act (*wetsvoorstel 'Voortgang Energietransitie'*), which proposal has been approved by Dutch parliament (*Tweede Kamer*) on 30 January 2018 and by the Dutch senate (*Eerste Kamer*) on 3 April 2018. The amendments will limit the scope of the activities that the Issuer is allowed to perform outside its statutory tasks as a TSO. In addition, the amendments will limit the scope of the activities of other Group companies. The amendments will also offer TenneT TSO NL the possibility to enter into cross-

participations with other TSO's. The majority of the amendments has entered into force as of 1 July 2018 and as of 1 January 2019, the remaining amendments are subject to finalisation of lower regulation.

Offshore grid

In 2014, the Issuer presented a concept for connecting offshore wind in the Netherlands. This concept provides direct connection of offshore wind turbines to five newly designed standard TenneT 700 MW platforms. The offshore platforms will be connected to the onshore grid via 220 kV alternating current cable connections and may serve one or more offshore wind farm developers, thereby reducing the total number of required platforms. This concept has become known as the standardized 700 MW AC offshore grid concept which will be used as standard for the currently foreseen five offshore TenneT platforms in the Dutch part of the North Sea until 2023.

Following the amendment of the Electricity Act on 1 April 2016, TenneT TSO NL has been certified by the regulator ACM and designated by the Dutch Ministry of Economic Affairs and Climate Policy as offshore grid operator in the Netherlands.

In March 2018, the Dutch government presented the Offshore Wind Energy Roadmap 2030. To meet the governmental targets until 2030, another 6.1 GW offshore wind development is foreseen. The Development Framework published by the Ministry of Economic Affairs and Climate in December 2019 confirms three new standardized 700 MW AC offshore grid concepts will be realised prior to 2030. Additionally, the 4 GW wind area "IJmuiden Ver" will be developed using a new standard of 2 GW HVDC grid concept, also prior to 2030.

German Electricity Grid Market

The German electricity grid market is subject to a comprehensive regulatory regime governed by numerous acts and ordinances which are subject to constant modifications and amendments. The main pieces of legislation are the German Energy Industry Act (*Energiewirtschaftsgesetz*, "**EnWG**") and several ordinances, most notably the Ordinance on Incentive Regulation (*Anreizregulierungsverordnung*, "**ARegV**"), the Ordinance on Grid Tarifs (*Stromnetzentgeltverordnung*, "**StromNEV**") and the Ordinance on Grid Access (*Stromnetzzugangsverordnung*, "**StromNZV**"). BNetzA is the competent regulatory authority *vis-à-vis* TenneT TSO Germany. Main areas of regulation are grid access including grid access terms and conditions such as grid tariffs (subject to incentive regulation), grid connection, grid development and grid system services.

Similar to Dutch requirements, German electricity grid operators have to be unbundled from other business operations of a vertically integrated energy utility. In order to guarantee a transparent, non-discriminatory operation of the electricity grid, the EnWG not only provides for separate accounting but also for legal, operational and informational unbundling. In addition, based on the European Union's third legislative energy law package (including the third Electricity EU Directive 2009/72/EC) and corresponding rules in the German statutory framework, TSOs are subject to certain unbundling obligations. In this respect, TSOs have to be certified in order to ensure compliance with applicable unbundling requirements. TenneT TSO Germany was certified by BNetzA on 3 August 2015.

TenneT TSO Germany is under a general obligation to operate a safe, reliable and efficient transmission grid on a non-discriminatory basis. Furthermore, TenneT TSO Germany is required to maintain, develop and optimise its grid meeting the demands (*bedarfsgerechter Ausbau*) to the extent this is economically reasonable. To this effect, the four German electricity TSOs which operate control areas, namely TenneT TSO Germany, Amprion GmbH, 50Hertz Transmission GmbH and TransnetBW GmbH, are under an obligation to issue an (integrated onshore and offshore) network development plan (*NEP*) every two years.

The NEP must include all measures required for an optimisation, reinforcement and expansion of the transmission grid necessary to meet transmission demands for the period of ten to fifteen years as well as fifteen to twenty years, respectively. Following a consultation process, the network development plan needs to be

approved by BNetzA. On this basis, the federal requirement plan (*Bundesbedarfsplan*) is adopted by the German legislator at least every four years which is binding for the TSOs.

The site development plan (FEP) issued by the Federal Maritime and Hydrographic Agency (BSH) defines the areas for offshore wind energy spatially and temporally. The BSH has been responsible for the development and preliminary investigation of areas for the construction and operation of offshore wind energy on the basis of the Wind Energy at Sea Act (WindSeeG) in an overall planning process. The plan was developed for the first time in 2018 and 2019 and published in June 2019. It is updated every four years or when changes are necessary.

The extra high voltage grid in Germany (380 kV and 220 kV) is operated by the four abovementioned TSOs which have interconnected their transmission grids through national interconnector lines to form the German interconnected system (*Verbundnetz*). This interconnected system together with parts of Denmark, Luxembourg and Austria form the "German control block".

Similar to TenneT TSO NL's tasks, TenneT TSO Germany is required to maintain the balance of the German transmission grid system within its control area (*Regelzone*) and thereby contribute to the balancing of the interconnected systems in Europe. TenneT TSO Germany is not active in any downstream (distribution) grid operations. In addition, TenneT TSO Germany is required to grant third party access to its transmission grid on an economically reasonable, non-discriminatory and transparent basis. The German Incentive Regulation Ordinance (*Anreizregulierungsverordnung*) (the "**ARegV**") provides for an incentive regulation framework which governs the allowed revenues from which grid access tariffs are consequently derived. This includes also the framework of so-called investment measures providing timely reimbursement, particularly for grid extension and grid restructuring measures. The treatment of investment measures and the reimbursement of investments for offshore projects finished and commissioned before year-end 2019 that are treated under the grandfathering model remains materially the same as before the introduction of the ONU-VO. Offshore projects finished and commissioned after year-end 2019 will be treated under the new regulatory regime. Further, TenneT TSO Germany is required to grant grid connections to grid users such as large industrial customers and power plants on a non-discriminatory basis. This includes the obligation to construct and operate OWF connections necessary to connect OWFs in the North Sea to the German onshore electricity grid system.

Continuous investments in the (expansion of the) grid infrastructure as well as network-related or market-related measures are employed to avoid potential or to counter existing congestions in the transmission grid. Such measures include, *inter alia*, the competence to prohibit the permanently or temporarily decommission of electricity generation or storage facilities if such facilities are deemed "system-relevant", and furthermore the application of so-called redispatch measures.

History of the Issuer

Under the Electricity Act 1989 (*Elektriciteitswet 1989*), the operation and maintenance of the electricity transmission system in the Netherlands was based on a systemic cooperation between four vertically integrated electricity companies, owned by provinces and municipalities. The embodiment of this cooperation was N.V. Samenwerkende Elektriciteits-productiebedrijven ("**Sep**"). The four electricity companies were N.V. Elektriciteitsbedrijf Zuid-Holland, N.V. Elektriciteits-Productiemaatschappij Oost- en Noord-Nederland, N.V. Elektriciteits-Productiemaatschappij Zuid-Nederland and Energieproduktiebedrijf UNA (together: the "**Sep Shareholders**"). Each of the Sep Shareholders owned 25% of the shares in Sep. Sep owned 67% of the 220/380 kV grid as well as the cross-border interconnections. The remaining part of the 220/380 kV grid was owned by Sep Shareholders, but put at Sep's disposal to enable it to manage the 220/380 kV grid in its entirety. On 28 April 1994, Sep incorporated Dutch Electricity Consulting Services B.V. ("**DELCOS**") as its 100% subsidiary. DELCOS has undergone several name changes and is currently named TenneT Holding B.V.

In 1998, the Electricity Act entered into force. The Electricity Act created a legal basis for a gradual liberalisation of the electricity market (completed in July 2004). It furthermore compelled majority owners of

the transmission and distribution electricity grids (therefore including Sep) to appoint separate legal entities as grid managers and to transfer to these legal entities the management of the grids. These entities were from then on exclusively charged with the fulfilment of statutory tasks relating to the operation, maintenance, renewal and extension of the grids.

For the 220/380 kV grid as well as the cross-border interconnections of 500 V and higher, the Electricity Act introduced the function of national grid manager. The national grid manager's tasks include transmission system services, which means that it is the national TSO as well. As owner of 67% of the 220/380 kV grid, Sep was obliged to appoint the national grid manager. Sep appointed DELCOS on 21 October 1998. Until that appointment, DELCOS had not performed any holding activities or any other activities and was a subsidiary of Sep.

On the same date, Sep transferred the beneficial ownership of the 220/380 kV grid and of the cross-border connections of 500 V and higher (to the extent owned by Sep) to DELCOS and granted DELCOS an option to also request the legal ownership thereof. DELCOS was renamed TenneT, Manager Landelijk Elektriciteitsnet B.V. on 21 October 1998 and renamed TenneT, Transmission System Operator B.V. ("**TenneT, Transmission System Operator**") on 14 January 1999.

On 2 February 2001, a demerger of Sep (in the meantime renamed B.V. Nederlands Elektriciteit Administratiekantoor, "**NEA**") was effectuated whereby Saranne B.V. ("**Saranne**") was incorporated. At this occasion, NEA transferred its legal ownership of the 67% part of the 220/380 kV grid as well as of the cross-border interconnections of 500 V and higher to Saranne, leaving the option for TenneT, Transmission System Operator to request a transfer of the legal ownership to it intact. All shares in the capital of Saranne were issued to NEA. On 25 October 2001, NEA transferred all shares in TenneT, Transmission System Operator and all shares in Saranne to the State of the Netherlands.

On 18 December 2003, TenneT, Transmission System Operator acquired all shares in the capital of B.V. Transportnet Zuid-Holland ("**TZH**"), owning the entire 150 kV grid and part of the 380 kV in the province of Zuid-Holland. At the time TenneT neither owned nor managed any other 110 kV or 150 kV grid.

On 19 December 2005, TenneT, Transmission System Operator was converted into a holding company and renamed TenneT Holding B.V. The holding structure came into existence by way of a de-merger whereby TenneT TSO NL was incorporated. As a de-merged company, TenneT TSO NL obtained all assets of the Issuer, including the beneficial ownership of the 220/380 kV grid (with the exception of those parts that were still owned by the former Sep Shareholders or their legal successors) and the cross-border interconnections of 500 V and higher, as well as the shares in the capital of Saranne, TZH, TSO Auction B.V. (liquidated on 1 July 2013), EnerQ B.V. ("**EnerQ**") and CertiQ B.V. ("**CertiQ**") (see also "*Description of the Issuer – Business – Subsidiary overview – Dutch regulated activities*" below). EnerQ has been liquidated because of the fact that its activities have been transferred to SenterNovem (currently part of Agentschap NL, an Agency of the Dutch Ministry of Economic Affairs). The shares in the non-regulated activities (*i.e.* in APX Holding B.V. (the former APX B.V.), NLink International B.V., European Energy Auction B.V., New Values B.V. and NOVEC B.V.) were subsequently transferred by separate deeds to the Issuer. European Energy Auction B.V., APX Holding B.V. and New Values B.V. do not form part of the Group anymore.

As beneficial owner of the majority of the 220/380 kV grid, TenneT TSO NL appointed itself as manager of the 220/380 kV grid and the 150 kV grid in the province of South-Holland, replacing TenneT, Transmission System Operator B.V., which had become TenneT Holding B.V. The Minister of Economic Affairs has given the requisite statutory approval for this appointment. An appointment lasts ten years (from the date of the approval by the Minister of Economic Affairs). By decision of 18 December 2013, the ACM has certified TenneT TSO NL as transmission system operator.

As a result of the legal restructuring in December 2005, the Dutch regulated business of national grid manager and national transmission system operator is now being performed by TenneT TSO NL. The current unregulated business (mainly focusing on electricity spot market and clearing activities) (through an indirect shareholding in EPEX Spot SE ("**EPEX**") and its subsidiaries, and a minority stake in Holding des Gestionnaires de Réseau de Transport d'Électricité S.A.S. ("**HGRT**"), telecom activities (NOVEC B.V. and Relined B.V. and their respective subsidiaries) and submarine cables (NLink International B.V.)) are being performed by other subsidiaries or participations of the Issuer. These unregulated activities are not allowed to conflict with the activities of TenneT TSO NL (see also "*Description of the Issuer – Business – Subsidiary overview – unregulated activities*" below).

In November 2006, an amendment to the Electricity Act was enacted pursuant to which the "national electricity (extra) high voltage grid" – which pursuant to the Electricity Act is to be managed by the national grid manager – has been redefined so as to include the 110 kV and 150 kV grids in addition to the 220 kV and 380 kV grids and the cross-border interconnections of 500 V and higher. This amendment entered into force on 1 January 2008. As a consequence, TenneT TSO NL, being the legally appointed national grid manager of the national electricity (extra) high voltage grid, from 1 January 2008 had to take over the management of the 110 kV and 150 kV grids from the relevant regional grid managers. An exception applies for the time being to the 150 kV "Randmeren" grid, managed by Liander N.V. (and sub managed by TenneT TSO NL further to a sub management agreement which entered into force on 1 August 2009). This exception applies because no satisfactory solution has been reached with regards to third parties' rights under cross-border lease transactions to which these grids are subject. In 2009, TenneT TSO NL acquired the high voltage grids still owned by Enexis B.V., Liander N.V. and Delta N.V. In 2015, TenneT TSO NL acquired the 150 kV grid formerly owned by Stedin B.V. TenneT TSO NL at the moment owns all of the national electricity grids of 110 kV and higher (excluding the 150 kV "Randmeren" grid still owned by or through Liander N.V. and certain exemption holders) and has a legal monopoly with respect to the management of the National HV Grid on the basis of the Electricity Act. The maintenance of the grids is performed by joint ventures that TenneT TSO NL entered into with Delta (TeslaN B.V.), Stedin (TensZ B.V.) and Liander (Reddyn B.V.). TenneT TSO NL also manages and directly owns the cross-border interconnectors with alternating current and has a 50 per cent interest in the NorNed Cable.

In July 2012, in order to implement the third Electricity EU Directive (2009/72/EC), an amendment to the Electricity Act was enacted pursuant to which the "national electricity (extra) high voltage grid" was redefined, including the cross-border interconnections with alternating current (AC) (hereinafter together defined as the "**National HV Grid**"). A separate definition for managers of interconnectors, *i.e.* cross-border interconnections with direct current, has furthermore been introduced.

The Issuer indirectly wholly owns the subsidiary transpower GmbH & Co. KG (subsequently renamed TenneT GmbH & Co KG), a limited partnership (*Kommanditgesellschaft*) organised under the laws of Germany, acquired from E.ON AG, with economic effect as of 1 January 2010, all of the issued and outstanding shares of the German extra high voltage grid operator transpower stromübertragungs GmbH (subsequently renamed TenneT TSO GmbH), a limited liability company (*Gesellschaft mit beschränkter Haftung*) organised under the laws of Germany, as well as, indirectly, all of the issued and outstanding shares of Transpower Offshore GmbH (which subsequently became a sister company of TenneT TSO GmbH and was renamed TenneT Offshore GmbH), at the time a wholly-owned subsidiary of Transpower Stromübertragungs GmbH organised as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany (the "**Acquisition**").

The Acquisition has enabled the Issuer to integrate the Dutch and (part of) the German extra high voltage transmission grids, allowing it, in the opinion of the Issuer, to take a leading role in Europe and to continue developing an effectively functioning electricity market. The benefits of the Acquisition for the Issuer include

price equalisation, improved grid balancing, greater insight into grid situations, better possibilities for sustainable development in both countries and certain cost synergies.

In December 2012, the Issuer and Mitsubishi Corporation concluded their partnership with respect to two OWF Connections, BorWin1 and BorWin2. In that perspective, external investors have 49% of the voting interest and 69% of the economic interest in the German special purpose vehicle TenneT Offshore 2. Beteiligungsgesellschaft mbH. In April 2013, Mitsubishi Corporation acquired two further OWF Connections, HelWin2 and DolWin2. In that perspective external investors have 49% of the voting interest and 63% of the economic interest in the German special purpose vehicle TenneT Offshore 8. Beteiligungsgesellschaft mbH. While the commissioning of DolWin2 was originally planned in 2015, the OWF Connection DolWin2 encountered technical difficulties with the sea and land cables. The issue was analysed with the supplier and the connection is fully operational since the beginning of 2017. Mitigation measures and respective financial consequences are currently being evaluated. In February 2014, the Issuer and Copenhagen Infrastructure Partners ("**CIP**") agreed on a joint investment in the offshore grid connection DolWin3. In that perspective CIP has 49% of the voting interest and respectively 70% and 67% of the economic interest (adjusted for certain regulatory effects) in the German special purpose vehicle TenneT Offshore DolWin3 Beteiligungs GmbH & Co. KG and TenneT Offshore DolWin3 Verwaltungs GmbH.

In May 2015, TenneT exchanged all its shares (70.8%) in APX Holding B.V. for new shares in EPEX. Subsequently, TenneT contributed these EPEX shares to HGRT in exchange for newly issued ordinary shares in HGRT. HGRT holds a 49% interest in EPEX which is the 100% owner of EPEX and APX Holding B.V., together forming the exchange platform for the power spot market in France, Germany, Austria, Switzerland, Netherlands, Belgium and the United Kingdom.

In July 2015, TenneT TSO Germany acquired a 100% stake in the Netz Veltheim GmbH which merged with TenneT TSO Germany retrospectively with effect as of 1 January 2015.

In 2015, partner companies StattnetSF, KfW and TenneT TSO Germany made a final investment decision to establish an interconnector between Norway and Germany under the project name "NordLink" and construction started in 2016. Ownership of the interconnector is equally split between KfW and TenneT Germany owning the Southern part through a jointly owned company and Statnett SF owning the Northern part through a wholly-owned Norwegian company.

In 2016, the Issuer unveiled its vision for building a large European electricity system in the North Sea. Central to the vision is the modular Hub-and-Spoke concept. The modular Hub-and-Spoke concept offers flexibility to integrate increasing shares of renewable energy through two main routes. Firstly, it increases interconnections between countries to distribute renewable energy and connect markets across the larger North Sea region. Secondly, it provides power-to-Hydrogen – or to other energy carriers (P2X) – facilities to enable sector coupling and maintain security of supply by addressing the mismatch between electricity peak generation and demand. To realise TenneT's long-term vision for the large-scale generation of wind energy in the North Sea, the Issuer created a consortium that includes: TenneT TSO NL, TenneT TSO Germany, Energinet.dk and Gasunie. The Port of Rotterdam is a strategic partner. Its purpose is to accelerate the development of the North Sea Wind Power Hub in the upcoming decades.

Corporate Governance

The Dutch Corporate Governance Code (the "**Corporate Governance Code**") applies to listed companies. The Issuer, even though not a listed company, decided to comply with the Corporate Governance Code for the sake of transparency. Also, the State, as sole shareholder of the Issuer, set out in the Policy on Government Participations 2013 that it expects the Issuer to comply with the Corporate Governance Code or to explain, where applicable, why the Issuer does not comply with the relevant best-practices thereof.

In light of the above, a large number of the principles of the Corporate Governance Code have been integrated in the corporate governance structure of the Issuer and the Issuer complies with most provisions of the Code. In each annual report, the Issuer explains why certain principles and best-practice provision of the Corporate Governance Code do not apply to the Issuer or why and to what extent the Issuer decided not to adopt the principles and best practice provisions. More information on the Issuer's corporate governance arrangements can be found on its website: (http://www.tennet.eu/nl/nl/corporate-governance.html).

The Issuer is structured as a large company (*structuurvennootschap*) within the meaning of Section 2:264 Dutch Civil Code. The Issuer complies with the "large company regime" (*structuurregime*). The Issuer complies with the obligations regarding the corporate governance structure as provided for in the Electricity Act. The Issuer has a statutory executive board (*raad van bestuur*, the "**Executive Board**"). In accordance with the large company regime, the Issuer has a supervisory board (*raad van commissarissen*, the "**Supervisory Board**"). For certain decisions the Executive Board requires prior approval of the Supervisory Board. Also, for certain decisions, the prior approval of the general meeting of shareholders is necessary. In practice, this means that, the Issuer's only shareholder, the State, represented by the Ministry of Finance, must approve certain decisions, including, but not limited to, decisions relating to significant investments, a major change in the identity or nature of the Issuer or its enterprises, and the entering into and termination of important joint ventures. In addition, the general meeting of shareholders can, *inter alia*, amend the Issuer's articles of association and appoint the members of the Executive Board and Supervisory Board, subject to the conditions and procedures laid down in the Issuer's articles of association.

Executive Board

The members of the Issuer's Executive Board are as follows:

Name	Position	Positions outside the Issuer
Ms M.J.J. (Manon) van Beek	Chair Executive Board and Chief Executive Officer	Chair Supervisory Board (Aufsichtsrat) of TenneT TSO GmbH
		Member Board TenneT Verwaltungs GmbH
		Chair Supervisory Board Kanker.nl foundation
		Chair Board Giving Back foundation
		Chair Board Refugee Talent Hub foundation
		Member Supervisory Board Stichting Topvrouw van het Jaar
		General Member Board of German-Dutch Chamber of Commerce DNHK
		Member of the Council of the Thinktank Agora Energiewende
Mr B.G.M. (Ben) Voorhorst	Chief Operating Officer	Member Board TenneT TSO B.V.
		Member Board TenneT TSO GmbH
		Member Board of the Dutch association Netbeheer Nederland

Name	Position	Positions outside the Issuer
		Member Cooperation Board TSCNET Service GmbH
		Member Supervisory Board ETPA Holding B.V.
		Member Standing Committee on European Integration of the Advisory Board on International Issues
Mr O. (Otto) Jager	Chief Financial Officer	Member Board TenneT TSO B.V.
		Member Board TenneT TSO GmbH
		Member Advisory Council of the New CFO Executive Program, Erasmus University Rotterdam
Mr T. (Tim) Meyerjürgens	Chief Operating Officer	Member Board TenneT TSO B.V.
		Member Board TenneT TSO GmbH
		Member Board TenneT Verwaltungs GmbH
		Member Board TenneT Offshore GmbH
		Member Executive Board Wind Energy Association Bremerhaven
		Member Advisory Board Offshore Wind Energy MBA
		Member Board of Trustees German Offshore Wind Energy Foundation
		Member Advisory Board Federal Association of Wind Farms Offshore
		Member Board of Directors FGH (Forschungsgemeinschaft für Elektrische Anlagen und Stromwirtschaft e. V.)
		Board of Trustees FGE (Forschungsgesellschaft Energie e. V.)
		Member of the German National Committee of CIGRE

The Issuer's registered address serves as the business address for each member of the Executive. See "*Description of the Issuer – Introduction*" above.

There are no existing or potential conflicts of interest between the duties of each of the members of the Executive Board and their private interests and/or other duties.

Supervisory Board

The members of the Supervisory Board of the Issuer are as follows:

Name	Position	Positions outside the Issuer, TenneT TSO NL or TenneT TSO Germany
Mr A.F. (Ab) van der Touw	Chair	Vice president Executive Committee Vereniging VNO/NCW Vice-president Board Deutsch-Niederländische Handelskammer Chair Supervisory Board Universiteit Leiden Chair Board Dutch Bach Association Chair Board Fonds Slachtofferhulp Chair Supervisory Board NIBA Member Board GAK Foundation (External) member Ondernemingskamer Gerechtshof 's Gravenhage
Mr P.M. (Pieter) Verboom	Vice chair	Member of the (deputy) Enterprise Division of the Amsterdam Court of Appeal (*Ondernemingskamer*) Director of DESAJO B.V.
Mr R.G.M (Rien) Zwitserloot	Member	Member Supervisory Board of Royal VOPAK N.V. Member Supervisory Board of Amsterdam Capital Trading Group B.V. Member Supervisory Board of Vroon B.V.
Ms E.M. (Edna) Schöne	Member	Member Executive Board Euler Hermes A.G.
Ms E. (Essimari) Kairisto	Member	Member Supervisory Board Fortum Oyj Member Supervisory Board Freudenberg SE Member Supervisory Board Applus+ Services SA
Mr A.C.C. (Stijn) Els	Member	
Ms L.J. (Laetitia) Griffith	Member	Member Supervisory Board of Holding Nationale Goede Doelen Loterij N.V. Member Board of Nederlands Filmfonds

Name	Position	Positions outside the Issuer, TenneT TSO NL or TenneT TSO Germany
		Member of the Supervisory Board of Gassan Diamonds B.V. Member of the Supervisory Board of ABN AMRO Bank N.V.

The Issuer's registered address serves as the business address for each member of the Supervisory Board. See "*Description of the Issuer – Introduction*" above.

There are no existing or potential conflicts of interest between the duties of each of the members of the Supervisory Board of the Issuer and their private interests and/or other duties.

The Supervisory Board has installed an Audit, Risk and Compliance Committee (the "**Audit Committee**"). The Supervisory Board has appointed Mr P.M. Verboom (chair), Ms E.M. Kairisto and Mr A.F. van der Touw to form the Audit Committee. The Audit Committee's tasks include overseeing the (quality of the) Issuer's financial reporting, its financial reporting policy and procedures, the (quality of the) internal risk management and control systems, and the independent external audit of the financial statements. The duties of the Audit Committee are set out in the Audit Committee regulations, which can be found on the Issuer's website (www.tennet.eu).

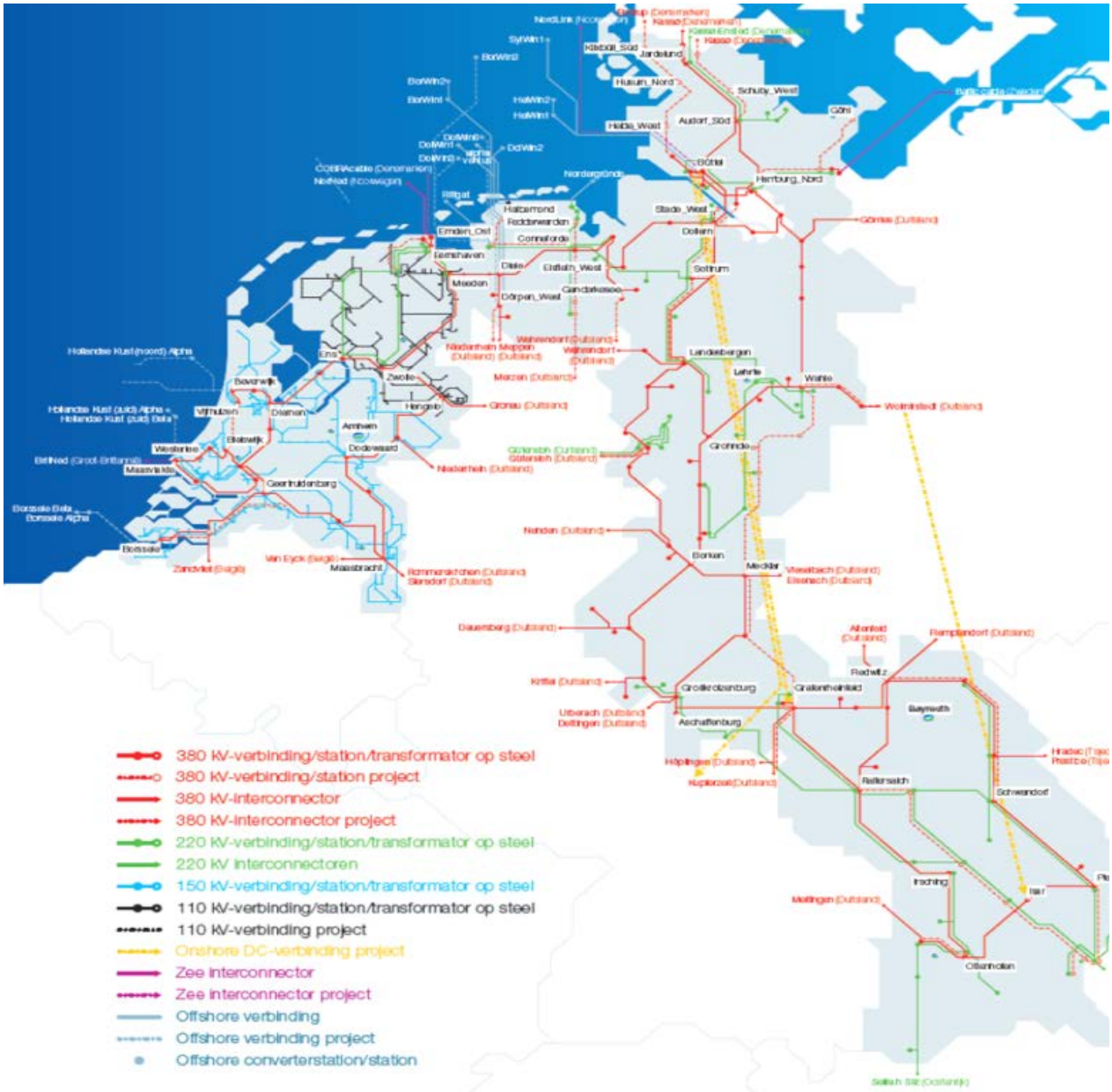
The Supervisory Board has appointed Mr A.C.C. Els, Ms L.J. Griffith (chair) and Mr A.F. van der Touw to form the remuneration and appointments committee (the "**Remuneration Committee**"). The Remuneration Committee is charged with making proposals concerning the remuneration policy to be pursued, the remuneration of individual board members and the preparation of a remuneration report. The Remuneration Committee also defines criteria for the appointment of board members and supervises the procedure for the appointment of new board members. The duties of the Remuneration Committee are set out in the Remuneration Committee regulations which can be found on the Issuer's official website (www.tennet.eu).

The Supervisory Board has installed a Strategic Investment Committee (the "**SIC**"). The Supervisory Board has appointed Mr A.C.C. Els, Ms E.M. Schöne, Mr R.G.M. Zwitserloot (Chair) and Mr P.M. Verboom to form the SIC. The SIC advises the Supervisory Board regarding strategic investments and prepares decision making of the Supervisory Board. The SIC examines whether investment submissions of the Executive Board fit into the economic, financial and technical goals of TenneT. The duties of the SIC are set out in the SIC regulations which can be found on the Issuer's official website (www.tennet.eu).

Business

The Group performs regulated activities in the Netherlands and Germany and unregulated activities in a number of North-western European countries.

A map of the 110/150 kV and 220/380 kV grids managed by TenneT TSO NL and the 220/380 kV grids managed by TenneT TSO Germany is reproduced in the following figure.


380 kV-verbinding/station/transformator op steel
380 kV-verbinding/station project
380 kV-interconnector
380 kV-interconnector project
220 kV-verbinding/station/transformator op steel
220 kV interconnectoren
150 kV-verbinding/station/transformator op steel
110 kV-verbinding/station/transformator op steel
110 kV-verbinding project
Onshore DC-verbinding project
Zee interconnector
Zee interconnector project
Offshore verbinding
Offshore verbinding project
Offshore converterstation/station

Strategy

As the TSO for the Netherlands and a large part of Germany, as well as the first cross-border TSO for Europe, the Issuer plays a pivotal role in a sector that affects society at many levels. The Issuer's mission as a leading TSO is to create stakeholder value. The Issuer aims to do this via the following four strategic pillars:

- **Energise its people and organisation** with an inclusive and safe environment where people enjoy coming to work. The Issuer is building a leadership model that empowers, inspires and creates growth opportunities, so everyone can perform at their best and work as one.
- **Drive the energy transition** as a green grid operator and thought leader, developing innovative instruments and establishing a key role in the energy data world.
- **Secure supply today and tomorrow** by maintaining the grid to meet reliability targets and operating it to its maximum capability. The Issuer will design solutions for balancing the grid in the future, while meeting societal objectives and realising its grid projects as promised.
- **Safeguard its financial health** by implementing a regulatory framework to support its strategy and by delivering a return in line with what its capital providers expect, as well as by raising the necessary external financing.

Regulatory framework

The Dutch and German regulatory frameworks and their general impact on the business, results of operations, revenue, profits, financial position, prospects and cash flows of TenneT TSO NL and the Issuer can be described as follows. Reference is also made to "*Risk factors – Risks relating to the Issuer's business operations – Changes in Dutch and German regulatory frameworks may impact the Issuer's business, financial conditions and net income*".

Dutch regulatory framework

In 2019, approximately 25% of the Issuer's underlying consolidated revenues were generated by TenneT TSO NL and its subsidiaries. The revenues of TenneT TSO NL are subject to *ex ante*, and to some extent *ex post*, regulation by the ACM. Therefore, the Dutch regulatory framework has a substantial effect on the dividend and interest income of the Issuer.

Tariff regulation

The tariffs of TenneT TSO NL are subject to *ex ante* – and to some extent: *ex post* – incentive regulation by the ACM providing for a revenue cap. This applies to both its onshore and its offshore activities. Within the regulatory framework, the ACM adopts various decisions regarding TenneT TSO NL, including method decisions, x-factor decisions and tariff decisions. The first step is a method decision, in which the ACM determines the economic framework for the statutory tasks of TenneT TSO NL for a period of 3 to 5 years. An important part of a method decision is the setting of parameters, of which the most important ones are the individual efficiency factor of TenneT TSO NL ("*theta*"), which reflects TenneT TSO NL's efficiency as compared to, and which is determined in comparison with, other European transmission operators, the sector productivity factor ("*frontier shift*") and the WACC. Other important elements are the value of the regulated asset base, expected investments and the depreciation periods used for the various assets. After the method decisions, the second step is the so-called x-factor decision, in which the ACM determines the efficiency deduction that TenneT TSO NL must apply to its revenues and (consequently) its tariffs for a period of 3 to 5 years. The last step, which is taken annually, is a tariff decision in which the ACM sets the tariffs TenneT TSO NL may charge for its statutory tasks. For risks relating to regulatory decisions by the ACM, see "*Risk factors*

– Risks relating to the Issuer's business operations – Changes in Dutch and German regulatory frameworks may impact the Issuer's business, financial conditions and net income".

Tariff regulation for the current regulatory period (2017-2021)

On 2 September 2016, the ACM published its method decisions for TenneT TSO NL for its onshore transport and system services for the current regulatory period (2017-2021). These decisions apply for a period of five years, instead of three years for previous regulatory periods. TenneT TSO NL filed appeals with the CBb against both the method decision for transport services and the method decision for system services. The judgment on these appeals was made public on 24 July 2018. The outcome of the court case is positive for TenneT, since the ACM had to modify its (motivation of the) method decisions for the current regulatory period within six months counting from the date of the decision on a few points, such as the budget regulation for the procurement costs for energy and ancillary services for transport and system services and the calculation method for the frontier shift. On 24 January 2019 the ACM published the amended method decisions (the "**Amended Method Decisions**"). The information below takes the Amended Method Decisions into account.

For the current regulatory period, the efficiency factor, theta, has been set at 0.979 in 2021. The ACM has organised a new international TSO benchmark in 2018/2019. The model and methodology of the benchmark have been significantly revised compared to the previous benchmark. TenneT has communicated to the ACM that there are substantial errors in the benchmark model, and that the benchmark model is not robust. The revision of the benchmark model and outcome may have a significant adverse impact on TenneT's efficiency score for the next regulatory period (which starts on 1 January 2022), and may as a result lead to a decreased revenue of the Issuer in the Netherlands. However, the revision of the benchmark model has not yet been finalized and the final revision thereof – in which NL operator specific conditions have been incorporated – is expected in 2020.

If applied, this new benchmark will be part of the method decisions 2022 and further. The frontier shift has been adjusted in the Amended Method Decisions and has been lowered compared to the previous regulatory period (2014-2016) from 1.1% to 0.0% per annum for all costs. In its method decisions, the ACM has introduced a distinction between a WACC for existing assets and for new assets. In the Amended Method Decisions, the ACM has amended the WACC. TenneT disagreed with the amendment by the ACM, and the CBb on this matter ruled on 28 November 2019. In response to this ruling, the ACM has revised its amendment as follows. The real pre-tax WACC for existing assets has been set at 4.5% in 2016 and will linearly decrease to an allowed WACC of 3% at the end of the current regulatory period. The WACC for new assets has been set at 3.8% in 2016 and will also linearly decrease to 3% at the end of the current regulatory period. TenneT expects that in line with the decrease in market rates, the ACM will set the WACC significantly lower for the next regulatory period, which could result in a decreased revenue of the Issuer in the Netherlands.

In addition, in its initial method decision of 2 September 2016, the ACM abolished the bonus malus system with capped risk for TenneT TSO NL for the procurement costs for grid losses, reactive power and congestion management for transport services and for the procurement costs of energy and power for system services. However, in its Amended Method Decisions, the ACM reinstated the bonus malus system from the previous regulatory period. This means that TenneT TSO NL has a maximum exposure of 5% on the budget for these procurement costs.

On 16 September 2016, the ACM published the method decision for the offshore grid for the current regulatory period (2017-2021). TenneT TSO NL filed an appeal with the CBb against the method decision for the offshore grid. The interlocutory judgment on this appeal was made public on 24 July 2018. The outcome is a positive result for TenneT, since the ACM had to modify its method decision for the current regulatory period within six months counting from the date of the decision. In particular, the 1% operational expenditure for assets in operations was not sufficiently motivated by the ACM. On 24 January 2019 the ACM published the amended

method decision (the "**Amended Method Decision**"). The information below takes the Amended Method Decision into account.

As the offshore grid is still in the development phase, the method decision takes a different approach from the general regulatory framework. The allowed income for the current regulatory period consists partially of operational costs directly related to the offshore activities, which are based on actual costs of 2015 without recalculation. Furthermore, certain overhead expenditures are re-allocated from the onshore to the offshore domain. This re-allocation has no net impact on the financial position of TenneT TSO NL. All other cost items (1% operational expenditure for assets in operation, grid losses based on an annual estimation of TenneT TSO NL, t-0 remuneration for assets under construction and commissioned compensation payments) will be added to the allowed income in yearly income decisions. In its Amended Method decision, the ACM has decided that for corrective maintenance actual costs will be settled via the tariffs, but that for preventive maintenance still a 1% operational expenditure allowance will apply. TenneT disagrees with ACM's approach for repair of the operational expenditure allowance and is of the opinion that actual costs should be remunerated for all maintenance expenditures. In addition, no benchmark/theta or frontier shift will apply in this first regulatory period. The maximum depreciation period for offshore grid assets is 20 years. The ACM applies a real pre-tax WACC equal to the onshore WACC for new investments. TenneT disagrees with the ACM's approach and expressed its views to the CBb on 4 April 2019. TenneT has requested the CBb to take another decision with regard to the WACC and the offshore opex remuneration. TenneT has requested the CBb full opex remuneration for its offshore operational expenditures, based on an ex-post settlement between budgeted and actual costs.

In the final ruling of the CBb on 28 November 2019, the CBb concluded that there will be an ex-post settlement between budgeted and actual costs for all maintenance expenditures, preventive and corrective maintenance. Efficient costs for offshore projects will be based on an *ex post* project specific assessment in the regulatory period 2017-2021. In future regulatory periods, the efficiency of offshore investments may be assessed using an international TSO benchmark. In the new international TSO benchmark that is currently undertaken the offshore projects are not in scope. The ACM has not yet published a framework for assessing gross negligence of TenneT TSO NL in respect to compensation payments for delays in commissioning and non-availability of the grid. Based on the Electricity Act, any liability of TenneT TSO NL as offshore system operator to electricity producers can be recouped through future tariffs, including any liability for simple negligence, and liability for gross negligence exceeding EUR 10 million a year.

On 22 December 2015, the ACM published the regulatory framework for interconnectors, consisting of a competence agreement (*Bevoegdhedenovereenkomst*) and an incentive decision (*Stimuleringsbesluit*) regarding the Cobra cable and the Doetinchem-Wesel interconnector. The interconnectors will be financed through the transmission tariffs. TenneT TSO NL will receive a return on the investments equal to the regulatory WACC. The ACM also stated that the efficiency of the cable is assessed on a project specific basis for a certain period instead of assessing its efficiency by means of the international benchmark (for the Cobra cable 10 years after completion (until 2030 at the latest) and for the Doetinchem-Wesel interconnector as long as the costs have not been assessed in the benchmark). There are also specific agreements on the operational expenditure remuneration of the Cobra cable during that period. The ACM distinguishes between offshore and onshore to reflect the differences in underlying cost structure (offshore: lump sum remuneration of 3.4% of the total investment costs and a recalculation afterwards of 50% of the difference between budget and realised costs; onshore: lump sum remuneration of 1%). For the Doetinchem-Wesel interconnector, the ACM indicated that it accepts the additional costs for the use of Wintrack pylons – a new type of (extra) high-voltage pylon – as a country specific circumstance, which implies that the additional costs would be excluded from the efficiency assessment to ensure a fair comparison.

Ex post tariff recalculations

The Electricity Act provides for the possibility of correcting TenneT TSO NL's tariffs *ex post* under specific circumstances. Revenue surpluses and deficits resulting from differences between expected (*ex ante*) and realised (*ex post*) electricity transmission volumes by TenneT TSO NL are incorporated in tariffs of subsequent year(s) on a t+2 basis. TenneT TSO NL therefore should not run any transmission volume risk in the long run. However, in the short run TenneT TSO NL's reported income is affected by fluctuations in volumes. In addition some other cost items are recalculated. Realised expenses for cross border tariffs (inter-TSO compensation) are fully passed through in the tariffs for subsequent years; this leads to recalculations of future tariffs without any regulatory risk for TenneT TSO NL. The method decisions for the current regulatory period (2017-2021) give the ACM certain discretionary powers to correct TenneT TSO NL's tariffs *ex post*. Apart from the method decisions, there is also a general possibility for the ACM under the Electricity Act to recalculate tariff income, *e.g.* for matters which had not been foreseen at the time of the relevant method decision.

Dutch certifications

TenneT TSO NL is currently certified as TSO transmission system operator for the Dutch national (extra) high voltage grid and as interconnector operator its part of the NorNed Cable and the Cobra Cable and fully complies with all applicable requirements. In addition, TenneT TSO NL has been certified and appointed as the sole offshore grid operator in the Netherlands. For risks relating to these certifications, see "*Risk factors – Risks relating to the Issuer's business operations – Dutch certifications*".

Dutch Decree on Financial Management of Grid Operators

The Decree on Financial Management of Grid Operators *(Besluit Financieel Beheer Netbeheerder*) ("**BFBN**") contains requirements regarding the financial situation of grid operators in the Netherlands. Pursuant to Article 18a paragraph 4 of the Electricity Act, a TSO which does not have a senior unsecured credit rating of at least BBB minus/Baa3 and fails to meet any of the financial ratios mentioned in the BFBN is required to take the following steps: (i) forthwith send a written notice to the ACM and (ii) within four weeks after such notice provide the ACM with a recovery plan describing how financial management will be improved to meet the requirements of the BFBN. In addition, a TSO which does not comply with the requirements of the BFBN may not distribute dividends to its shareholders.

Over the financial year 2019, TenneT TSO NL complied with the BFBN requirements based on its underlying figures. However, TenneT TSO NL failed to comply with the BFBN requirements based on its reported EU-IFRS figures, *i.e.* with the financial ratios regarding operating profit divided by the gross debt service on loans and regarding funds from operations divided by total debt (Article 2 paragraph 1 under a and c BFBN). Therefore it could be that TenneT TSO NL is not allowed to distribute dividend to the Issuer. The Issuer, not being a transmission system operator itself, is still allowed to distribute dividends to its shareholder.

German regulatory framework

Revenue structure and grid tariffs

In 2019, approximately 74% of the Issuer's underlying consolidated revenues (excluding selling electricity from renewable energy sources or from revenues resulting from balancing of cogeneration volumes) were generated by TenneT TSO Germany and its affiliated entities. The revenues of TenneT TSO Germany are derived from the operation of the transmission grid and are subject to regulation by BNetzA. For risks relating to regulatory changes and decisions of the regulator, see "*Risk factors – Risks relating to the Issuer's business operations – German grid tariffs*".

Regulation of grid tariffs

The revenues of TenneT TSO Germany are influenced by the regulatory framework as well as decisions and determinations by BNetzA. The German Energy Industry Act (EnWG), the Ordinance on Incentive Regulation

(ARegV) and the Ordinance on Tariffs for the Electricity Grid Access (StromNEV) provide the main statutory framework for the regulation of network operators' revenues. Pursuant to the ordinance "Regulation for the calculation of the Offshore grid levy and adjustments to the regulatory framework" (ONU-VO), effective as of 22 March 2019, major amendments were made to the regulatory framework in Germany in 2019. The main adjustments of the ONU-VO relate to the OPEX-lump sum for the onshore grid, the time span for investment measures and the treatment of CAPEX and OPEX for the offshore grid.

In the context of the amendment of the "Network Expansion Acceleration Act for Transmission Networks" (NABEG) of 17 May 2019 and the redesign of the redispatch/feed-in management process, the Federal Ministry of Economics and Energy (BMWi) announced that it intends to change the "Incentive Regulation Ordinance" (ARegV) in 2020 to reduce congestion management costs. The main content of this forthcoming amendment will be the introduction of efficiency incentives for both distribution and transmission system operators. The DSOs and TSOs are currently in discussion with the BMWi and the German regulatory authority (BNetzA) on the design of a symmetrical bonus/malus scheme that meets the requirements of the "Energy Industry Act" (EnWG), i.e. the criteria of reasonableness and accessibility, without jeopardizing the aspect of system security.

The introduced and envisaged amendments may affect the revenues of TenneT TSO Germany.

Based on the allowed revenues established by BNetzA the grid operators calculate their grid tariffs independently. In this respect, TenneT TSO Germany is dependent on a series of formal regulatory decisions and assessments by BNetzA. With the ONU-VO coming into effect, a different regulatory framework will be applicable for the onshore grid than for the offshore grid. For the onshore grid the regulatory framework will basically remain the same as before, notably the determination of the cost base level (*Ausgangsniveau*) which determines the basis for the revenue caps in each year of the regulatory period (currently: third regulatory period 2019-2023) including the calculation of the cost base level, the determination of the rates of imputed return on equity applicable for the relevant regulatory period, the assessment and determination of the individual efficiency factor, the determination of the sectorial productivity factor and the approval of investment measures providing financing for certain measures, particularly for grid extension and grid restructuring measures.

The calculation of the initial cost base level for the revenue cap of the current regulatory period is based on the operational and capital grid costs incurred in the third closed business year (so called "photo year") of the prior regulatory period. The year 2016 is the photo year for the current third regulatory period 2019-2023. Thus, the revenue cap determined by BNetzA reflects remuneration for both operational and capital expenditures. In this respect, capital expenditures comprise in particular imputed depreciation for the regulated asset base, imputed return on equity and – to the extent consistent with market rates – the actual costs of debt.

For the offshore grid a new regulatory framework is implemented through the ONU-VO, however TenneT TSO Germany decided to apply a grandfathering model for projects finished and commissioned until year-end 2019.

For all projects finished and commissioned after year-end 2019, the new regulatory framework will be applicable.

In any case OPEX will generally be treated as pass through. Under the new regulatory framework CAPEX will be reimbursed without a time delay. Furthermore, an incentive regulation (*e.g.* benchmark, productivity factor, clawback, *etc.*) will not be applicable under this new system anymore.

For CAPEX treated under the grandfathering model, the ruling remains basically the same as prior to the ARegV-Novelle (IMA logic, photo year mechanism), therefore also the incentive regulation would still be applicable in this case.

At the beginning of 2019, TenneT TSO Germany received from BNetzA the formal decision for the determination of the yearly revenue cap for the onshore grid for the third regulatory period, which is based on the prior cost assessment. For the current third regulatory period, BNetzA has determined the following rates

of return on equity (which is capped at a maximum of 40% of total capital): 5.12% (before corporate tax, after trade tax) apply to so-called "old assets", *i.e.* assets commissioned prior to 1 January 2006. This reflects a real interest rate (*Realzins*) applying to acquisition and production costs subject to indexation to reflect the current value of the assets (*Tagesneuwerte*). An imputed interest rate of 6.91% (before corporate tax, after trade tax) applies to so-called "new assets", *i.e.* assets commissioned on or after 1 January 2006. This reflects a nominal interest rate (*Nominalzins*) applying to historical acquisition and production costs (*Herstellungs- und Anschaffungskosten*) of the respective assets. The decision of BNetzA has been appealed by various grid operators, including TenneT TSO Germany, but in July 2019 the Federal High Court of Justice in Germany confirmed the decision of the BNetzA. Therefore the determined rates of return on equity are applicable for the third regulatory period.

At the beginning of 2020 BNetzA confirmed the regulatory recognition of TenneT's cost of debt for the IMAs 2013-2019. For the future however BNetzA promotes adjustments to the (intercompany) financing of TenneT which might cause an impact on TenneT's revenues.

BNetzA is obliged to determine individual efficiency factors for grid operators prior to the onset of the subsequent regulatory period. Historically, for TSOs, this has been achieved via a European efficiency benchmarking. For the current regulatory period BNetzA used a different method, a reference grid analysis, to determine the individual efficiency factor. Irrespective of the methodology applied, costs qualified as permanently non-influenceable (*dauerhaft nicht beeinflussbare Kostenanteile*) are not subject to individual efficiency review. Thus, only those costs which potentially qualify as influenceable costs shall be subject to an efficiency benchmarking review. As a result of such review the efficiency score divides the potentially influenceable costs within efficient costs, respectively temporarily non-influenceable costs (*vorübergehend nicht beeinflussbare Kostenanteile*), and inefficient costs, respectively influenceable costs (*beeinflussbare Kostenanteile*). The individual efficiency score for TenneT TSO Germany is set to 99.92% for the current regulatory period by BNetzA. Furthermore, both influenceable and temporarily non-influenceable costs are adjusted by a sectorial productivity factor and the consumer price index. For the third regulatory period BNetzA was entitled for the first time to assess and determine the sectorial productivity factor. In prior periods the factor was stipulated by law. For the electricity sector BNetzA determined a sectorial productivity factor of 0.9% per annum, which is lower than the factor for the second regulatory period amounting to 1.5% per annum. However, compared to the sectorial productivity factor for gas, which was set by BNetzA to 0.49% per annum for the third regulatory period, the factor of 0.9% per annum is relatively high. TenneT TSO Germany and many other DSOs and TSOs started an appeal procedure against the determination of the sectorial productivity factor.

Contrary to influenceable and temporarily non-influenceable costs, permanently non-influenceable costs of TenneT TSO Germany are neither subject to individual efficiency targets nor to the sectorial productivity factor. Rather, such costs are comprehensively recognised under the revenue cap of TenneT TSO Germany. Hence, any increase or decrease of permanently non-influenceable costs will be taken into account by amending the revenue cap on a yearly basis during a regulatory period either without delay (*e.g.* for investment measures) or with a delay of two years (*e.g.* for certain grid system services). Most importantly, permanently non-influenceable costs comprise those costs recognised under approved investment measures for, *inter alia*, the construction of new (additional) transmission lines and underground cables.

Connection of offshore wind farms

On 28 December 2012, the German legislator introduced a "system change" in relation to the development and construction of OWF Connections. TenneT TSO Germany as the responsible TSO is obliged to realise OWF Connections to the German coast of the North Sea. Offshore grid expansion is based on the federal offshore plan (*Bundesfachplan Offshore*) and the offshore grid development plan (*O-NEP*) and, from 1 January 2019, also on the grid development plan (NEP) and the site development plan (FEP). This statutory framework further provides for a binding completion date of OWF Connections. To that effect, TenneT TSO Germany has to

publish on its website a preliminary completion date which becomes binding 30 months prior to the envisaged completion. On the basis of planned OWFs and OWF Connections as well as under consideration of the statutory offshore grid expansion target, BNetzA allocates offshore grid connection capacities to OWFs by way of formal administrative decision. The maximum allocable (*zuweisbare*) offshore connection capacity is limited by law to 6.5 GW until 31 December 2020. However, BNetzA made use of its statutory authorisation to increase this expansion target to 7.7 GW. Furthermore, to ensure an economically efficient use of available offshore grid connection capacities, BNetzA is also allowed to re-allocate capacities for certain OWFs. With the Wind Energy at Sea Act, the German government intends to increase the connection capacity to 20 GW in total by 2030.

OWF Connections are normally constructed under turnkey construction agreements (so-called EPC-contracts) which are in most cases concluded between TenneT Offshore GmbH or subsidiaries of TenneT Offshore GmbH as contractees and consortiums as contractors.

TenneT TSO Germany is entitled to pass through the approved costs resulting from the construction, operation and maintenance of the OWF Connections to the other TSOs (so-called horizontal cost balancing). Respective pass through amounts are proportional to the end consumers' share of energy consumption within the respective control areas of the TSOs. Although such horizontal cost balancing does not require any formal *ex ante* approval by BNetzA or a contractual arrangement between the TSOs, the TSOs nevertheless agreed on a horizontal balancing agreement in 2009 which was amended in 2013. Due to regulatory changes within the Offshore-regulation (ONU-VO) a new balancing agreement was signed in 2019 between the four TSOs.

In particular under the former regulatory regime which was replaced on 28 December 2012 the construction of several OWF Connections was delayed. As a consequence of such delays, in particular operators and developers of OWFs which received an unconditional grid connection commitment before 29 August 2012 under the former regulatory regime (so-called "old cases") may, in principle, initiate abuse proceedings against TenneT TSO Germany and/or claim damages in civil court proceedings. As part of the statutory regime effective as of 28 December 2012, the legislator also implemented an offshore liability regime. The liability regime limits the monetary impact on TenneT TSO Germany of claims regarding delays and interruptions of OWF Connections. It applies, in principle, to both OWFs which fall exclusively under the new regime as well as OWFs which received an unconditional grid connection commitment by 29 August 2012 under the former, now repealed regime (old cases).

Under this liability regime, OWF operators may claim compensation amounting to 90% of the feed-in remuneration from the eleventh day of the (continuous) delay or interruption of the OWF Connection, or as of day nineteen if multiple short interruptions add up to more than eighteen days during a calendar year. Alternatively, OWF operators can opt for a prolonged period with subsidized feed-in tariffs. If the TSO acted wilfully, the compensation would increase to 100% of lost feed-in remuneration as of day one. In case of interruptions due to maintenance work which adds up to ten days during a calendar year, the concerned OWF operators can also request compensation as of day eleven. Any further claims by OWF developers/operators for pecuniary losses other than such compensation for lost feed-in remuneration are explicitly excluded under the new statutory framework. To some extent, it is uncertain whether TenneT TSO Germany is entitled to reduce the compensation by a "correction factor" which reflects the so-called "wake effect", *i.e.* the reduced (actual) feed-in by offshore turbines because of shadowing effects of other turbines. In view of the Issuer, the current practice of TenneT TSO Germany is in line with the approach of BNetzA.

TenneT TSO Germany is, in principle, entitled – possibly with a time lag – to pass through compensation payments for delays of and interruptions in the construction of OWF Connections to the other TSOs and eventually to end consumers (so-called offshore liability balancing regime). In October 2013, BNetzA issued guidelines clarifying the criteria which have to be fulfilled to be entitled to pass through compensation payments. The amounts passed through have to be proportional in relation to the end consumers' share of energy consumption within the respective control areas of the TSOs. Subsequently, the TSOs are entitled to refinance

their share of the compensation payments (and also their offshore investments) based on the ONU-VO by charging an offshore grid levy to end consumers. However, the right for TenneT TSO Germany as the connecting TSO to put compensation payments into the levy is excluded or limited (i) if the delay or interruption is caused wilfully, (ii) if not all feasible and reasonable preventive or remediation measures have been taken, or (iii) to the extent the levy charged to end consumers exceeds the threshold of 0.25 cent/kWh. In the latter case the exceeding amounts (including any pre-financing costs) may, however, be included in the levy in the following years.

Moreover, if delays or interruptions are caused by any degree of negligence of TenneT TSO Germany, the compensation amount subject to the offshore liability balancing regime has to be reduced by a deductible amount (*Eigenanteil*) for TenneT TSO Germany. However, the applicable provisions limit such deductible amount in the event of delayed connection or unavailability during operations to EUR 17.5 million per connection per (damaging) event in case of simple negligence and to EUR 110 million per year in total, irrespective of whether (several) delays or interruptions have been caused by simple or gross negligence.

Judicial claims (including claims relating to delays in the construction of OWF Connections) and other risks regarding the connection of offshore wind farms are set out under "*Risk factors – Risks relating to the Issuer's business operations – Connection of offshore wind farms*".

German certifications

Pursuant to the European and German legislative framework, TenneT TSO Germany – as well as other TSOs – was obligated to apply for certification as a transmission system operator to BNetzA. For certification, TSOs must demonstrate compliance with unbundling requirements including, *inter alia*, sufficient financial capability and reliability. BNetzA certified TenneT TSO Germany by its decision dated 3 August 2015. For risks relating to these certifications, see "*Risk factors – Risks relating to the Issuer's business operations – German certifications*".

System responsibility

In general, grid operators are obligated to operate and maintain a safe, reliable and efficient grid on a non-discriminatory basis. To this effect TenneT TSO Germany is responsible for a control area (*Regelzone*) and under the obligation to continuously ensure the capability and reliability of the transmission grid system. This requires, in particular, continuous investments in the grid as well as network-related or market-related measures. Such measures include, *inter alia*, congestion management measures to renewable energy facilities and redispatch-measures, *i.e.* the adjustment of feed-in from electricity generation or storage facilities. The legal framework applying to such system services has been amended by the Electricity Market Act (*Strommarktgesetz*) which entered into effect on 30 July 2016. The law includes, *inter alia*, amendments in relation to redispatch-measures and decommissioning of generation facilities. A further amendment "Network Expansion Acceleration Act for Transmission Networks" (NABEG) of 17 May 2019 merged the system services of redispatch and feed-in management to one joint service "Redispatch 2.0". Additionally this amendment increased the number of controllable units in the TenneT control zone, because it adopted an obligation for all units (installations for generation or storage) with a rated output of 100 kW (before 10 MW) and those which are controllable at any time to follow the commands from the TSO. For judicial claims relating to system responsibility, see "*Risk factors – Risks relating to the Issuer's business operations – System Responsibility*".

German Limited Liability Companies Act

The Issuer is a holding company with no material, direct business operations. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on loans, interest, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends to its shareholder and the payment of interest and principal to its creditors, including the Securityholders.

In this regard, The German Limited Liability Companies Act ("**GmbHG**") provides for a strict prohibition on the repayment of the nominal share capital of a German Limited Liability Company ("**GmbH**"). Under these capital maintenance rules such GmbH is required to preserve its nominal share capital. Any payment made and/or any financial advantage granted by a GmbH to its direct or indirect shareholders (or their affiliated companies) which is not made out of the company's free net assets (*i.e.* results in the company's equity falling below the nominal share capital or deepens an existing shortfall of the company's equity below the nominal share capital) is unlawful. The capital maintenance rules are interpreted broadly and do not only apply to cash payments but also to all other types of benefits with a financial or commercial value granted by a GmbH, including, in particular, upstream guarantees and other securities. As a consequence, any financial assistance by a GmbH to its direct or indirect shareholders and/or any of their affiliates must be limited to the amount of the free net assets of the company.

Regardless of compliance with the capital maintenance rules, a shareholder may not withdraw assets from such GmbH with which such GmbH needs to fulfil its obligations towards its creditors. The removal of such vital assets is deemed a so-called "destructive intervention" (*existenzvernichtender Eingriff*). Furthermore, the GmbHG prohibits the company's managing directors from making any payment to the shareholder(s) if such payment would lead with reasonable likelihood to the company becoming illiquid (*zahlungsunfähig*) in terms of the German Insolvency Act (*InsO*) (*i.e.* insolvent due to lack of sufficient liquid assets).

The potential impact of these rules is set out under "*Risk factors – Risks relating to the structure of the Issuer – The Issuer is a holding company with no operations and relies on its operating subsidiaries to provide it with the funds necessary to meet its financial obligations*".

Dutch regulated activities

Within the Group, TenneT TSO NL and its subsidiaries carry out the activities that are regulated under the Electricity Act. According to the Electricity Act, the activities of the other subsidiaries and participations of the Issuer, which perform the unregulated activities within the Group, may not conflict with the regulated activities.

The activities of TenneT TSO NL's subsidiaries are discussed in "*Description of the Issuer – Business – Subsidiary overview – Dutch regulated activities*" below. The principal activities of TenneT TSO NL are:

(1) to provide onshore and offshore grid connections to the National HV Grid;

(2) to provide onshore and offshore transmission services;

(3) to provide onshore and offshore system services;

(4) to manage the cross-border interconnections; and

(5) to provide connection and transmission services to OWFs.

Grid connection

TenneT TSO NL must provide physical connection to the National HV Grid to final customers, to distribution grids and lines as well as conventional and renewable energy generation facilities at technical and economic conditions that are reasonable, non-discriminatory, and transparent. TenneT TSO NL must also grant third-party access to its grid on an economically reasonable, non-discriminatory and transparent basis. Grid connection is granted in accordance with binding conditions and tariffs adopted by the ACM pursuant to EC Regulation no. 2019/943 (Regulation on the internal market for electricity, which replaced the Electricity Regulation (EC/714/2009) on January 1 2020and the Electricity Act (regulated third party access)).

Transmission services

Under the Dutch regulatory framework, TenneT TSO NL must operate a safe, reliable and efficient transmission over the National HV Grid on a non-discriminatory basis. TenneT TSO NL is responsible for repairing, replacing parts of and expanding its networks and ensuring appropriate transmission capacity and reliability of the grid system at all times. TenneT TSO NL procures energy to compensate for grid losses resulting from the transmission of electricity through its transmission grid system.

System services

The principal system service is the continuous balancing of demand and supply through the deployment of automatic response power and reserve capacity services. In order to continuously balance demand and supply of electricity, TenneT TSO NL primarily relies on the use of different types of control energy.

Management of cross-border interconnections

TenneT TSO NL is exclusively charged with the management of cross-border interconnections with alternating current. The management includes applying non-discriminatory and transparent transfer capacity allocation mechanisms as prescribed by the regulations (EC Regulation no. 2019/943, the Electricity Act and implementing regulations). These mechanisms include the auctions performed by Joint Allocation Office S.A. ("**JAO**"). JAO is a joint service company of twenty Transmission System Operators in seventeen countries. JAO's principle activity is facilitating the yearly, monthly and daily auctions of transmission rights between 27 countries in Europe and acting as a fall-back for the coupling of the electricity markets in Europe. Furthermore, TenneT TSO NL operates the so-called NorNed Cable, an interconnector with direct current between Norway and the Netherlands. Also, since 2019 TenneT TSO NL – together with the Danish TSO Energinet.dk – operates a 700 MW HVDC interconnector between the Netherlands and Denmark (the "**COBRAcable**"). Landing points for the approximately 350 kilometres long subsea cable will be in Endrup (Denmark) and Eemshaven (Netherlands). Each of the two TSOs has a 50 per cent. stake in the COBRAcable project.

Connection to and take-off of energy produced by OWFs

TenneT TSO must construct platforms to connect offshore wind farms, in accordance with a development framework determined by the Ministry of Economic Affairs & Climate. A failure to comply with the obligation to timely construct and operate OWF connections might result in claims for damages by the respective operators of OWFs. However, the Electricity Ac reduces such liability risks significantly. Any liability of TenneT TSO NL as offshore system operator to electricity producers can be recouped through future tariffs, including any liability for simple negligence, and liability for gross negligence exceeding EUR 10 million a year. In principle, TenneT TSO NL must bear the costs relating to the construction of the grid connection. However, the costs resulting from such investments will be recouped through subsidies from the State or, if the investments cannot be recouped from the subsidy, are expected to be recouped through the onshore tariffs. As indicated in the Climate Agreement 2019, the costs for the additional 6.1 GW offshore wind development is expected to be reimbursed through the onshore transmission tariffs.

German regulated activities

The principal regulated activities of TenneT TSO Germany as one of the four TSO's in Germany are:

(a) to provide onshore and offshore grid connections;

(b) to provide onshore and offshore transmission services;

(c) to provide onshore and offshore system services;

(d) to manage the cross-border interconnections;

(e) to provide preferential grid connection to and take off electricity produced from renewable energy sources or cogeneration plants; and

(f) to provide connection to and take-off energy produced by OWFs.

Grid connection

Operators of high voltage electricity grids in Germany are obligated to provide physical connection to their grid to final customers, to same level or downstream electricity supply grids, lines as well as conventional and renewable energy generation facilities at technical and economic conditions that are reasonable, non-discriminatory, and transparent. In this respect, renewable energy facilities may have to be given priority in the event of congestion. In addition and in accordance with regulated third-party rules, TenneT TSO Germany must also grant third-party access to their grid on an economically reasonable, non-discriminatory and transparent basis.

Transmission services

Under the German regulatory framework, TenneT TSO Germany is obliged to operate a safe, reliable and efficient transmission grid on a non-discriminatory basis. TenneT TSO Germany is required to maintain, develop and optimise its grid meeting these demands (*bedarfsgerechter Ausbau*) to the extent this is economically reasonable. In particular, the transmission grid system operators need to contribute to supply security through ensuring appropriate transmission capacity and reliability of the grid system.

System services

In order to continuously balance demand and supply of electricity, TenneT TSO Germany primarily relies on the use of different types of control reserves (frequency containment reserve, automatic frequency restoration reserve and manual frequency restoration reserve). The procurement of these reserves by tender is regulated by BNetzA. Insofar, BNetzA has obligated the four German electricity TSOs to establish a single balancing market. The procurement and use of reserves is conducted within national and international cooperation as well as in compliance with national and European law. As a further system service, TenneT carries out so-called redispatch measures in case of congestion. This reduces the feed-in on one side of the bottleneck and increases it on the other. In addition, TenneT TSO Germany procures energy to compensate for grid losses resulting from the transmission of electricity through its transmission grid system.

Management of cross-border interconnections

TenneT TSO Germany operates a number of cross-border interconnections to the Netherlands as well as Denmark, Sweden, Austria and the Czech Republic. Their management involves non-discriminatory and transparent transfer capacity allocation mechanisms under the EnWG and pertinent European legislation. To this end and similar to TenneT TSO NL, TenneT TSO Germany holds a (minority) participation in JAO S.A., a service company that organizes auctions for cross border transmission capacity.

Preferential grid connection to and take-off of electricity produced from renewable energy sources or cogeneration plants

With regard to electricity generated from renewable energy sources, grid operators are under the statutory obligation to immediately optimise, strengthen and expand their grid upon request and as far as economically reasonable to ensure the purchase, transmission and distribution of electricity generated by renewable energies. In addition, grid operators are regulated to provide preferential treatment to electricity produced by renewable energy sources or cogeneration plants over fossil-fuel electricity generation.

Connection to and take-off of energy produced by OWFs

In addition, TenneT TSO Germany is obliged to connect OWFs to its transmission grid. To fulfil this obligation transpower offshore GmbH was founded (renamed in TenneT Offshore GmbH). TenneT Offshore GmbH or its

subsidiaries have carved out, OWF Connections into special purpose vehicles in order to sell equity interests in these entities. A failure to comply with the obligation to timely construct and operate OWF Connections might result in claims for damages by the respective operators of OWFs. However, the amended legal framework effective as of 28 December 2012 reduces such liability risks significantly (for details see above under "*Business Description of the Issuer – Regulatory framework – Connection of offshore wind farms*"). In principle, TenneT TSO Germany must bear the costs relating to the construction of the grid connection (exemption are the Offshore TSOs, where this obligation is transferred). However, the costs resulting from such investments will be recouped through the offshore grid levy to the extent these costs are approved by BNetzA (for details see above under "*Business Description of the Issuer – Regulatory framework – Connection of offshore wind farms*"). In addition, a horizontal cost balancing scheme between the four German TSOs applies. This scheme has been amended in order to include the aforementioned separate project entities (in which TenneT Offshore GmbH or its subsidiaries hold the controlling interest), which function as a single-line TSOs (so-called "TSO light").

Unregulated activities

The unregulated activities of the Group are performed by subsidiaries (excluding TenneT TSO NL, TenneT TSO Germany and their subsidiaries) directly owned by the Issuer and their subsidiaries and participations. The aim of these activities is to support the energy and telecommunication sectors and to ensure their efficient operation. The Issuer employs unambiguous criteria for the selection of new activities. Only activities that support the improvement of the transparency and efficiency of the Dutch energy or telecommunication market, or that support the sustainability and supply of energy are pursued. Furthermore, according to the Electricity Act these activities must not put the statutory tasks of TenneT TSO NL at risk or conflict with the quality and independence of TenneT TSO NL.

The principal unregulated activities of the Group are:

(I) to facilitate spot, short-term and long-term trading in electricity (see the description of HGRT and ETPA Holding B.V. in "*Description of the Issuer – Business – Subsidiary overview – unregulated activities*");

(II) to manage and operate a commercially operated interconnector between the Netherlands and the United Kingdom (see the description of NLink International B.V. in "*Description of the Issuer – Business – Subsidiary overview – unregulated activities*"); and

(III) to facilitate distribution of radio and TV signals via the air and for telecom purposes (see the descriptions of NOVEC B.V. and Relined B.V. in "*Description of the Issuer – Business – Subsidiary Overview – unregulated activities*").

Subsidiary overview – Dutch regulated activities

TenneT TSO NL

TenneT TSO NL is the Dutch national electricity transmission system operator for the onshore and offshore grid and the high-voltage direct current interconnectors. TenneT TSO NL's tasks include maintaining the security of supply and promoting the production of electricity from sustainable sources. In addition, TenneT TSO NL is responsible for market integration, ensuring stable prices and energy flows. The activities of TenneT TSO NL are described in more detail under the heading "*Dutch regulated activities*" above.

Since the State is the sole shareholder of the Issuer, and TenneT TSO NL is wholly-owned by the Issuer, TenneT TSO NL is indirectly wholly-owned by the State. The Electricity Act provides that 100% of the shares of the grid administrator of the national electricity grid of the Netherlands must be directly or indirectly owned by the State of the Netherlands. A change of the Electricity Act would be necessary, and therefore a parliamentary vote required, for a transfer, directly or indirectly, of the shares in TenneT TSO NL, as long as TenneT TSO NL is administrator of the National HV Grid. Notwithstanding the foregoing, the Electricity Act provides that the shares of the grid administrator of the national electricity grid of the Netherlands may directly or indirectly be owned by a foreign institution which on the basis of national statutory rules is charged with the administration of a transmission system as referred to in article 2, paragraph 4 of the third Electricity EU Directive (2009/72/EC), or by a direct or indirect shareholder of that foreign institution, if at least 75% of the shares of the grid administrator and the predominant control over the grid administrator directly or indirectly remain with the State and certain other conditions are met.

TenneT TSO NL has the following subsidiaries:

Nadine Netwerk B.V.

Nadine Netwerk B.V. was incorporated in 2008. Nadine Netwerk B.V. owns the 110/150 kV and 220/380 kV grids acquired from Liander N.V. Being part of the National HV Grid, these grids are managed by TenneT TSO NL. Through its 100% shareholding in Nadine Netwerk B.V., TenneT TSO NL has full control over the assets owned by Nadine Netwerk B.V. The 150 kV grid, subject to a cross border lease, was not acquired by Nadine Netwerk B.V. from Liander N.V. TenneT TSO NL has concluded a sub management agreement with Liander N.V. with respect to this grid.

*B.V. Transportnet Zuid-Holland ("**TZH**")*

TZH was incorporated in 1999. The shares in the capital of TZH were acquired by TenneT, Transmission System Operator B.V. in 2003 and were transferred to TenneT TSO NL as part of the de-merger in December 2005 (see "*Description of the Issuer – History*" above). TZH owns the 150 kV grid and part of the 380 kV grid in the province of Zuid-Holland. Being part of the National HV Grid, these grids are managed by TenneT TSO NL. Through its 100% shareholding in TZH, TenneT TSO NL has full control over the assets owned by TZH. As of 1 January 2015, TZH also owns the Dordrecht and Rotterdam 150 kV grid formerly owned and managed by Stedin Netbeheer B.V.

Reddyn B.V.

Reddyn B.V. was incorporated by TenneT TSO NL and Liander N.V. in 2011, which both hold a 50% interest in the company. Reddyn B.V. is a joint service provider that works for TenneT TSO NL and Liander N.V. exclusively. It provides the construction, management, maintenance and fault-clearing service for high-voltage and (complex) mid-voltage assets of the present and former (110/150 kV) Liander grids.

TeslaN B.V.

TeslaN B.V. was incorporated by TenneT TSO NL and Delta Netwerkbedrijf B.V. in 2015, which both hold a 50% interest in the company. TeslaN B.V. is a joint service provider that works for TenneT TSO NL and Delta

Netwerkbedrijf B.V. exclusively. It provides the maintenance and fault-clearing service for high-voltage and (complex) mid-voltage assets of the present and former (150 kV) Delta grid.

TensZ B.V.

Tensz B.V. was incorporated by TenneT TSO NL and Stedin Netbeheer B.V. in 2015, which both hold a 50% interest in the company. TensZ B.V. is a joint service provider that works for TenneT TSO NL and Stedin Netbeheer B.V. exclusively. It provides the maintenance and fault-clearing service for high-voltage and (complex) mid-voltage assets of the present and former (150 kV) Stedin grid.

CertiQ B.V.

CertiQ B.V. (formerly named Groencertificatenregister B.V.) was incorporated by TenneT, Transmission System Operator B.V. in 2001. The shares in the capital of CertiQ B.V. were transferred to TenneT TSO NL as part of the de-merger in December 2005 (see "*Description of the Issuer – History*" above).

CertiQ B.V. issues guarantees of origin as proof that volumes of electricity exported to the grid have been generated in a sustainable way or by means of high efficiency combined heat and power ("**CHP**") plants. The guarantees of origin take the form of electric registrations in an electronic account in the name of the relevant account holder. Guarantees of origin are tradable. Their validity expires one year after their first registration. Investments in sustainable energy capacity (or high efficient CHP plants) qualify for feed-in subsidies from the Dutch government under the Promotion of Sustainable Energy Production (*Stimulering Duurzame Energieproductie*, "**SDE**") grant scheme provided the sustainable quality of production is evidenced by guarantees of origin. As of 1 January 2015, pursuant to the Electricity Act and the Dutch Heating Supply Act (*Warmtewet*), the Minister of Economic Affairs has been charged with the issuance of guarantees of origin and has the authority to delegate its powers to a non-subordinated party. As of 2 January 2015, the National HV Grid manager (*i.e.* TenneT TSO NL), in its capacity as managing director of CertiQ B.V., has been delegated the respective power.

Saranne B.V.

Saranne B.V. was incorporated in 2001 upon the consummation of the de-merger of Sep (see "*Description of the Issuer – History*" above). Saranne B.V. is legal owner of the 220/380 kV grid formerly owned by Sep. TenneT TSO NL is the beneficial owner of these grids (see "*Description of the Issuer – History*" above) and, through its 100% shareholding in Saranne B.V. (see "*Description of the Issuer – Capitalisation and Group Structure*" and "*– History*" above), indirectly has full legal ownership.

In addition to these subsidiaries, TenneT TSO NL holds the following non-controlling interests:

- JAO S.A.: 5% (see also "*Description of the Issuer – Business – Dutch Regulated business*" above).
- Energie Data Services Nederland (EDSN) B.V.: 12.5% plus one share. The remaining shares are held by N.V. Nederlandse Gasunie (12.5% plus one share), Liander 17% and by other regional gas and electricity grid administrators.
- TSCNET Services GmbH: 7.7%. The remaining shares are held by 50Hertz Transmission GmbH, Amprion GmbH, Austrian Power Grid AG, ČEPS a.s., ELES sistemski operater prenosnega elektroenergetskega omrežja d.o.o., Croatian Transmission System Operator Ltd., National Power Grid Company Transelectrica S.A, Slovenská elektrizačná prenosová sústava, a.s., Swissgrid AG, TenneT TSO GmbH, TransnetBW GmbH, Energinet SOV, Polskie Sieci Elektroenergetyczne S.A.,. and MAVIR Hungarian Independent Transmission Operator Company Ltd.

Stichting Beheer Doelgelden Landelijk Hoogspanningsnet

Stichting Beheer Doelgelden Landelijk Hoogspanningsnet ("**Stichting Beheer Doelgelden**") is a foundation established under Dutch law for the management of the "allocated funds" received from TenneT TSO NL in its

capacity as administrator of the National HV Grid. These allocated funds comprise proceeds of imbalance settlements (see the description of the "system services" of TenneT TSO NL in "*Description of the Issuer – Business – Dutch Regulated business*" above) and proceeds that TenneT TSO NL receives from market-based allocation of cross-border electricity transfer capacity (including proceeds from explicit or implicit auctions of interconnector capacity). TenneT TSO NL is not allowed to use the allocated funds for other objectives than set forth in Regulation 1228/2003/EC and the Electricity Act. According to the relevant "*bevoegdhedenovereenkomst*" with the ACM funds of Stichting Beheer Doelgelden will be used for tariff reductions.

Subsidiary Overview – German regulated activities

The following (indirect) subsidiaries of the Issuer perform regulated activities in Germany:

TenneT TSO Germany

The activities of TenneT TSO Germany are described above under "*German regulated activities*" and in this section under the header TenneT Offshore GmbH.

DC Nordseekabel GmbH & Co KG

The Issuer currently constructs – together with the Norwegian TSO Statnett SF and the German KfW – a 1,400 MW HVDC interconnector between Germany and Norway ("**NordLink**"). Landing points for the approximately 623 kilometres long interconnector will be in Tonstad in Vest-Agder (Norway) and Wilster in Schleswig-Holstein (Germany). The final investment decision between the three project partners Statnett SF, KfW and TenneT TSO Germany was made in 2015 and construction started in 2016. NordLink is expected to be in operation in 2021. On the German side, the Issuer and KfW will (indirectly) jointly own (the southern) 50% of the project through their joint venture company DC Nordseekabel GmbH & Co KG, which was incorporated in April 2013. Statnett SF owns (the northern) 50% of the project. The southern part of NordLink owned by DC Nordseekabel GmbH & Co KG is solely operated by TenneT TSO Germany and, furthermore, the southern part belongs to TenneT TSO Germany's regulated asset base.

In addition to these subsidiaries, TenneT TSO Germany holds the following non-controlling interests:

- JAO S.A.: 5% (see also "*Description of the Issuer – Business – Dutch Regulated business*" above).
- TSCNET Services GmbH: 7.7%. The remaining shares are held by 50Hertz Transmission GmbH, Amprion GmbH, Austrian Power Grid AG, ČEPS a.s., ELES sistemski operater prenosnega elektroenergetskega omrežja d.o.o., Croatian Transmission System Operator Ltd., National Power Grid Company Transelectrica S.A, Slovenská elektrizačná prenosová sústava, a.s., Swissgrid AG, TenneT TSO B.V., TransnetBW GmbH, Energinet SOV, Polskie Sieci Elektroenergetyczne S.A.,. and MAVIR Hungarian Independent Transmission Operator Company Ltd.

TenneT Offshore GmbH

TenneT Offshore GmbH directly or via subsidiaries operates and manages (including the planning and construction of) OWF Connections.

TenneT Offshore GmbH has sold equity interests in subsidiaries to setup partnerships for OWF Connections. In this respect, reference is made to the Copenhagen Infrastructure Partners and Mitsubishi Corporation partnerships as described in "*Description of the Issuer – History and development of the Issuer – History of the Issuer*" above.

Subsidiary overview – unregulated activities

No German subsidiary of TenneT is engaged in unregulated business activities. However, some German group companies merely function as a holding company without operative business as such.

HGRT

HGRT holds a 49% interest in EPEX which is the 100% owner of APX Holding B.V., EPEX and APX Holding B.V. together form the exchange platform for the power spot market in France, Germany, Austria, Switzerland, Netherlands, Belgium and the United Kingdom. TenneT Holding B.V. has a 34% interest in HGRT.

NOVEC B.V.

The Issuer is the sole shareholder of NOVEC B.V. NOVEC B.V. rents out and manages antenna sites (in high voltage pylons and ground based towers) for mobile telecom purposes and distributing radio and TV signals via the air. NOVEC B.V. has an interest of 25% in Open Tower Company B.V., with Stichting Depositary APG Infrastructure Pool 2016 participating for the remaining 75%. Open Tower Company B.V has an interest of (i) 100% in Colonne B.V., which owns a number of masts acquired in 2009, (ii) 100% in Mobile Radio Networks Vehicle B.V., which owns a number of masts acquired in 2010 and 2011 from KPN, the Dutch telecom operator, and (iii) 100% in OTC II B.V., which develops new telecom masts to be rented out to the Dutch operators. In the Netherlands, NOVEC B.V. has (i) a 100% interest in Omroepmasten B.V., which owns (regulated) broadcasting masts, (ii) a 100 % interest in Duvekot Rentmeester B.V., which offers clients estate administration and consultancy services and (iii) a 40% interest in WL Winet B.V., which offers services with respect to telecom and data networks. In Germany, NOVEC B.V. has (i) a 100% interest in WL Winet GmbH, which also offers services with respect to telecom and data networks, and (ii) a 100% interest in NOVEC GmbH, which rents out and manages antenna sites for mobile telecom purposes.

NLink International B.V.

The Issuer is the sole shareholder of NLink International B.V. NLink International B.V. was established to develop and build international submarine cables. BritNed Development Ltd is a 50/50 joint venture of NLink International B.V. and National Grid International. BritNed Development Ltd has its registered office in London and was set up to develop, build and operate an interconnector between the Netherlands and the UK. BritNed Development Ltd is considered a non-regulated activity by the ACM due to the fact that it was classified as such by its UK counterparty, Ofgem.

The third Electricity EU Directive (2009/72/EC) requires that an operator is certified by the national regulatory authority, not only before it is approved and designated as transmission system operator, but also before it is approved and designated as an operator for interconnectors. BritNed Development Ltd has been certified by both the Ofgem and the ACM. BritNed Development has consequently been designated by the Minister of Economic Affairs as interconnector operator.

Relined B.V.

The Issuer is the sole shareholder of Relined B.V., which operates the fibre-optic infrastructure of the (extra) high voltage grid of TenneT TSO NL, the Dutch railway network and excess capacity of other fibre networks. Relined B.V. has a 100% interest in Relined GmbH, which rents out dark fibre in Germany.

ETPA Holding B.V.

The Issuer has a 50.002% interest in ETPA Holding B.V., an energy trading platform for the private sector which aims to be easily accessible for smaller parties as well.

Venture capital funds - SET Ventures Fund II and The Westly Group III

The Issuer has a 8.2% limited partnership share in SET Ventures Fund II, a venture capital fund targeting the Energy Sector. SET Ventures Fund II invests in European early growth-stage companies that can impact the future of the energy markets worldwide. Further, the Issuer has a 4.62% limited partnership share in The Westly Group Fund III, a venture capital fund with focus on investing in innovative companies in the energy, transportation and smart building sectors.

Other Subsidiaries

TenneT TSO Duitsland B.V., TenneT Orange B.V., TenneT Green B.V., TenneT Duitsland Coöperatief U.A., TransTenneT B.V., TenneT Verwaltungs GmbH and TenneT GmbH & Co. KG are (intermediate) (holding) companies which do not engage in any operating activities themselves.

Legal and arbitration proceedings

TenneT TSO NL

Several legal and regulatory proceedings, including TenneT TSO NL's appeals against the ACM's method decisions, are described in "*Risk Factors – Risks relating to the Issuer's business operations – Changes in Dutch and German regulatory frameworks may impact the Issuer's business, financial conditions and net income – Dutch regulatory and administrative decisions and proceedings*" and "*Business description of the Issuer – Tariff regulation for the current regulatory period (2017-2021)*". TenneT determines on the basis of applicable accounting principles whether or not it needs to form a provision for threatened or pending proceedings. With respect to total amounts of provisions taken by TenneT in relation to legal, regulatory and arbitration proceedings, see note 5.7.3 of TenneT's financial statements included in TenneT Integrated Annual Report 2019 *(*see *"Documents Incorporated by Reference").*

TenneT TSO NL is currently (indirectly) involved in several proceedings against government decisions regarding the compensation of damages resulting from government planning (*planschadebesluiten*). Although the decisions are made by the competent authorities and the damage claims are brought against those authorities, TenneT TSO NL is generally indirectly liable pursuant to contractual arrangements with the authorities. However, TenneT TSO NL expects that it will be able to recoup any such damages through its tariffs.

TenneT TSO NL is currently involved in a claim procedure because of alleged wrongful termination of construction contracts and in a counter claim procedure against this counter party regarding financial settlement & damages due to the alleged non-fulfilment of the construction contracts.

Furthermore, there are several pending damage claim proceedings under the Public Works (Removal of Impediments in Private Law) Act (*Belemmeringenwet Privaatrecht*) before the Dutch courts. Several parties have claimed damages in connection with a decision by the Minister of Infrastructure and Environment obliging them to tolerate the installation and maintenance of a (extra) high voltage electricity connection on their property. One of the claims relates to depreciation of property of an industrial park. If damages are awarded, the Issuer expects that the loss could be recouped via the tariffs, although this is ultimately up to the ACM to decide and there may be a time lag between the moment that the Issuer must pay such damages and the moment that the loss can, subsequently, be recouped via the tariffs.

TenneT TSO Germany

TenneT TSO Germany and certain subsidiaries of TenneT TSO Germany are involved in several court and administrative proceedings.

For example, as set out under "*Business Description of the Issuer – Regulatory framework – System responsibility*", the German Electricity Market Act (*Strommarktgesetz*) includes, *inter alia*, amendments in relation to redispatching measures and decommissioning of generation facilities, and costs incurred by TenneT TSO Germany resulting from such measures are normally recognised by BNetzA as grid-related costs subject to reimbursement under the incentive regulation regime. In this context, in 2016 and 2017 the operators of the power plants Irsching 4 and 5, Franken, Heyden, Wilhelmshaven, Ingolstadt, Audorf, Itzehoe and Huntorf lodged several lawsuits against TenneT TSO Germany. The judicial claims relate to a prohibition issued by TenneT TSO Germany to temporarily decommission the power plant Irsching 4 and to allegedly outstanding

compensation for redispatch-measures for the other power plants. TenneT TSO Germany believes that these claims are unjustified. The claims are still pending.

Furthermore, several proceedings have been lodged in relation to OWF Connections.

For example, in February 2016, the contractor of OWF Connection DolWin1 filed a judicial claim against TenneT Offshore GmbH (formerly operating under TenneT Offshore 7. Beteiligungsgesellschaft mbH). The contractor applies for allegedly outstanding payments and challenges the offset of those payments against the contractee's claim for penalty payments and liquidated damages resulting from delay. Furthermore, the contractor applies for additional payments and compensation payments as well as the transfer of security bonds (*Sicherheitsbürgschaften*). TenneT Offshore GmbH believes that the claim is unjustified. The claim is still pending.

In January 2017, the consortium of contractors of OWF Connections BorWin2, HelWin1 and SylWin1 filed judicial claims for each project against the respective contractees TenneT Offshore 1. Beteiligungsgesellschaft mbH and TenneT Offshore GmbH. In each claim the consortium contractor applies primarily for allegedly outstanding payments and challenges the offset of those payments against the contractee's claim for penalty payments resulting from delays. TenneT Offshore 1. Beteiligungsgesellschaft mbH and TenneT Offshore GmbH, respectively, believe that the claims are unjustified and filed counterclaims to enforce warranty claims and get costs reimbursed. The claims are still pending.

In December 2017 a judicial claim was filed by the contractor of OWF Connection DolWin2 against TenneT Offshore 9. Beteiligungsgesellschaft mbH. The contractor mainly claims an adjustment of the contract price due to a change in circumstances or, if that relief is not granted, declaration of additional costs. The court has issued a final judgment dismissing all of contractor's claims. The judgment is not legally binding yet, as contractor and/or TenneT Offshore 9. Beteiligungsgesellschaft mbH have the right to appeal. TenneT Offshore 9. Beteiligungsgesellschaft mbH believes that the claims are unjustified.

As a consequence of the delay of the construction of several OWF Connections, certain operators and developers may, in principle, initiate abuse proceedings against TenneT TSO Germany and/or claim damages in civil court proceedings (for more background, see "*Business Description of the Issuer – Regulatory framework – Connection of offshore wind farms*").

In this respect, a judicial claim was lodged in December 2016 by the operator of OWF "Global Tech I" against TenneT TSO Germany and TenneT Offshore 1. Beteiligungsgesellschaft mbH. The operator claims a substantial amount of additional compensation payments under the liability regime arguing primarily that TenneT TSO Germany and/or its contractors have intentionally delayed the construction of the OWF Connection BorWin2 and that TenneT TSO Germany has incorrectly applied the statutory compensation rules. TenneT TSO Germany believes that the claims are unjustified. The court has issued a partial judgment concerning only those claims which are not subject to the allegation of intent, and not concerning claims subject to the allegation of intent, which was overwhelmingly, but not entirely, in TenneT TSO Germany´s favour. Global Tech I, TenneT TSO Germany, and TenneT TSO Germany's general contractor have filed an appeal against the judgment. In order to claim compensation under the liability regime, the OWF operator must demonstrate that the OWF has achieved actual operational readiness (or assumed operational readiness as specified by law) during the phase of interruption or delay. In this respect, the operator of OWF "Bard Offshore I" has filed a judicial claim against TenneT TSO Germany and TenneT Offshore 1. Beteiligungsgesellschaft mbH, a subsidiary of TenneT Offshore GmbH. The claim is mainly based on allegedly outstanding compensation and feed-in payments in the period between 2012 and 2015. The claimant argues, inter alia, that compensation also has to be paid if the lack of the actual operational readiness results (directly or indirectly) from the interruption caused by the TSO. In light of the allegations pertaining to negligence or gross negligence for certain periods of network interruption, an expert has examined the question of the possibility ex ante to foresee and avoid certain network connection disruptions.

TenneT TSO Germany believes that the findings of the expert show that the claim is unjustified and TenneT TSO Germany has filed a judicial claim against the OWF "Bard Offshore I" to claim possible overcompensation.

The operator of the OWF "Trianel Windpark Borkum – Phase 1" filed a claim against TenneT TSO Germany regarding allegedly outstanding compensation payments in the period 2013 until 2014 based on the delay of the OWF connection DolWin1. The claimant argues that different calculation principles should be applied to the calculation of compensation of OWF. For instance, from the perspective of the OWF, TenneT TSO Germany is not entitled to reduce the compensation on basis of the so called "Wake effect".

All of the above legal proceedings are still pending. If and to the extent the claims were (partly) justified and the payments resulting therefrom could not be passed through to the end customers, the binding rulings may have a negative impact on the financial position of TenneT TSO Germany, as described under "*Risk factors – Risks relating to the Issuer's business operations – Risks relating to the Issuer's business operations – Changes in Dutch and German regulatory frameworks may impact the Issuer's business, financial conditions and net income*" above under the headings "*Connection of offshore windfarms*" and "*System Responsibility*".

Financial policy

The Issuer balances the objectives of generating a return on invested capital at least equal to the regulated return with aiming for a financial profile consistent with a "single-A" category senior unsecured rating. The Issuer has a financial policy aimed at mitigating financial risks.

The principal financial objectives are:

Generate a return on invested capital at least equal to the regulated return

In order to achieve this objective, the Issuer aims to (1) create and maintain a capital structure which enables the Issuer to achieve an optimal cost of capital and (2) provide the shareholder with a reasonable return on its investment in line with the risk profile of the Issuer.

Protect shareholder capital and operating results against financial risk

The Issuer's policy is to maintain sufficient liquidity to meet its short-term obligations at all times. In addition, it is the Issuer's policy to maintain solvency levels which enables it to absorb unexpected losses. This requires the availability of sufficient equity capital. In order to limit refinancing risk, the Issuer aims to diversify maturities of financing instruments. If and when appropriate, the Issuer hedges financial risks, such as interest rate risk, through appropriate hedging arrangements.

Obtain and maintain access to financial markets at favourable conditions

The Issuer targets a credit profile in line with a "single-A" category senior unsecured rating profile in order to secure good access to a wide range of financial markets. The Issuer aims to diversify sources of funding.

Funding

At the date of this Prospectus, the Issuer expects investments in fixed assets, onshore and offshore, across the Group to grow from EUR 2 – 3 billion to approximately EUR 4 - 5 billion per year during the next five years. The level, timing and costs of these investments are subject to many uncertainties, such as, among others, timing and capacity of new electricity generation, the granting of permits by governmental bodies, commodity prices, number and capacity of suppliers and contractors, legislative and regulatory developments and the Group's ability to arrange for the required funding. To fund these investments the Issuer expects to have all or part of the following debt funding sources available:

(i) internally generated cash flows;

(ii) EUR 3,300,000,000 committed revolving credit facility maturing in November 2024;

(iii) EUR 1,500,000,000 committed credit facilities maturing between December 2020 and March 2022 to finance the expected temporary financing need from the Erneuerbare Energien Gesetz (EEG);

(iv) EUR 3,300,000,000 commercial paper programme;

(v) public or private debt issuances under the Issuer's EUR 15,000,000,000 EMTN Programme;

(vi) various uncommitted bank lines totalling EUR 450,000,000 as at 31 December 2019;

(vii) issue of perpetual capital securities;

(viii) borrowing debt via other instruments such as "Schuldscheindarlehen","Namenschuldverschreibung" and/or US Private Placements;

As at 30 June 2020, the Issuer had no financial (ratio) covenants in any of its credit agreements.

Use of Proceeds

The net proceeds from the issue of the Securities, expected to amount to approximately €996,200,000, will be allocated to a sub portfolio (the "**Green Project Portfolio**") with the special purpose to finance, refinance and/or invest in Eligible Green Projects (as defined below) meeting the Eligibility Criteria (as defined below). Tracking will be facilitated through the portfolio approach. The Issuer will strive to maintain a level of allocation for the Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding green financing instruments. Additional Eligible Green Projects will be added to the Issuer's Green Project Portfolio to the extent required to ensure that the net proceeds from the Issue of the Securities will be allocated to Eligible Green Projects. Whilst any net proceeds from the Issue of the Securities remain unallocated, the Issuer will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Green Project Portfolio. The Issuer is expected to issue a report on (i) the impact of the Eligible Green Projects on the environment, as well as (ii) whether the net proceeds issued under the Green Financing Framework are used to finance Eligible Green Projects. This report will be issued once a year until all Securities which were issued for the purpose of financing, refinancing and or/investing in Eligible Green Projects are repaid in full or until the maturity date of these Securities The report will be reviewed by a second party consultant or with limited assurance by an independent auditor. In addition, the Issuer is expected to provide regular information through its website (https://www.tennet.eu/company/investor-relations/green-financing/) and/or newsletters to investors on the environmental outcomes of the Eligible Green Projects.

None of the Managers will verify or monitor the proposed use of proceeds of Securities. See also "*The Securities may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of the Securities in connection with green projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to the Securities may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets*" above.

"**Eligible Green Projects**" means projects relating to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology and/or the development, construction and reconstruction of the onshore electricity grid to enhance the transmission capacity for renewable energy.

"**Eligibility Criteria**" means the criteria prepared by the Issuer in the context of the Green Financing Framework. A second party consultant (*e.g.* ISS ESG) has reviewed the selected Eligible Green Projects and issued a second party opinion based on the Eligibility Criteria. The second party-opinion is made available on the Issuer's website (https://www.tennet.eu/company/investor-relations/green-financing/). If any further Eligible Green Projects are added to the Green Project Portfolio, the Issuer will seek a further second party-opinion.

"**Green Financing Framework**" means the green financing framework prepared by the Issuer as a structure for verifying the sustainability quality of the projects to be financed through its Green Financing Instruments. The Green Financing Framework is aligned with the Green Bond Principles (GBP) published by the International Capital Markets Association (ICMA) in June 2018 and the Green Loan Principles (GLP) published by the Loan Market Association (LMA) in December 2018. The Green Financing Framework is available on the Issuer's website (https://www.tennet.eu/company/investor-relations/green-financing/). For the avoidance of doubt, the Green Financing Framework has not been and will not be incorporated by reference in and, therefore, does not and will not form part of this Prospectus.

Taxation

Dutch Taxation

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For purposes of Netherlands tax law, a holder of Securities may include an individual or entity who does not have the legal title of these Securities, but to whom nevertheless the Securities or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Securities or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands corporate and individual income tax consequences for:

(i) investment institutions (*fiscale beleggingsinstellingen*);

(ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Netherlands tax resident entities that are not subject to or exempt from Netherlands corporate income tax;

(iii) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Securities of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutorily defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit-sharing rights in the Issuer;

(iv) persons to whom the Securities and the income from the Securities are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);

(v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Securities are attributable to such permanent establishment or permanent representative; and

(vi) individuals to whom Securities or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Withholding Tax

All payments (including payments upon redemption or repurchase of Securities) made by the Issuer under the Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein

provided that the Securities do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969).*

However, as of 1 January 2021 Dutch withholding tax may apply on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity of the Issuer if such entity (i) is considered to be resident of a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jursidictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder of Securities is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Securities are attributable, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are taxable at the progressive rates (at up to a maximum rate of 49.50%) under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Securities are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Securities are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Securities, must determine taxable income with regard to the Securities on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Securities will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on income from savings and investments is taxed at a rate of 30%.

Non-residents of the Netherlands

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, such person is not liable to Netherlands income tax

in respect of income derived from the Securities and gains realised upon the settlement, redemption or disposal of the Securities, unless:

(iii) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) is, other than by way of securities, entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Securities are attributable.

(iv) This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

(v) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) realises income or gains with respect to the Securities that qualify as income from miscellaneous activities in the Netherlands which include activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is, other than by way of securities, entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Securities are attributable.

(vi) Income derived from the Securities as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 49.50%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands").

Gift and Inheritance Tax

Netherlands gift or inheritance tax will not be levied on the occasion of the transfer of the Securities by way of gift by, or on the death of, a holder of Securities, unless:

(vii) the holder of Securities is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

(viii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of a cash payment made under the Securities, or in respect of a transfer of Securities.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Securities.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Securities issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Securities (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

Subscription and Sale

BNP Paribas and HSBC Bank plc (the "**Joint Structuring Advisers**"), Deutsche Bank Aktiengesellschaft, and ING Bank N.V. (together with the Joint Structuring Advisers, the "**Joint Lead Managers**") and AMRO Bank N.V., Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH, NatWest Markets N.V. and SMBC Nikko Capital Markets Europe GmbH (together, the "**Passive Bookrunners**" and together with the Joint Lead Managers, the "**Managers**") have, pursuant to a Subscription Agreement dated 20 July 2020, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Securities at 100 per cent. of their principal amount less a combined management and underwriting commission. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Securities. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

Certain of the Managers have, directly or indirectly through affiliates, provided investment and commercial banking, financial advisory and other services to the Issuer from time to time, for which they have received monetary compensation. Certain of the Managers may from time to time also enter into swap and other derivative transactions with the Issuer. In addition, certain of the Managers and their affiliates may in the future engage in investment banking, commercial banking, financial or other advisory transactions with the Issuer.

SELLING RESTRICTIONS

General

Neither the Issuer nor any Manager has made any representation that any action will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Securities, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

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

Prohibition of sales to EEA and UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available to and will not offer, sell or otherwise make available any Securities to any retail investor in the EEA or in the UK. For the purposes of this provision:

(a) 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;

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

United Kingdom

Each Manager has represented and agreed that:

(a) 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 FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each of the Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Securities. Each Manager has represented and agreed that the Securities may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Securities constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Prospectus nor any other offering or marketing material relating to the Securities may be publicly distributed or otherwise made publicly available in Switzerland.

General Information

1. Application has been made to Euronext Amsterdam N.V. ("**Euronext**") for the Securities to be listed and admitted to trading on the regulated market of Euronext in Amsterdam ("**Euronext Amsterdam**"). References in this Prospectus to Securities being "listed" (and all related references) shall mean that such Securities have been listed and admitted to trading on the regulated market of Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. The expenses related to the admission to trading are estimated to amount to approximately €16,250.

2. The Issuer has obtained all necessary consents, approvals and authorisations in the Netherlands in connection with the issue and performance of the Securities. The issue of the Securities was authorised by resolutions of the management board of the Issuer passed on 26 June 2020.

3. There has been no significant change in the financial performance or financial position of the Issuer or of the Group and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2019.

4. Except as disclosed under "*Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Securities – Changes in Dutch and German regulatory frameworks may impact the Issuer's business, financial conditions and net income*" under the headings "*Dutch regulatory and administrative decisions and proceedings*", "*German grid tariffs*" "*Connection of offshore windfarms*" and "*System Responsibility*" and under "*Business Description of the Issuer"* under the headings "*Tariff regulation for the current regulatory period (2017-2021)*" and "*Legal and arbitration proceedings*" above, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period covering at least the previous 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group

5. Each Security (other than the Temporary Global Security) and Coupon will bear the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*".

6. The Securities have been rated BB+ by S&P and Baa3 by Moody's.

   (a) In accordance with S&P's ratings definitions available at the date of this Prospectus on https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352, an obligation rated BB is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within rating categories.

   (b) In accordance with Moody's rating definitions available as at the date of this Prospectus on https://www.moodys.com/ratings-process/Ratings-Definitions/002002, an obligation rated Baa is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa". The modifier 3 indicates that the obligation ranks in the lower end of its generic rating category.

7. The Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records).

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

8. There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders in respect of the Securities being issued.

9. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

10. Save for the commissions and any fees payable to the Managers, no person involved in the issue of the Securities has an interest, including conflicting ones, material to the offer. If an Independent Advisor is appointed by the Issuer pursuant to the applicable fallback provisions contained in Condition 5(f), this may lead to a conflict of interests of the Issuer (being responsible for the compensation of the Independent Advisor), the Independent Advisor and Holders including with respect to certain determinations and judgments that the Independent Advisor may make pursuant to Condition 5(f) that may influence the amount receivable under the Securities.

11. Copies of the following documents will be available free of charge during normal business hours from the registered office of the Issuer and from the specified office of the Paying Agent for the time being and from the Issuer's website (for the articles of association: https://www.tennet.eu/nl/bedrijf/profiel/corporate-governance/, for the annual reports and annual financial statements: https://www.tennet.eu/company/investor-relations/financial-reports/, and for this Prospectus: https://www.tennet.eu/company/investor-relations/hybrid/), as long as any of the Securities remains outstanding:

    (a) the Articles of Association (*statuten*) of the Issuer;

    (b) the annual reports of the Issuer for the years ended 31 December 2018 and 31 December 2019 (containing the audited financial statements of the Issuer, which include the consolidated financial statements), in each case together with the audit reports prepared in connection therewith; and

    (c) a copy of this Prospectus, together with any supplement to this Prospectus.

    Information on the Issuer's website does not form part of this Prospectus, unless that information is incorporated by reference into the Prospectus, and has not been scrutinized or approved by the AFM and may not be relied upon in connection with any decision to invest in the Securities.

12. A copy of the Agency Agreement will be available free of charge during normal business hours from the registered office of the Issuer and from the specified office of the Paying Agent for the time being or in electronic form upon email request at treasury@tennet.eu or corpsov1@bnymellon.com, as long as any of the Securities remains outstanding.

13. Ernst & Young Accountants LLP have audited and issued an unqualified auditor's report on the consolidated financial statements of the Issuer for each of the two years ended 31 December 2018 and 31 December 2019. Following a tender procedure (as the contract with regard to assurance services expired in March 2020), Deloitte Accountants B.V. has succeeded Ernst & Young Accountants LLP as the Issuers' independent auditor for financial periods beginning 1 January 2020.

14. The auditors of Ernst & Young Accountants LLP and of Deloitte Accountants B.V. are members of the NBA ("*Koninklijke Nederlandse Beroepsorganisatie van Accountants*" - Royal Netherlands Institute of Chartered Accountants), the professional body for accountants in the Netherlands.

15. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

16. The Issuer's Legal entity identifier (LEI) is 724500LTUWK3JQG63903.

17. This Prospectus has been approved by the AFM, as the competent authority under the Prospectus Regulation. The AFM 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 that is the subject of this Prospectus or of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities.

Registered Office of the Issuer

TenneT Holding B.V.
Utrechtseweg 310
6812 AR Arnhem
The Netherlands

Joint Structuring Advisers to the Issuer and Joint Lead Managers

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Joint Lead Managers

Deutsche Bank Aktiengesellschaft
Mainzer Landstraβe 11-17
60329 Frankfurt an Main
Germany

ING Bank N.V.
Foppingadreef 7
1102 BD Amsterdam
The Netherlands

Passive Bookrunners

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Commerzbank Aktiengesellschaft
Kaiserstraβe 16 (Kaiserplatz)
60311 Frankfurt am Main
Germany

Coöperatieve Rabobank U.A.
Croeselaan 18
3521 CB Utrecht
The Netherlands

Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH
Thurn-und-Taxis Platz 6
60313 Frankfurt am Main
Germany

NatWest Markets N.V.
Claude Debussylaan 94
1082 MD Amsterdam
The Netherlands

SMBC Nikko Capital Markets Europe GmbH
Neue Mainzer Straβe 52-58
60311 Frankfurt am Main
Germany

Fiscal Agent, Paying Agent and Calculation Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Legal and Tax Advisers

To the Issuer	*To the Managers*
De Brauw Blackstone Westbroek N.V.	**Allen & Overy LLP**
Claude Debussylaan 80	Apollolaan 15
1082 MD Amsterdam	1077 AB Amsterdam
The Netherlands	The Netherlands

Auditors of the Issuer

Up until the financial year ended 31 December 2019	*As from the financial year commencing 1 January 2020*
Ernst & Young Accountants LLP	**Deloitte Accountants B.V.**
Zwartewaterallee 56	Wilhelminakade 1
8031 DX Zwolle	3072 AP Rotterdam
The Netherlands	The Netherlands