Condensed Interim Consolidated Financial Statements

Vier Gas Transport GmbH

1 January to 30 June 2016

(Translation – the German text is authoritative)

Contents

Consolidated Balance Sheet

in € million	30 Jun. 2016	31 Dec. 2015
Assets		
Non-current assets		
Intangible assets	62.1	74.0
Goodwill	830.4	830.4
Property, plant and equipment	2,898.4	2,851.2
Financial assets	99.4	95.2
Companies accounted for using the equity method	*57.2*	*52.8*
Other financial assets	*42.2*	*42.4*
Deferred tax assets	63.7	63.7
Non-current receivables	102.3	90.2
Total	**4,056.3**	**4,004.7**
Current assets		
Inventories	27.9	31.3
Trade receivables (including advance payments made)	25.0	24.4
Income tax receivables	1.4	3.0
Other receivables	29.8	22.6
Cash and cash equivalents	183.9	149.7
Total	**268.0**	**231.0**
Total assets	**4,324.3**	**4,235.7**

in € million	30 Jun. 2016	31 Dec. 2015
Equity and liabilities		
Equity		
Subscribed capital	.	.
Additional paid-in capital	925.6	925.6
Retained earnings	8.7	-63.7
Accumulated other comprehensive income	-3.5	-2.4
Total	**930.8**	**859.5**
Non-current liabilities		
Provisions for pensions and similar obligations	79.2	72.0
Other provisions	98.8	97.4
Financial liabilities	2,492.4	2,435.6
Other non-current liabilities	28.0	27.4
Deferred tax liabilities	526.3	537.4
Total	**3,224.7**	**3,169.8**
Current liabilities		
Other provisions	21.0	31.2
Financial liabilities	43.8	88.2
Trade payables	24.8	10.8
Income tax liabilities	0.7	0.1
Other liabilities	78.5	76.1
Total	**168.8**	**206.4**
Total equity and liabilities	**4,324.3**	**4,235.7**

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Consolidated Income Statement

in € million	1 Jan.–30 Jun. 2016	1 Jan.–30 Jun. 2015[1]
Revenues	474.1	436.8
Changes in inventories	0.1	-0.9
Own work capitalised	10.3	10.0
Cost of materials	-135.9	-161.2
Personnel costs	-74.3	-74.5
Depreciation and amortisation	-78.0	-73.4
Other operating income	4.5	4.8
Other operating expenses	-32.2	-35.4
Earnings before financial result and taxes	**168.6**	**106.2**
Income from equity investments	0.1	-0.3
Income from companies accounted for using the equity method	0.9	2.5
Interest result	-34.7	-34.4
of which interest expense	*-34.8*	*-35.0*
Financial result	**-33.7**	**-32.2**
Earnings before tax	**134.9**	**74.0**
Current taxes	-47.3	-19.3
Of which Income tax allocation	*-45.3*	*-17.6*
Deferred taxes	11.1	0.7
Income taxes	**-36.2**	**-18.6**
Net income	**98.7**	**55.4**
Share in net income attributable to the sole shareholder of the parent company	98.7	55.4

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

[1] Revenues and cost of materials were subsequently adjusted as a result of the changed accounting method (see section 2.3).

Consolidated Statement of Comprehensive Income

in € million	1 Jan.–30 Jun. 2016	1 Jan.–30 Jun. 2015
Net income	**98.7**	**55.4**
Other comprehensive income	**-2.4**	**1.5**
Reclassifiable OCI	*-1.1*	0.4
Cash flow hedges	*-1.1*	*0.4*
Not reclassifiable OCI	-1.3	1.1
Remeasurement of defined benefit plans	*-1.3*	*1.1*
Comprehensive income	**96.3**	**56.9**
Share in net income attributable to the sole shareholder of the parent company	96.3	56.9

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Consolidated Statement of Changes in Equity

in € million	Subscribed capital*	Additional paid-in capital	Retained earnings	Change in accumulated other comprehensive income Cash flow hedges	Total
1 Jan. 2016	**.**	**925.6**	**-63.7**	**-2.4**	**859.5**
Comprehensive income			**97.4**	**-1.1**	**96.3**
Net income			98.7		98.7
Other comprehensive income			-1.3	-1.1	-2.4
Remeasurement of defined benefit plans			*-1.3*		*-1.3*
Change in accumulated other comprehensive income				*-1.1*	*-1.1*
Advance profit transfer			**-25.0**		**-25.0**
30 Jun. 2016	**.**	**925.6**	**8.7**	**-3.5**	**930.8**

*The subscribed capital of VGT is € 25k. It is fully paid in and unchanged over the previous year.

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

in € million	Subscribed capital*	Additional paid-in capital	Retained earnings	Change in accumulated other comprehensive income Cash flow hedges	Total
1 Jan. 2015	**.**	**1,075.6**	**-176.4**	**-2.0**	**897.2**
Comprehensive income			**56.5**	**0.4**	**56.9**
Net income			55.4		55.4
Other comprehensive Income			1.1	0.4	1.5
Remeasurement of defined benefit plans			*1.1*		*1.1*
Change in accumulated other comprehensive income				*0.4*	*0.4*
Capital reduction		**-150.0**			**-150.0**
30 Jun. 2015	**.**	**925.6**	**-119.9**	**-1.6**	**804.1**

*The subscribed capital of VGT is € 25k. It is fully paid in and unchanged over the previous year.

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Consolidated Cash Flow Statement

in € million	1 Jan.–30 Jun. 2016	1 Jan.–30 Jun. 2015
Cash provided by operating activities	**219.1**	**189.8**
Net income	98.7	55.4
Depreciation and amortisation	78.0	73.4
Changes in provisions	-4.8	2.2
Changes in deferred taxes	-11.1	-0.7
Dividends received[2]	12.8	17.5
Interest received	0.1	0.2
Other non-cash income and expenses	30.6	29.9
Changes in operating assets, liabilities and income tax	14.8	13.5
Inventories	*3.4*	*1.7*
Trade receivables	*-0.5*	*-8.5*
Other operating receivables and tax claims	*-21.7*	*18.8*
Trade payables	*6.9*	*9.5*
Other operating liabilities and tax obligations	*26.7*	*-8.0*
Gain from disposal of assets	0.0	-1.6
Intangible assets and property, plant and equipment	*0.0*	*-1.6*
Cash used for investing activities	**-115.5**	**-69.5**
Proceeds from the disposal of intangible assets and property, plant and equipment	2.0	12.8
Purchases of investments in intangible assets and property, plant and equipment	-107.3	-53.3
Purchases of other and at equity measured investments	-3.6	0.0
Proceeds from / purchases of other financial investments	-6.6	-29.0
Proceeds from the disposal of other financial investments	*0.3*	*0.2*
Purchases of other financial investments	*-6.9*	*-29.2*
Cash used for financing activities	**-69.4**	**-185.9**
Interest paid	-39.1	-39.6
Payments made from changes in capital	0.0	-150.0
Proceeds from financial liabilities	93.1	64.9
Repayments of financial liabilities	-74.3	-57.1
Dividends paid[3]	-49.1	-4.1
Changes in cash and cash equivalents	**34.2**	**-65.6**
Cash and cash equivalents at beginning of period	**149.7**	**248.4**
Cash and cash equivalents at end of period	**183.9**	**182.8**

[2] Including dividends received from non-consolidated equity investments as well as the distribution from outside shareholders resulting from joint operations amounting to € 0.1 million (previous year: € 0.4 million).
[3] The dividends paid consist of the profit transfer for the 2015 financial year amounting to € 24.1 million and an advance profit transfer amounting to € 25.0 million paid to VGS (previous year: remaining profit transfer for the 2014 financial year amounting to € 4.1 million).

Notes to the condensed interim consolidated financial statements of Vier Gas Transport GmbH for the period from 1 January to 30 June 2016

1 Basic information

The registered head office of Vier Gas Transport GmbH ("VGT" or "the Company") is Kallenbergstraße 5, 45141 Essen. The sole shareholder is Vier Gas Services GmbH & Co. KG, Essen ("VGS"). VGS is therefore the ultimate domestic parent company of the Group and in principle obliged to prepare consolidated financial statements. However, since Vier Gas Holdings S.à r.l. ("VGH"), Luxembourg, publishes consolidated financial statements and a Group management report as the highest European parent company in the Group, in accordance with Section 291 HGB (German Commercial Code) VGS is exempt from preparing consolidated financial statements and a Group management report. VGS is invoking this exemption. VGT is a capital market-oriented corporation within the meaning of Section 264d HGB. As capital market-oriented parent company domiciled in Germany, VGT is obliged to prepare consolidated financial statements pursuant to Section 315a of the German Commercial Code (HGB).

The Company is registered under HRB 24299 in the commercial register of the Essen local court.

The object of the Company is to acquire, hold and manage as well as sell equity investments in companies or their assets and every action or measure connected therewith and the provision of services of any nature for its subsidiaries, including but not limited to the provision of financial services.

The business operations of the Group are conducted by Open Grid Europe GmbH ("OGE"), Essen, including its equity investments ("OGE Group"). OGE performs the activities of a gas transmission network operator and is subject to supervision by the Federal Network Agency (BNetzA), the German regulatory authority. Besides, OGE provides technical and commercial services for the gas industry.

2 Summary of Significant Accounting Policies

2.1 Basis of presentation

The condensed interim consolidated financial statements for the period from 1 January to 30 June 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The condensed interim consolidated financial statements do not contain all information and disclosures necessary for year-end consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements for the financial year from 1 January to 31 December 2015.

In this interim report, with the exception of the new rules explained under 2.2, the same accounting and consolidation policies are used as in the preparation of the consolidated financial statements for the year 2015.

Unless otherwise stated, all figures are in million euros (€ m). Figures under 50 thousand euros are indicated in the tables by the insertion of a full stop.

2.2 Reporting standards applied

Amendments to IAS 1 „Presentation of Financial Statements“

On 1 January 2016, the group implemented the amendments to IAS 1, which were provided by the project “disclosure initiative” of the IASB. These changes clarify that the principal of materiality applies to the entire consolidated financial statements. The effectiveness of notes is to be increased by the reduction of non-material information.

As a result of these amendments, particularly new, amended or revised accounting standards without substantial effects on the consolidated financial statements, are not described in the notes of the consolidated financial statements.

2.3 Changes to the accounting method

Due to an agenda rejection of the IFRS IC (“NIFRIC”), internal revenues of the joint operations MEGAL Mittel-Europäische-Gasleitungsgesellschaft mbH & Co. KG ("MEGAL"), Essen, Trans Europa Naturgas Pipeline Gesellschaft mbH & Co. KG ("TENP"), Essen, and NETRA GmbH Norddeutsche Erdgas Transversale & Co. KG ("NETRA"), Schneiderkrug, as well as the corresponding cost of materials were fully eliminated for the first time in the consolidated financial statements 2015. As these items were previously proportionately eliminated in the VGT Group, this NIFRIC is a change to the accounting method within the meaning of IAS 8. The change only relates to the items revenues and cost of materials in the VGT consolidated income statement and has no effect on the net income.

The following reconciliation shows the effect of the retrospective adjustment on the income statement for the first half year of 2015:

	1 Jan.–30 Jun. 2015		
in € million	**Before adjustment**	**Adjustment**	**After adjustment**
Revenues	466.8	-30.0	436.8
Cost of materials	-191.2	+30.0	-161.2

2.4 Scope of consolidation

There were no changes in the scope of consolidation in the interim reporting period.

2.5 Company acquisition

In the first half of 2016, the VGT Group acquired additional shares in GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. Kommanditgesellschaft, Straelen, as well as in GasLINE Telekommunikationsnetz-Geschäftsführungsgesellschaft deutscher Gasversorgungsunternehmen mbH, Straelen. In each case 0.83 % of the shares were acquired.

2.6 Impairment

VGT performs the annual goodwill impairment testing at the level of the cash-generating units in the fourth quarter of each financial year. Testing is also performed if circumstances indicate that goodwill may be impaired.

In the first half of 2016, there was no indication of circumstances which would have required an unscheduled testing for impairment of goodwill.

3 Selected explanatory information on the balance sheet

Intangible assets and property, plant and equipment

Additions to intangible assets and to property, plant and equipment amounting to € 115.6 million (previous year: € 54.8 million) in the first half of 2016 are mainly related to the new construction of a compressor station in Herbstein, the pipeline project Schwandorf-Forchheim as well as the construction of two machine units at the compressor station in Werne.

Provisions for pensions and similar obligations

The development of pension obligations is based on the actuarial report for the consolidated financial statements 2015, including projections for the year 2016. Therefore, the interest rate was not adjusted.

Financial liabilities

The decrease of the current financial liabilities amounting to € 44.4 million as well as the increase of non-current financial liabilities amounting to € 56.8 million mainly result from refinancing the pipeline company MEGAL, which led to an increase in liabilities to banks within the consolidated balance sheet amounting to € 15.8 million.

The changes to the financial liabilities as well as the development of derivative financial instruments are explained in section 5.

4 Selected explanatory information on the income statement

Of the revenues generated in the 2016 interim report period, € 408.4 million (previous year: € 369.2 million) result from the gas transmission business, € 9.0 million (previous year: € 10.6 million) from transport-related services and € 56.7 million (previous year: € 57.0 million) from technical and commercial services.

The expenses for raw materials and supplies mainly comprise expenses for fuel gas as well as usage fees. This item also includes expenses for biogas, which are largely passed on to the customers and received within revenues of the transport business. The expenses for purchased goods mainly relate to maintenance costs as well as other services purchased in connection with the service business.

The financial result (€ -33.7 million, previous year: € -32.2 million) is largely impacted by interest expenses for corporate bonds.

The income taxes consist of € 2.0 million (previous year: € 1.7 million) original current taxes, € 45.3 million (previous year: € 17.6 million) tax expenses from group charges and € 11.1 million (previous year: € 0.7 million) deferred taxes.

5 Financial instruments

In 2016, one foreign currency transaction to hedge the currency exchange rate risk from procurement transactions as well as two further interest rate swaps to hedge interest rate risks were concluded. The parameters of these interest and foreign currency cash flow hedges were agreed in line with the parameters of the underlying transactions. Of the previous year's derivatives, two interest cash flow hedges expired in 2016 as contractually agreed. Furthermore, one interest cash flow hedge was closed out prematurely as the underlying loan was repaid early.

As of 30 June 2016, the hedged transactions in place included foreign currency cash flow hedges with unchanged maturities of up to one year and interest cash flow hedges with unchanged maturities of up to 5 years. The cash flows from hedged transactions secured in cash flow hedge accounting occur in the period from 2016 to 2021 (previous year: 2015 to 2020) and affect the income statement at the same time.

The fair values of the derivatives used within cash flow hedges amount to € -4.1 million (previous year: € -2.4 million).

No ineffectiveness resulted in the interim period. In the first half of 2016, accumulated other comprehensive income before allowance for deferred taxes changed by € -1.1 million to € -3.9 million (previous year: change of € +0.4 million). Of this, a loss of € 0.6 million (previous year: loss of € 0.1 million) was reclassified from other comprehensive income to the income statement.

Measurement of derivative financial instruments

Financial instruments are measured by determining fair value.

The fair value of derivative financial instruments is sensitive to movements in underlying market rates. The Company determines and monitors the fair value of deriva-tive financial instruments at regular intervals. Fair values for each derivative financial instrument are determined as being equal to the price at which one party can sell the rights and/or obligations to an independent third party. The fair values of derivative financial instruments are calculated using common market valuation methods with reference to market data available as of the measurement date including a credit value adjustment in the case of positive market values and a debit value adjustment in the case of negative market values. All derivative financial instruments are measured separately.

The following table gives an overview of nominal values and fair values of the derivatives existing as at 30 June 2016. The derivatives all qualify as hedging instruments under cash flow accounting in accordance with IAS 39:

	30 Jun 2016		30 Jun 2015	
in € million	**Nominal value**	**Fair value**	**Nominal value**	**Fair value**
Interest-rate swap (fixed-rate payer)	142.8	-4.2	163.2	-2.4
FX swaps	2.3	0.1	3.4	.
Total	**145.1**	**-4.1**	**166.6**	**-2.4**

Additional information on financial instruments

All financial instruments recognised at fair value are divided into three categories defined in accordance with IFRS 13, as follows:

- Level 1 – quoted market prices
- Level 2 – measurement techniques (inputs that are observable on the market)
- Level 3 – measurement techniques (inputs that are unobservable on the market)

In the period from 1 January to 30 June 2016, unchanged to the previous year, there were no reclassifications between level 1 and level 2, nor were there any reclassifications to or out of level 3. Furthermore, there was no change in purpose for the financial assets that would have caused a change to the classification of an asset. The Group holds no credit enhancements or collateral that would minimise the credit risk. The carrying amount of the financial assets therefore reflects the potential credit risk.

There is no net reporting for these financial assets and financial liabilities since no enforceable master netting arrangements or similar agreements exist.

The carrying amounts of the financial instruments, their grouping into IAS 39 measurement categories, their fair values and their measurement sources by level are presented in the following table as at 30 June 2016:

in € million	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IAS 39 measurement category[1]	Fair value	Fair value (IFRS 13) of which level 1	of which level 2	of which level 3
Equity investments	**39.1**	**39.1**	**AfS**	**n/a**			
Financial receivables and other financial assets	**7.8**	**7.8**		**n/a**			
Other financial receivables and financial assets	7.8	7.8	LaR	n/a			
Trade receivables and other operating assets	**99.9**	**99.9**					
Trade receivables and long-term loans granted	27.5	27.5	LaR	n/a			
Derivatives with hedging relationships	0.1	0.1	-	0.1			
Other operating assets	72.3	72.3	LaR	n/a			
Cash and cash equivalents	**183.9**	**183.9**	**LaR**	**n/a**			
Total assets	**322.9**	**322.9**		**n/a**			
Financial liabilities	**2,511.5**	**2,511.5**		**2,745.6**	**2,461.0**	**284.6**	
Bonds	2,240.0	2,240.0	AmC	2,461.0	2,461.0		
Liabilities to banks	209.2	209.2	AmC	232.5		232.5	
Other financial liabilities	62.3	62.3	AmC	52.1		52.1	
Trade payables and other operating liabilities	**103.8**	**103.8**		**4.2**		**4.2**	
Trade payables	24.9	24.9	AmC				
Derivatives with hedging relationships	4.2	4.2	n/a	4.2		4.2	
Other operating liabilities	74.7	74.7	AmC				
Total liabilities	**2,615.3**	**2,615.3**		**2,749.8**	**2,461.0**	**288.8**	

[1] AfS: Available for sale; LaR: Loans and receivables; AmC: Amortised cost; n/a: the derivatives with hedging relationships cannot be assigned to any IAS 39 category.

Carrying amounts as of 31 December 2015:

in € million	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IAS 39 measure-ment category[1]	Fair value	Fair value (IFRS 13) of which level 1	of which level 2	of which level 3
Equity investments	**39.1**	**39.1**	**AfS**	**n/a**			
Financial receivables and other financial assets	**1.1**	**1.1**		**n/a**			
Other financial receivables and financial assets	1.1	1.1	LaR	n/a			
Trade receivables and other operating assets	**98.0**	**98.0**					
Trade receivables and long-term loans granted	27.1	27.1	LaR	n/a			
Derivatives with hedging relationships	-	-	-	-			
Other operating assets	70.9	70.9	LaR	n/a			
Cash and cash equivalents	**149.7**	**149.7**	**LaR**	**n/a**			
Total assets	**287.9**	**287.9**		**n/a**			
Financial liabilities	**2,523.8**	**2,523.8**	**AmC**	**2,692.6**	**2,450.1**	**242.5**	
Bonds	2,239.2	2,239.2	AmC	2.450,1	2,450.1		
Liabilities to banks	191.4	191.4	AmC	191.1		191.1	
Other financial liabilities	93.2	93.2		51.4		51.4	
Trade payables and other operating liabilities	**110.9**	**110.9**	**AmC**	**3.1**		**3.1**	
Trade payables	10.8	10.8	n/a				
Derivatives with hedging relationships	3.1	3.1	AmC	3.1		3.1	
Other operating liabilities	97.0	97.0					
Total liabilities	**2,634.7**	**2,634.7**		**2,695.7**	**2,450.1**	**245.6**	

[1]AfS: Available for sale; LaR: Loans and receivables; AmC: Amortised cost; n/a: the derivatives with hedging relationships cannot be assigned to any IAS 39 category.

The financial assets recognised at fair value through profit or loss relate to derivative financial instruments that are included in hedge accounting. These include both derivative interest rate hedging contracts and foreign currency transactions, which are based on ISDA (International Swaps and Derivatives Association) agreements and on the German Master Agreement for Financial Derivatives Transactions, which was published by Association of German Banks. The fair values of the interest hedging instruments were calculated on the basis of discounted, expected cash flows. Discounted cash values are determined for interest rate swaps for each individual transaction as of the reporting date. The market interest rates for the remaining terms of the financial instruments were used. These include market factors which other market participants would also take account of when setting prices.

The carrying amounts of cash and cash equivalents and trade receivables are considered realistic estimates of their fair values because of their short maturity.

The financial liabilities measured at fair value through profit or loss relate to derivative financial instruments that are included in hedge accounting. These financial instruments comprise derivative foreign currency transactions/interest rate hedging contracts. The fair values of FX swaps/interest rate hedging contracts were calculated on the basis of discounted, expected cash flows. The market interest rates for the remaining terms of the financial instruments were used.

The market value of the bonds is based on the prices quoted on the reporting date.

The fair value of debt instruments that are not actively traded, such as loans received, long-term loans granted and financial liabilities, is determined by discounting future cash flows and corresponds to the relevant carrying amount. Any necessary discounting is performed using risk-adjusted current market interest rates over the remaining terms of the financial instruments. Fair value measurement was not applied to any shareholdings (apart from the investment measured using the equity method) as cash flows could not be reliably determined for them. Fair values could not be derived on the basis of comparable transactions. There are no plans to sell these investments.

The carrying amount of borrowings under short-term credit facilities and trade payables is used as the fair value owing to the short maturities of these items.

6 Other information

6.1 Contingencies

All financings in the VGT Group (in the form of bonds or bank loans) are granted to the borrowing Group companies without the provision of collateral security. As at 30 June 2016, there are bank guarantees given to third parties with a total amount less than € 1.0 million.

6.2 Business transactions with related parties

In the first half of 2016, the distributable profit of the financial year 2015 amounting to € 24.1 million was paid to VGS. Furthermore, an advance profit transfer in the amount of € 25.0 million was paid to VGS.

6.3 Subsequent events

Up to the date of the preparation of the condensed interim consolidated financial statements, no business transactions of material significance had taken place which have an effect on the presentation of the net assets, financial position and results of operations of the Group in the reporting period.

6.4 Management

The following persons have been appointed to the Management and as representatives of the Company:

Hilko Cornelius Schomerus, Darmstadt,
Managing Director, Macquarie Infrastructure & Real Assets

John Benedict McCarthy, Abu Dhabi/United Arab Emirates,
Global Head, Infrastructure Division, ADIA

Lincoln Hillier Webb, Victoria, British Columbia/Canada,
Vice President, Private Placements, British Columbia Investment Management Corp.

Dominik Damaschke, Munich,
Senior Investment Manager, Private Equity & Infrastructure, MEAG MUNICH ERGO Asset Management GmbH

Cord von Lewinski, Frankfurt,
Managing Director, Macquarie Infrastructure & Real Assets

Richard W. Dinneny, Victoria, British Columbia/Canada,
Portfolio Manager, Private Placements, British Columbia Investment Management Corp.

Guy Lambert, Abu Dhabi/United Arab Emirates,
Head of Utilities, Infrastructure Division, ADIA

The managing directors are not employees of the Company.

Essen, 29 July 2016

Vier Gas Transport GmbH

The Management

Hilko Cornelius Schomerus

John Benedict McCarthy

Lincoln Hillier Webb

Dominik Damaschke

Cord von Lewinski

Richard W. Dinneny

Guy Lambert