



Investor Relations Direction

Pursuant to article 17 of Regulation (EU) No. 596/2014 on market abuse and Article 228 of the Consolidated Text of the Securities Market Act approved by Legislative Royal Decree 4/2015 of 23 October and concordant provisions thereof, Enagás, S.A ("Enagás" or the "Company") hereby informs you of the following

### **SIGNIFICANT EVENT**

**Enagás has requested the Peruvian State to initiate a direct negotiation, prior to an international arbitration, in order to reach an amicable agreement in relation to the existing dispute regarding the investment made by the Company in Gasoducto Sur Peruano, S.A. ("GSP").**

Further to the significant event notice dated 20 January 2017 registered as number 247288, Enagás reports that it has notified today the Peruvian State, through the Ministry of Energy and Mines and the Peruvian Coordination and Response System for International Investment Disputes of the Ministry of Economy and Finance, of a dispute regarding its investment in GSP, under the terms of Article 9.1 of the Agreement for the Promotion and Reciprocal Protection of Investments signed between the Republic of Peru and the Kingdom of Spain ("APPRI Peru-Spain").

The dispute is based on the reluctance of the Peruvian Administration to recognize the validity of clause 20 of the GSP concession contract, the application of which gives Enagás the right to recover the investment made in the project.

On 24 January 2017, the GSP concession contract was declared terminated through Official Letter No. 145-2017-MEM-DGH. In the event of termination, clause 20 of the GSP concession contract provides that the State must put the concession out to tender within one year from its termination (that is, before 24 January 2018) and with the amount obtained from the tender, the State must pay the concessionaire up to a maximum of the Net Book Value of the Concession Assets ("NBV"), minus the expenses incurred in the tender process. The State guarantees at least 72.25% of the NBV in all cases.



Investor Relations Direction

To date, the Peruvian Administration has not made sufficient progress in the procedures required to calculate the NBV and call the tenders referred to in clause 20 of the GSP concession contract, so the Company is certain that the obligations described in the above-mentioned clause will not be fulfilled before 24 January 2018.

Enagás has thus decided to implement the legal means available to recover its investment and for the best defence of its interests and that of its shareholders, and to do so, it has resorted to the APPRI Peru-Spain to reach an amicable agreement on the dispute with the Peruvian State through a direct negotiation, prior to the commencement of the arbitration provided in article 9.2 of the APPRI Peru-Spain.

Enagás is confident that it will be able to reach an amicable settlement and undertakes to use its best efforts for said purpose, expecting the same commitment from the Peruvian State in return.

In this regard, the Company believes that based on the expert reports and analyses performed by its legal and financial external advisors, it will recover its investment, thus confirming the Net Profit growth target for 2017.

Madrid, 19th, December 2017

**Investor Relations Direction**

**Tel: +34 91 709 93 30**

**[www.enagas.es](http://www.enagas.es)**

**[investors@enagas.es](mailto:investors@enagas.es)**