



STEDIN HOLDING N.V.

*(incorporated as a public company with limited liability in The Netherlands
with its statutory seat in Rotterdam)*

EUR 500,000,000 Perpetual Fixed Rate Reset Securities

The issue price of the EUR 500,000,000 Perpetual Fixed Rate Reset Securities (the "**Securities**") which will be issued by Stedin Holding N.V. (the "**Issuer**") is 100.000 per cent. of their principal amount. Interest is payable subject to and in accordance with the terms and conditions of the Securities (the "**Terms and Conditions**" or "**Conditions**"). From (and including) 31 March 2021 until (but excluding) 31 March 2027 the Securities will bear interest at a rate of 1.500 per cent. per annum, payable annually in arrear on 31 March of each year, commencing on 31 March 2022. Thereafter, unless previously redeemed, the Securities, from (and including) 31 March 2027 to (but excluding) the date on which they are redeemed, will bear interest at a rate per annum which shall be the aggregate of the applicable Margin (which will include, after the First Step-up Date, a 0.25 per cent. step-up over the initial credit spread and, after the Second Step-up Date, a further 0.75 per cent. step-up) and the Five year Swap Rate determined on the second TARGET Business Day prior to the beginning of each Reset Period, payable annually in arrear on 31 March of each year, commencing on 31 March 2028, all as described in "*Terms and Conditions of the Securities — Coupon Payments*". Payments on the Securities will be made without deduction for or on account of taxes of The Netherlands to the extent described under "*Terms and Conditions of the Securities — Taxation*".

The Issuer may at its discretion elect to defer any payment of interest on the Securities, see "*Terms and Conditions of the Securities — Deferral of Interest*". Any amounts so deferred shall constitute Arrears of Interest (as defined in the Terms and Conditions). Arrears of Interest shall bear interest. The Issuer may pay outstanding Arrears of Interest, in whole but not in part, at any time (as described in the Terms and Conditions). 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 tenth (10) Business Day following the occurrence of a Mandatory Payment Event (as defined in the Terms and Conditions), (ii) the Coupon Payment Date in respect of which the Issuer has not elected to defer in whole payment of the relevant scheduled interest or (iii) the date on which the Securities are redeemed (in whole, but not in part) in accordance with Condition 3 (*Winding-up*), Condition 6(b) (*Optional redemption by the Issuer*), Condition 6(c) (*Make-whole redemption by the Issuer*), Condition 6(d) (*Redemption for Taxation Reasons*), Condition 6(e) (*Redemption for Accounting Reasons*), Condition 6(f) (*Redemption for Rating Reasons*) or Condition 6(g) (*Redemption following exercise of Clean-up call*) all as 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, see "*Terms and Conditions of the Securities — Redemption and Purchase*". The Securities will become due and payable in the event of a winding-up of the Issuer, see "*Terms and Conditions of the Securities — Winding-up*". The Securities may be redeemed, in whole but not in part, at the option of the Issuer at any time upon the giving of notice at their principal amount (together with accrued but unpaid interest and all Arrears of Interest and Additional Amounts, if any) at any time from the First Call Date to (and including) the First Reset Date and thereafter on any Coupon Payment Date. Furthermore, the Securities may be redeemed at the option of the Issuer upon the occurrence of a Withholding Tax Event, a Tax Deduction Event, an Accounting Event, a Rating Event or following the exercise by the Issuer of a Clean-up Call or a Make-whole Redemption (each as defined in the Terms and Conditions). See "*Terms and Conditions of the Securities — Redemption and Purchase*", which also includes the terms applicable to such redemption including the basis for calculating the redemption amounts payable.

The Securities will constitute unsecured and subordinated obligations of the Issuer as described in "*Terms and Conditions of the Securities — Status and Subordination*" and "*Terms and Conditions of the Securities — Winding-up*".

Investing in the Securities involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil their respective obligations under the Securities are discussed under "Risk Factors" below.

This prospectus (the "**Prospectus**") has been approved by The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"), which is the competent authority in The Netherlands for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and relevant implementing measures in The Netherlands, as a prospectus issued in compliance with the Prospectus Regulation and relevant implementing measures in The Netherlands for the purpose of giving information with regard to the issuance of the Securities by the Issuer. 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.

Application has been made to Euronext Amsterdam N.V. for the Securities to be admitted to listing and trading on Euronext in Amsterdam ("**Euronext Amsterdam**"), the regulated market of Euronext Amsterdam N.V. Euronext is a regulated market for the purpose of Directive 2014/65/EU (as amended, "**MiFID II**"). References in this Prospectus to the Securities being "listed" (and all related references) shall mean that the Securities have been admitted to listing and trading on Euronext Amsterdam.

The Securities have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the "**Securities Act**") and are subject to United States tax law requirements. The Securities are being offered outside the United States by the Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Securities will be in bearer form and in the denomination of EUR 100,000 with integral multiples of EUR 1,000 in excess thereof up to, and including, EUR 199,000 each. The Securities will initially be in the form of a temporary global security (the "**Temporary Global Security**"), without interest coupons, which will be deposited on or around 31 March 2021 (the "**Closing Date**") with a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). The Temporary Global Security will be exchangeable, in whole or in part, for interests in a permanent global security (the "**Permanent Global Security**") and together with the Temporary Global Security, the "**Global Securities**"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Securities cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Security will be exchangeable in certain limited circumstances in whole, but not in part, for Securities in definitive form and with interest coupons attached. No Securities in definitive form will be issued with denominations above EUR 199,000. See "*Summary of Provisions Relating to the Securities in Global Form*".

The Securities will be rated BBB by S&P Global Ratings Europe Limited ("**S&P**"). S&P Global Ratings Europe Limited is established in the European Economic Area (the "**EEA**") and is registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). S&P Global Ratings Europe Limited appears on the latest update of the list of registered credit rating agencies (as of 29 March 2021) on the ESMA website. The rating S&P Global Ratings Europe Limited will give to the Securities shall be endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").

A credit 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 credit rating agency.

STRUCTURING ADVISORS

ING

NatWest Markets

JOINT BOOKRUNNERS

ING

NatWest Markets

Rabobank

MUFG Securities

IMPORTANT NOTICES

Responsibility for this Prospectus

Stedin Holding N.V. (the "**Issuer**") accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Obligations under the Securities

The Securities will not represent an obligation or be the responsibility of the Managers, their officers, members, directors, employees, security holders or incorporators, other than the Issuer. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Securities, and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators.

The Securities may not be a suitable investment for all investors

The Securities are complex financial instruments and each potential investor in any Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) 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;
- (ii) 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;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) 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.

A potential investor should not invest in the Securities unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Other relevant information

This Prospectus must be read and construed together with any information incorporated by reference herein (see "*Information incorporated by reference*"). Other than in relation to the documents which are deemed to be incorporated by reference (see "*Information 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.

The Issuer has confirmed to the Managers named under "*Subscription and Sale*" below that this Prospectus contains all information which is (in the context of the issue, offering and sale of the Securities) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the issue, offering and sale of the Securities) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

This Prospectus has been prepared for the purpose of listing and submission for trading of the Securities on Euronext Amsterdam and does not constitute an offer or an invitation to subscribe for or purchase any Securities and should not be considered as a recommendation by the Issuer, the Managers or any of them that any recipient of this Prospectus should subscribe for or purchase any Securities. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its approval date 29 March 2021 in relation to Securities which are to be admitted to trading on a regulated market in the European Economic Area (the EEA) and shall expire at the first day of trading of the Securities on Euronext Amsterdam on 31 March 2021. 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.

Restriction on distribution

The distribution of this Prospectus and the offering, sale and delivery 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 certain restrictions on offers, sales and deliveries of Securities and on the distribution of this Prospectus and other offering material relating to the Securities, see "*Subscription and Sale*".

Certain definitions and disclaimers

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**", "**euro**" or "**€**" are to the single 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. Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

PROHIBITION OF SALES TO EEA 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 a Member State. 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 Directive 2014/65/EU (as amended, "**MiFID II**") or; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**IDD**"), 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 has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the financial services and markets act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) no 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA.

Benchmarks Regulation - Amounts payable under the Securities from and including the First Reset Date are calculated by reference to the Five year Swap Rate, which is provided by ICE Benchmark Administration Limited. As at the date of this Prospectus, ICE Benchmark Administration Limited is not included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) (the "**EU Benchmarks Regulation**"). However, the EU Benchmarks Regulation provides that third country benchmarks can still be used by supervised entities until 31 December 2021 in the European Union if the benchmark is already used in the European Union as a reference for financial instruments, financial contracts, or for measuring the performance of an investment fund before that date.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of product approval process of each of the Joint Bookrunners (the "**EU Manufacturers**"), 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 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 EU 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 EU Manufacturers' target market assessment) and determining appropriate distribution channels.

In connection with the issue of the Securities, ING Bank N.V. (the "Stabilising Manager") (or persons 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 be ended 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 relevant Stabilising Manager (or person(s) acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

CONTENTS

	Page
IMPORTANT NOTICES	iii
RISK FACTORS	1
OVERVIEW	13
INFORMATION INCORPORATED BY REFERENCE	17
TERMS AND CONDITIONS OF THE SECURITIES	18
SUMMARY OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM	18
USE OF PROCEEDS	44
DESCRIPTION OF THE ISSUER.....	45
TAXATION	53
SUBSCRIPTION AND SALE	53
GENERAL INFORMATION	58
INDEX OF DEFINED TERMS	63

RISK FACTORS

An investment in Securities involves certain risks including those described below. Prospective investors should carefully consider the matters and information set forth below regarding the factors that may affect the ability of the Issuer to fulfil its obligations under the Securities. In addition, factors which are material for the purpose of assessing the market risks associated with Securities are also described below. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. If any of the following risks actually occurs, the trading price of the Securities could decline and an investor could lose all or part of its investment. Additional risks not currently known to the Issuer or risks that the Issuer presently deems immaterial may subsequently harm the Issuer and affect an investor's investment.

The Issuer believes that the factors described below represent the material risks inherent in investing in Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

The purchase of the Securities may be suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Securities. Prospective investors should make such inquiries as they deem necessary without relying on the Issuer or any Manager and before making an investment decision with respect to any Securities, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Securities and consider such an investment decision in the light of the prospective investor's personal circumstances.

Words and expressions defined in the "Terms and Conditions of the Securities" below or elsewhere in this Prospectus have the same meanings in this section.

Risks relating to the Issuer

Risks related to the Issuer's financial situation

1. (Re)financing risk

The Issuer finances itself by use of financial markets. Therefore, the Issuer is sensitive to general financial market conditions and more specific the Issuer is facing a substantial increase in financing needs in the future years mainly due to the energy transition in The Netherlands. The Issuer seeks external financing, either in the form of public or private financing or other arrangements, which may not be available on attractive terms or may not be available at all. As a consequence, the Issuer 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 profitability.

2. Credit Rating Risk

The Issuer's current long-term corporate credit rating of "A- with a stable outlook" has been issued by credit rating agency S&P Global Ratings Europe Limited ("**S&P**"). There is a risk of a negative adjustment of the credit rating of the Issuer resulting from changes implemented by S&P with respect to rating criteria, rating method or assumptions, or as a consequence of circumstances adversely affecting the Issuer's performance and/or solvability. A negative adjustment to the Issuer's credit rating could affect the Issuer's access to capital and money markets, financing costs and the terms and conditions imposed by parties in the business sector, which in turn may have an adverse impact on the Issuer's revenues, profits, cash flows and financial position.

3. *Access to Equity support*

Significant investments are required mainly due to the energy transition while regulated revenues are not increasing at the same pace. This could potentially put Stedin Group's financial position under pressure and result in a need for additional capital.

Required investments in Stedin Group's networks combined with the energy transition could, over time, lead to a capital requirement of 750 million - 1 billion euros in order to maintain Stedin Group's current credit rating. In addition, it became clear in 2020 that the weighted average costs of capital ("WACC"), as determined by the Dutch Authority for Consumers and Markets (*Autoriteit Consument & Markt*, the "ACM"), will decline further in the new regulatory period. Depending on the magnitude this could result in a significant drop in revenue for grid operators. To ensure that Stedin Group can make the necessary investments, it has to assess its own costs structure and respond to developments in financial markets, legislation and regulation. In 2020 discussions with various stakeholders continued to strengthen equity capital. In addition discussions were held with ACM about changes to the regulatory model. These will continue in 2021.

There is a risk that the Issuer will be unable to raise equity or secure equity commitments in a timely fashion which could have a material adverse effect on the Issuer's business plans, financial condition or results of operations as well as the credit rating of the Issuer.

4. *Counterparty risk*

Counterparty risk is the risk that a counterparty cannot or will not meet its delivery or payment obligations. This risk is primarily encountered in interest rate and foreign currency hedge transaction. This risk is for the Issuer mainly related to cross currency interest rate swaps which the Issuer has executed to hedge the currency and interest rate risk on (US) private placements. If such counterparty risk materialises, this may negatively influence the net profit, cash flows and the financial position of the Issuer.

5. *Market risk*

Due to the type of business in general, the financial position and (operating) cash flows of the Issuer may be adversely affected by changes in market prices of:

- commodities (e.g. energy); and
- financials (e.g. interest rates, exchange rates, inflation).

The commodity price risk relates mainly to the procurement of electricity due to the fact that the grid operators have to replace electricity and gas that is lost during the distribution (technical loss, measurement failures and fraud). The annual average grid losses of the Issuer and its subsidiaries (together "**Stedin Group**") are estimated at approximately 1 TWh.

The typical characteristics of commodity markets - in particular illiquidity, from time to time - may cause considerable changes in commodity prices and therefore may influence the cash flows and financial position of the Issuer.

Risks related to the Issuer's business activities and industry

6. *Risk related to energy transition on electricity and gas infrastructure*

Climate policy in The Netherlands is aimed at transforming the current energy system, mainly based on fossil fuels, into a low-carbon energy system based on renewable energy sources and low-carbon energy technology. The Climate Agreement (2019) provides a roadmap for this transformation. The focus is on a substantial growth in the share of sustainable electricity, a substantial growth in the number of electric cars, a substantial reduction in greenhouse gas emissions in industry and a more sustainable building environment. This transition has a major impact on Stedin Group's gas and electricity distribution networks. This involves a number of risks.

Firstly, the return on Stedin Group's existing assets may decrease due to early depreciation of parts of its gas network. Secondly, customer requests and required deeper network investments can increase too much, which makes it difficult for the Issuer to connect new customers on time and to have sufficient transport

capacity available on time. This can lead to social dissatisfaction and, as a result, to stricter regulation of network operators.

7. Risk related to business continuity

The continuity of the service provided by the Issuer could be threatened by situations such as (a) large-scale interruptions in IT systems which could be caused by a cyberattack (b) the unavailability of key people in the organisation or (c) the access to relevant sites to manage the networks and provide services. Such situations may affect the customers in the form of an interruption in the supply of energy, untimely invoices or a lower level of service and may affect Stedin Group with additional cost and delays in the incoming cash flows. Furthermore, as a result of its strategic location and its social and economic importance, the Stedin Group infrastructure is an attractive target for cyberattacks.

8. IT landscape insufficiently prepared for the future

As a result of growing digitalisation of its operations, Stedin Group is increasingly dependent on the robustness, operability and security of its information technology systems. This dependence results in a growing complexity of data governance and handling. The availability, integrity and confidentiality of such information systems is fundamental for day-to-day business operations. Due to their complexity and scale there is a risk that large information technology projects will not be ready in time, are not executed within the approved budget or will not deliver the expected financial benefits and operational performance. This might lead to suboptimal grid management, inefficient investments according to the benchmark which comprises of the other grid operators in The Netherlands and set by the Dutch regulator to enforce efficiency. This might have an adverse impact on regulatory compensation and the financial position of the Issuer.

9. Risk due to uncertainty over availability of communication networks

Stedin Group uses CDMA and GPRS communication networks for its smart meters.

In 2020 investments have been made in the CDMA network that will make it possible to extend its lifespan until 2034. In addition Stedin is in talks with the Ministry of Economic Affairs about the set-up of the auction of the license for usage of the CDMA network from 2025 onwards. Negotiations with telecom providers on the use of the GPRS network are continuing, in collaboration with other Dutch distribution network operators (*distributie netbeheerders*, DSOs). Due to uncertainty over the longer term availability of licenses to use these communication networks there is a risk Stedin Group can no longer connect to its smart meters or potentially faces higher costs for data communication with its smart meters.

10. Risk related to significant infrastructure defects

The Issuer's highest priority with respect to the electricity grids is preventing interruptions in supply through measures such as station automation for grid control, replacement of fault-sensitive components and preventing damage resulting from excavation. In addition, the Issuer endeavours to replace components that will no longer be available in the near future and it is taking steps to enhance the reliability of public lighting networks.

With respect to the gas networks, maintenance has the highest priority of the Issuer in order to prevent gas leaks and maintain the supply of gas. This maintenance focuses primarily on the replacement of connections that are in substandard condition and the replacement of distribution pipelines that are reaching the end of their expected useful lifespan. The replacement of pipelines prevents gas leaks and more costly repairs. To prevent inconvenience and to reduce total costs, activities are carried out simultaneously with work on other infrastructure (roads, railways, sewers), where possible. The complexity of the network and the large number of factors that can harm the infrastructure add to this risk. Interruption may result in additional costs (e.g. repair, reconstruction, and claimed damage) and therefore may negatively influence the net profit, cash flows and the financial position of the Issuer.

11. Risks related to availability and outflow of employees with the required technical competencies

Due to the energy transition and economic growth, the Issuer faces increased capex programs for electricity grid expansions, connections and maintenance of existing grids. As a result, there is a greater need for fitters, site managers, engineers and project leaders. At the same time there is a decrease in technically trained personnel entering the labour market and at Stedin Group an increase in technical staff nearing their

retirement. As the future volume of work will increase, a large replacement and increase of employees still remains an issue. Due to the specific expertise required for most positions, new technical employees need to be trained over a period of up to two years. There is the risk that Stedin Group no longer has sufficient staff with the required technical competencies to facilitate the energy transition. This can impact the grid performance, customer satisfaction, financial flexibility and/or cashflows and ability to execute its strategic plans.

Legal and regulatory risk

12. Impact of the Dutch regulatory framework and related risks

The Issuer is the holding company which owns directly 100 per cent of the shares in Stedin Netbeheer B.V. ("**Stedin Netbeheer**") and indirectly 100 per cent of the shares in Enduris B.V. ("**Enduris**"); both of whom are regulated Dutch grid companies (the "**Grid Companies**"). The Grid Companies account for more than 90 per cent. of the consolidated revenue, annual profit and total assets of the Issuer as at 31 December 2020.

The regulated activities of Stedin Group depend on governmental licenses, authorisations, exemptions and/or dispensations in order to operate its business. These governmental licenses, authorisations, exemptions and/or dispensations may be subject to withdrawal, amendment and/or additional conditions being imposed on the regulated activities of Stedin Group which could affect the revenues, profits and financial position of the Issuer.

As a consequence of the strong dependence on governmental regulations and European legislation, the Issuer's revenues, profits, cash flows and financial position may be affected by changes to the regulatory environment.

The ACM supervises the correct implementation of the Electricity Act 1998 (*Elektriciteitswet 1998*) and the Gas Act (*Gaswet*). The ACM ensures the effective and efficient functioning of the energy market and the protection of customer interests through the implementation of various regulatory instruments. This includes safeguarding access to networks, maintaining sufficient transparency (access to essential information) and protecting consumers against potential malpractices.

At the date of this Prospectus, the Ministry of Economic Affairs is working on a new energy act, which should consolidate the existing Electricity Act and Gas Act, adjust the Dutch legislation to relevant European legislation and insert flexibility to comply with requirements for the Dutch renewable energy transition. The new legislation will not come into force before 2022. This new legislation and other potential future changes in legal and regulatory requirements may have a negative impact on the Issuer's financial position and cash flows.

The ACM monitors the capability of the Grid Companies to meet the financial requirements for managing the electricity and gas grid, including required and planned investments. The Grid Companies submit their statutory and regulatory financial statements to the ACM annually, including results, assets and infrastructure related activities (maintenance and investments). Furthermore end-user tariffs for the distribution of electricity and gas (which generates the revenues for the Grid Companies) are controlled by the ACM and depend on a series of consecutive regulatory decisions, in particular the Regulation Method Decision, the Efficiency Discount Decision (x-factor), Quality Factor Decision (q-factor) and the Accounting Volume Decision, which are applicable to a certain price control period (the "**Method Decisions**"), and finally the annual tariff decisions.

The Grid Companies are through the regulation method subjected to a yard stick competition. A Grid Company is allowed to charge the ex-ante expected average sector cost pro-rata through regulated tariffs to its customers. As a result of this the Issuer has limited control over the revenues from its regulated activities. Two types of costs however are not subjected to the yard stick competition: sufferance's taxes and the cost of buying transport volumes from other grid companies. The regulator estimates these costs beforehand and reimburses or deducts any differences compared to the actual costs. Sufferance's taxes and the actual costs of transport will fluctuate over time and can therefore have a negative impact on the Issuer's financial position and cash flows. The ACM has changed its calculation method for the expected costs of transport to T=0, using the proposed TenneT tariffs for the coming year against the volumes expected by ACM. For Stedin Group 98% of the transport volumes are bought from the TSO TenneT. From 2022 onwards, local governmental bodies are no longer allowed to charge sufferance's taxes to Grid Companies.

The Method Decisions for the current regulatory period (2017 – 2021), published by the ACM at the end of 2016, apply for the longest legally possible period of 5 years. By opting for this long term, the ACM aims to stimulate Dutch grid operators to operate efficiently and also to offer customers as much tariff stability as possible. The ACM will publish its Method Decisions for the upcoming regulatory period near the end of 2021, which are also expected to apply for 5 years (2022 – 2026).

The level of permitted revenues of the Grid Companies includes a component based on the real WACC. The variables used to calculate the WACC consist of estimates for the cost of equity, the cost of debt, the relative percentages of debt and equity in the capital structure, the corporate tax rate and the consumer price index. The cost of equity represents the expected return on investment for the shareholders. The Issuer is the sole direct and indirect shareholder of the Grid Companies. The cost of debt represents the expected cost of debt for a company with an "A" credit rating. As is the case for almost all other cost factors, the ACM bases the WACC on data which precede the regulation period for which the WACC is determined. Thus, the WACC may incorrectly reflect the costs of capital which the Grid Companies will effectively incur during the relevant regulation period. Given the decline in market interest rates over the past years the WACC will be substantially lower for the upcoming regulatory period.

In addition, the actual capitalisation of the Grid Manager may differ from the 50/50 debt/equity ratio assumed in the Method Decisions, which would also have an impact on the profitability of the Grid Companies. Finally, the actual corporate tax rate may deviate from the corporate tax rate assumed in the Method Decisions, which would have an impact on the profitability of the Grid Companies.

Changes to both the Electricity Act (*Elektriciteitswet*) and Gas Act (*Gaswet*) have recently passed in parliament. As of 1 January 2020, the financial impact of losses in the gas networks are now the responsibility of the Grid Companies. In addition, the entire connection of wholesale customers in the gas market will be a tariff-regulated task per 1 January 2020 (formerly non-regulated business). The regulator provided additional tariff space to accommodate for these new tasks.

13. Risk related to the profits in the metering domain

The tariffs that grid operators charge for the rent of small volume meters are regulated and based on the ministerial regulation on metering tariffs (*Regeling meettarieven*). This regulation specifies how the ACM determines these tariffs. At present, the maximum tariffs that grid operators are allowed to charge are based on the average tariffs of 2005 plus an annual adjustment for inflation using the consumer price index. The ACM has been monitoring the costs of carrying out the process of metering since 2011 for the electricity meters and 2012 for the gas meters. The differences observed by the ACM each year between the tariff revenues on the one hand and the operating costs, depreciation and taking into account the applicable WACC on the other hand are labelled as surplus profit. The Minister of Economic Affairs and the grid operators expect that these surplus profits will be sufficient to cover the costs attributable to smart meters in the period until 2021. The ministerial regulation on metering tariffs ensures that the tariffs paid by consumers will not exceed the amount that is necessary to cover the costs for the roll out of these smart meters. To achieve this, the ACM may include surplus profits in its future decisions on tariffs. Based on current estimates, the surplus profit realised by Stedin Group is sufficient to finance the extra regulatory costs for the rollout of smart meters without tariff increases. Due to a more efficient rollout of the smart meters the historical profits will remain in excess so Stedin Group decided to start with the repayment of them by substantially lower the tariffs in 2018, 2019 and 2020 as compared to 2017. As at the date of this Prospectus it is expected that Stedin Group has a total of surplus profits at the end of 2021 of EUR 21 million. This EUR 21 million is available for tariff reductions in order to meet the goal of zero surplus profits at the end of 2025. There is the risk that the ACM will adjust the tariffs unexpectedly to bring forward the repayment of this amount, which could have a negative impact on the Issuer's financial position and cash flows.

Risks Relating To The Securities

Risks related to the nature of the Securities

14. The Securities will be unsecured and subordinated, which could in turn lead to Securityholders and Couponholders incurring losses

If the Issuer is declared insolvent and a winding-up is initiated, it will be required to pay the holders of prior-ranking debt and meet its obligations to all its other creditors (including unsecured creditors but

excluding any obligations in respect of subordinated debt which ranks lower than or equally with the Securities) in full before it can make any payments on the Securities. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due and payable under the Securities.

The Securities will be deeply subordinated obligations and, on the Issue Date, will be the most junior instrument in the capital of the Issuer, other than ordinary shares and preference shares, if any. If the Issuer has decided in its sole discretion to effect a Change in Ranking (as defined in Condition 3(B) (*Winding-up*)), the Securities will rank in priority only to any ordinary shares of the Issuer. The Issuer may be able to incur significant additional secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness and/or *pari passu*-ranking subordinated indebtedness and/or junior-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 Securityholders. 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.

Any of the above circumstances could lead to a situation in which the Issuer does not have enough assets remaining to pay amounts due and payable under the Securities, which could in turn lead to Securityholders and Couponholders incurring losses.

15. *The restricted remedies for non-payment when due could adversely affect the recoverable amount of the Securities*

In accordance with the Conditions, the sole remedy against the Issuer available to any Securityholder or Couponholder 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 and/or proving in such winding-up or administration of the Issuer, or the institution of 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. 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 Securityholders have limited ability to influence the outcome of an insolvency or liquidation or restructuring outside an insolvency or liquidation, which limited ability could have a material adverse effect the amount (if any) recoverable by Securityholders and Couponholders.

16. *There is no limitation on issuing senior or pari passu securities, which may reduce the recoverable amount and/or increase the likelihood of a deferral of Coupon Payments*

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 Securityholders and Couponholders on a winding-up or administration of the Issuer and/or may increase the likelihood of a deferral of Coupon Payments under the Securities, as payment obligations in relation to such senior or *pari passu* securities rank senior and *pari passu*, respectively, to the Securities and may therefore reduce the funds available for payment of Coupon Payments by the Issuer in the event of a deteriorated financial situation.

17. *The Issuer has the option to defer any payment of interest on the Securities*

The Issuer has the option to defer any payment of interest on the Securities indefinitely as provided in Condition 4(a) (*Deferral of Payments*). Any such deferral shall not constitute a default by the Issuer for any purpose. Any interest in respect of the Securities not paid shall, so long as the same remains unpaid, constitute "Arrears of Interest".

Any Arrears of Interest may be paid, in whole but not in part, at any time, and in any event, will remain due and become payable under certain conditions as provided for in Condition 4(b) (*Compulsory Payments*).

Any deferral of interest payments will likely have an adverse effect on the market price of the Securities. In addition, as a result of the interest 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, which could also have a negative effect on the market price of the Securities.

18. *The Securities are perpetual securities and need not be redeemed by the Issuer*

The Securities are undated securities with no specified maturity date and the Securityholders have no right to call for their redemption. Accordingly there is uncertainty as to when (if ever) an investor in the Securities will receive repayment of the principal amount of the Securities. Prospective investors should be aware that there is a risk that they may be required to bear the financial risks of an investment in the Securities for an indefinite period of time and may not recover their investment in the foreseeable future.

19. *The Securities could be redeemed at any time upon the occurrence of a Withholding Tax Event, a Tax Deduction Event, an Accounting Event, a Rating Event or following the exercise by the Issuer of the Clean-up Call or the Make-whole Redemption, and at any time from the First Call Date to (and including) the First Reset Date and thereafter on any Coupon Payment Date*

The Securities may be redeemed, in whole but not in part, at the option of the Issuer at any time upon the giving of notice at their principal amount (together with accrued but unpaid interest and all Arrears of Interest and Additional Amounts, if any) (1) in the event that the Issuer would be obliged to pay Additional Amounts in respect of any payment due on the Securities due to any withholding or deduction for or on account of any present or future taxes by or on behalf of The Netherlands (a "**Withholding Tax Event**") or (2) following the exercise by the Issuer of a call option following the purchase by the Issuer of 75 per cent. or more of the Securities (the "**Clean-up Call**").

Furthermore, the Securities may be redeemed, in whole but not in part, at the option of the Issuer at any time upon the giving of notice at (a) 101 per cent. of their principal amount, if such redemption occurs before the First Call Date or (b) at their principal amount, if such redemption occurs on or after the First Call Date (together with accrued but unpaid interest and all Arrears of Interest and Additional Amounts, if any) in the event that (1) the payments of interest under Securities were but are or will no longer be tax deductible by the Issuer for the purposes of Dutch corporate income tax purposes (a "**Tax Deduction Event**") or (2) as a result of a change in accounting principles or methodology (or the application thereof) which have been officially adopted after the Issue Date, the Securities will no longer or may no longer be classified as "equity" in the consolidated accounts of the Group (an "**Accounting Event**"). See also risk factor "20. *The current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change, which may result in the occurrence of an Accounting Event*" for a description of the risk that the current equity classification of the Securities may change as a consequence of the DP/2018/1 Paper (as defined below) or any other similar proposals that may be made in the future, and which may result in the occurrence of an Accounting Event.

Following the exercise by the Issuer at any time other than during the period from and including the First Call Date to and including the First Reset Date or upon any subsequent Coupon Payment Date, of the Make-whole Redemption, the Securities may be redeemed, in whole but not in part, at their Make-whole Redemption Amount.

The Securities may also be redeemed, in whole but not in part, at the option of the Issuer at any time upon the giving of notice at (a) 101 per cent. of their principal amount, if such redemption occurs before the First Call Date or (b) at their principal amount, if such redemption occurs on or after the First Call Date (together with, in each case, accrued but unpaid interest and all Arrears of Interest and Additional Amounts, if any)

in the event that (i) any Rating Agency publishes any Hybrid Methodology Change, as a result of which a Loss in Equity Credit for the Securities occurs, (ii) any Rating Agency publishes any Hybrid Methodology Change which would have resulted in a Loss in Equity Credit for the Securities had the "equity credit" attributed to the Securities not changed previously because the Securities had been partially or fully refinanced or (iii) the Issuer has received, and has provided the Fiscal Agent with a copy of, a written confirmation from any Rating Agency from which the Issuer is assigned a Solicited Rating that due to a Hybrid Methodology Change a Loss in Equity Credit for the Securities has occurred (a "**Rating Event**").

In addition, the Securities may be redeemed, in whole but not in part, at the option of the Issuer at any time upon the giving of notice at their principal amount (together with accrued but unpaid interest and all Arrears of Interest and Additional Amounts, if any) at any time from the First Call Date to (and including) the First Reset Date and thereafter on any Coupon Payment Date. See "*Terms and Conditions of the Securities - Redemption and Purchase*".

Any redemption prior to maturity as set out above could have a material adverse effect on the value of the Securities as the relevant redemption amount may be less than the then current market value of the Securities. An optional redemption feature is also likely to limit the market value of the Securities. During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. 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 consider reinvestment risk in light of other investments available at that time.

20. *The current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change, which may result in the occurrence of an Accounting Event*

In June 2018, the International Accounting Standards Board (IASB) (the "**IASB Board**") published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "**DP/2018/1 Paper**"). The IASB Board decided to move the project to its standard-setting programme at the December 2020 Board meeting. The next milestone is to produce an exposure draft. If the proposals set out in the DP/2018/1 Paper or any other similar proposals that may be made in the future are implemented in their current or any other alternative form, the current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer will have the option to redeem in whole, but not in part, the Securities on any day from the Accounting Event Adoption Date, which could arise on a date earlier than the actual implementation of the relevant change in accounting principles or methodology (pursuant to Condition 6 (d) (*Redemption for Accounting Reasons*) of the Conditions). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Securities from an accounting perspective or whether any such implementation may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Securities pursuant to the Conditions. The redemption of the Securities by the Issuer or the perception that the Issuer will exercise its optional redemption right may negatively affect the market value of the Securities. During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed.

21. *Modification and exchange*

In addition, pursuant to the Conditions, the Issuer may modify the Conditions, or exchange other securities in place of the Securities, without the consent of the Holders in the event of a Tax Deduction Event, an Accounting Event, a Rating Event or a Withholding Tax Event in order that such event ceases to exist after the modification. The Conditions as at the Issue Date provide that, following any such modification or exchange, the modified or exchanged securities should, *inter alia*, (i) not be less favourable to the Holders than the terms of the Securities prior to such exchange or modification, (ii) be substantially identical to the terms of the Securities, apart from the necessary modifications, (iii) continue to be listed on an internationally recognised stock exchange, (iv) ensure that no detrimental change in any published rating of the Securities or of the Issuer is in effect at the time an exchange or modification occurs and (v) not contain terms providing for the mandatory deferral or cancellation of interest or for loss absorption through principal write-down or conversion into ordinary shares of the Issuer.

The Conditions also stipulate that either (A) the person having the obligations of the Issuer under the modified or exchanged Securities must continue to be the Issuer or (B) such person is another member of the Group and such obligations are guaranteed by the Issuer. 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 Holders that did not attend and vote at the relevant meeting and Holders that voted in a manner contrary to the majority. The Conditions also provide that any of the provisions of the Securities and the Conditions may be modified without the consent of the Securityholders to correct a manifest error or if such modification is of a formal, minor or technical nature and is not prejudicial to the interests of the Securityholders.

It is possible that any modified or exchanged Securities will contain Conditions that are contrary to the investment criteria of certain investors. Any resulting sale of the Securities, or of the modified or exchanged securities, by such investors may adversely affect the market perception and/or lead to price movements, which could increase the risk related to the Securities and/or adversely affect their trading price.

22. 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 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. An example of Benchmark reform was the establishment of a private sector working group on euro risk-free rates to identify and recommend risk-free rates that could serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area, such as the euro overnight index average (EONIA) and EURIBOR. The group recommended on 13 September 2018 that the euro short-term rate ("**€STR**") be used as the risk-free rate for the euro area and is now focused on supporting the market with transitioning from EONIA (which will be discontinued on 3 January 2022) to €STR. The European Central Bank (ECB) published the €STR for the first time on 2 October 2019, reflecting trading activity on 1 October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds), which include indications that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system. Although EURIBOR is not currently scheduled to be discontinued, authorities have also highlighted that users of EURIBOR should be prepared for all scenarios, including the possible disappearance of EURIBOR.

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 Five year Swap Rate, as Original Reference Rate, does not appear on the Reset Screen Page, the Conditions provide for the Reset Coupon Rate to be calculated by the Calculation Agent by reference to quotations from the five leading swap dealers in the Eurozone interbank market communicated to the Calculation Agent.

If no quotations are provided, the Five year Swap 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 Five year Swap Rate for the immediately preceding Reset Period and (ii) in the case of the Reset Period commencing on the First Reset Date, -0.271 per cent. per annum. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from five leading swap dealers in the Eurozone interbank market, 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.

If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Advisor. Benchmark Events include (amongst other events) permanent discontinuation of the Original Reference Rate. At such time, the Independent Advisor 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 Advisor, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, after consultation with the Calculation Agent, without any requirement for consent or approval of the holders of Securities.

If a Successor Rate or Alternative Rate is determined by the Independent Advisor, the Conditions also provide that the Independent Advisor may determine in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, which Adjustment Spread shall then be applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, (ii) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Advisor, determines is customarily applied to the relevant Successor Rate or 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, (iii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Advisor 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) or (iv) (if the Independent Advisor determines that no such industry standard is recognised or acknowledged) the Independent Advisor determines to be appropriate.

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.

Furthermore, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with the Conditions, the ultimate fallback of interest for a particular Coupon Period may result in the Reset Coupon Rate becoming a fixed interest rate, being the interest rate applicable as at the last preceding Reset Coupon Determination Date or, if there has not been a preceding Reset Coupon Determination Date, the Reset Coupon Rate shall be equal to the First Fixed Coupon Rate (1.500 per cent. per annum). This could potentially lead to the Issuer having a conflict of interest in respect of the appointment by it of the Independent Adviser. Any of these consequences could have a material adverse effect on the value of and return on the Securities.

In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Advisor (including the possibility that a license or registration may be required for such agent or any administrator under the applicable legislation), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Securities.

Risks related to the holding of the Securities

23. Dutch Withholding Tax Act 2021

Pursuant to the Withholding Tax Act 2021 (*Wet bronbelasting 2021*) which entered into force in the Netherlands on January 1, 2021, as of this date, Dutch withholding tax may be imposed on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity to the Issuer, if such entity (i) is considered to be resident (*gevestigd*) in 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 for another person, or (iv) is not considered to be the recipient of the interest in its jurisdiction of residence because such jurisdiction treats another (lower tier) entity as the recipient of the interest (a hybrid mismatch), or (v) is not treated as resident anywhere (also a hybrid mismatch), all within the meaning of the Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

Generally, an entity is considered an affiliated (*gelieerde*) entity if (i) it has a qualifying interest in the Issuer, (ii) the Issuer has a qualifying interest in the entity or (iii) a third party has qualifying interest in both the Issuer and the entity. Generally, the term “qualifying interest” means a direct or indirectly held interest, individually or jointly as part of a collaborating group (*samenwerkende groep*), that gives the holder of such interest definite influence over the decisions of the entity in which the interest is held and allows determination of its activities.

If any withholding or deduction is made for or on account of withholding tax imposed by the Netherlands due to the application of the Withholding Tax Act 2021, payments by the Issuer to certain holders of Securities (as defined below) may be affected given that the Issuer does not have to pay any additional amounts in respect hereof, pursuant to the exclusion in paragraph (ii) of "Terms and Conditions of the Securities - Taxation". Consequently, in such event the affected holders of Securities will only be entitled to receive interest payments under the Securities net; meaning that the amount of the payment due from the Issuer will be made after any withholding or deduction is made for or on account of withholding tax imposed by the Netherlands due to the application of the Withholding Tax Act 2021 (*Wet bronbelasting 2021*) and will not be increased to an amount which after the withholding or deduction leaves an amount equal to the payment which would have been due if no such withholding or deduction had been required. See Condition 10 "Terms and Conditions of the Securities - Taxation". Potential investors should consult their professional advisers as to the tax consequences of the introduction of the Withholding Tax Act 2021 (*Wet bronbelasting 2021*) in Dutch law in relation to their investment in the Securities.

24. *Securities with denominations which are not integral multiples of less than EUR 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 EUR 100,000 that are not integral multiples of EUR 100,000. 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 admission of the Securities to trading on a regulated market

25. *There is no active trading market for the Securities*

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 to Euronext Amsterdam for the Securities to be admitted to the official list and trading on its regulated market, 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. Any such absence of an active trading market could limit the ability of a Holder to sell any Securities which could have a material adverse effect on the value of the Securities.

Risks related to the market generally

26. *The value of the Securities may fluctuate as a consequence of macroeconomic factors*

The value of the Securities may move up and down between their date of purchase and their maturity date. Securityholders may sustain a total loss of their investment depending on the factors stated below. Prospective purchasers should therefore ensure that they understand fully the nature of the Securities before they invest in the Securities.

Several macroeconomic factors which are beyond the Issuer's control will influence the value of the Securities at any time, including (but not limited to) the following:

- (a) *General economic conditions.* The market for debt securities is influenced by economic and market conditions, interest rates, currency exchange rates and inflation rates in Europe and other countries and areas. There can be no assurance that events occurring elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Securities or that economic and market conditions will not have any other adverse effect.
- (b) *Interest Rates.* Investors in Securities are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Securities. Investments in the Securities may involve interest rate risk with respect to the currency of denomination of the Securities. A variety of factors influences interest rates such as macro-economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Securities.
- (c) *Exchange Rates.* Even where payments in respect of the Securities are not expressly linked to a rate or rates of exchange between currencies, the value of the Securities could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Securities is to be made, appreciation or depreciation of any such currencies and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates at the date of issue of any Securities will be representative of the relevant rates of exchange used in computing the value of the relevant Securities at any time thereafter.

27. *The credit rating of the Securities may be downgraded*

The value of the Securities may be affected by the credit rating of the Securities. The Securities have been assigned a credit rating of "BBB" by S&P, and any downgrade in such rating could adversely affect the trading price of the Securities.

Other risk related to the Securities

28. *Potential Conflicts of Interest*

The Issuer and its affiliates may engage in trading activities (including hedging activities) related to any Securities and any other instruments or derivative products for their proprietary accounts or for other accounts under their management. The Issuer and its affiliates may also issue other derivative instruments in respect of or related to any Securities. The Issuer and its affiliates may carry out activities that minimise its and/or their risks related to the Securities, including effecting transactions for their own account or for the account of their customers. Any such activities may lead to conflicts of interest between the Issuer, the Calculation Agent and the Securityholders, including (but not limited to) with respect to certain determinations and judgments that the Calculation Agent may make pursuant to the Conditions that may influence any interest amount due on, and for the amount receivable upon redemption of, the Securities. As the Calculation Agent, which is the agent of the Issuer and not the agent of the Securityholders, has discretion to make such determinations and judgments, such conflicts of interest could adversely affect the interest amount due on, and for the amount receivable upon redemption of, the Securities and/or have an adverse effect on the trading price of the Securities.

OVERVIEW

This general description of the key features of the Securities must be read as an introduction to this Prospectus and any decision to invest in the Securities should be based on a consideration of the Prospectus as a whole, including any information incorporated by reference. The following does not purport to be complete and is taken from, and is qualified by, the remainder of this Prospectus.

Words and expressions defined in the "Terms and Conditions of the Securities" below or elsewhere in this Prospectus have the same meanings in this section.

Issuer:	Stedin Holding N.V.
Legal Entity Identifier (LEI):	724500R5IP6TFKTNRU48
The Securities:	EUR 500,000,000 Perpetual Fixed Rate Reset Securities
Joint Bookrunners	ING Bank N.V., NatWest Markets N.V., MUFG Securities (Europe) N.V. and Coöperatieve Rabobank U.A.
Fiscal Agent and Calculation Agent:	ABN AMRO Bank N.V.
Issue Price:	100.000 per cent.
Form of Securities, Initial Delivery of Securities and Clearing Systems:	The Securities will initially be represented by a Temporary Global Security, without interest coupons, which will be deposited with a common depository on behalf of the Clearstream Banking, S.A. (" Clearstream, Luxembourg ") and Euroclear Bank SA/NV (" Euroclear ") systems on or about 31 March 2021. The Temporary Global Security will be exchangeable for interests in a Permanent Global Security, without interest coupons, on a date not earlier than 40 days after the Closing Date, 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 EUR 100,000 and integral multiples of EUR 1,000 in excess thereof in the limited circumstances set out in it. No definitive Securities will be issued with a denomination above EUR 199,000. Also see " <i>Summary of Provisions relating to the Securities in Global Form</i> ".
No fixed maturity:	The Securities are perpetual securities in respect of which there is no fixed redemption date.
Denominations:	EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. Also see " <i>Form of Securities, Initial Delivery of Securities and Clearing Systems</i> " above.
Status of the Securities:	The Securities will constitute unsecured and subordinated obligations of the Issuer as described in " <i>Terms and Conditions of the Securities — Status and Subordination</i> ". Also see " <i>Terms and Conditions of the Securities — Winding-up</i> ".
Interest:	From (and including) 31 March 2021 until (but excluding) 31 March 2027, the Securities will bear interest at a rate of

1.500 per cent. per annum, payable annually in arrear on 31 March of each year, commencing on 31 March 2022.

Thereafter, unless previously redeemed, the Securities, from (and including) 31 March 2027 to (but excluding) the date on which they are redeemed, will bear interest at a rate per annum which shall be the aggregate of the applicable Margin (which means (i) in respect of each Coupon Period from and including the First Reset Date to but excluding the First Step-up Date: 1.771 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: 2.021 per cent. per annum (including a 0.25 per cent. 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: 2.771 per cent. per annum (including a further 0.75 per cent. step-up) and the Five year Swap Rate determined on the second TARGET Business Day prior to the beginning of each Reset Period (as defined in the Terms and Conditions), payable annually in arrear on 31 March of each year. See also "*Terms and Conditions of the Securities – Coupon Payments*".

Interest Deferral and payment of Arrears of Interest:

The Issuer may at its discretion and upon giving notice elect to defer payment of interest on the Securities, see "*Terms and Conditions of the Securities - Deferral of Interest*".

Any amounts so deferred shall constitute Arrears of Interest. Arrears of Interest shall themselves bear interest at the rate applicable to the Securities. The Issuer may upon giving notice pay outstanding Arrears of Interest, in whole but not in part, at any time. 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 tenth (10) Business Day following the occurrence of a Mandatory Payment Event (as defined in the Terms and Conditions); or
- (ii) the Coupon Payment Date in respect of which the Issuer has not elected to defer in whole payment of the relevant scheduled interest; or
- (iii) the date on which the Securities are redeemed (in whole, but not in part) in accordance with Condition 3 (*Winding-up*), Condition 6(b) (*Optional redemption by the Issuer*), Condition 6(c) (*Make-whole redemption by the Issuer*), Condition 6(d) (*Redemption for Taxation Reasons*), Condition 6(e) (*Redemption for Accounting Reasons*), Condition 6(f) (*Redemption for Rating Reasons*) or Condition 6(g) (*Redemption following exercise of Clean-up call*) all as described in "*Terms and Conditions of the Securities – Deferral of Interest*".

Optional Redemption:	The Securities may be redeemed at the option of the Issuer at any time upon the giving of notice at their principal amount (together with accrued but unpaid interest and all Arrears of Interest and Additional Amounts, if any) at any time from the First Call Date to (and including) the First Reset Date and thereafter on any Coupon Payment Date. Furthermore, the Securities may be redeemed at the option of the Issuer for tax, accounting and rating reasons or upon the exercise of the Clean-up Call or the Make-whole Redemption, see " <i>Terms and Conditions of the Securities — Redemption and Purchase</i> " for more detail on the terms applicable to such redemption including the basis for calculating the redemption amounts payable.
Exchange or Modification of the Securities:	In the event of a Withholding Tax Event, a Tax Deduction Event, an Accounting Event or a Rating Event, the Issuer may, as is reasonably necessary, and without the consent of the Holders (and the Holders hereby irrevocably agree in advance that the Issuer may do so without any further consent of the Holders being required), in respect of all, but not some only, of the Securities, exchange, or modify the Conditions of, the Securities so that such event no longer exists after such exchange or modification. Any such exchange or modification of the Securities is subject to certain conditions as described in Condition 7 (<i>Exchange or Modification of the Securities</i>).
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 " <i>Terms and Conditions of the Securities — Taxation</i> ".
Governing Law:	Dutch law.
Ratings:	The Securities will on issue be rated BBB by S&P. 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.
Listing and Admission to Trading:	Application has been made to list the Securities on the regulated market of Euronext Amsterdam.
Selling Restrictions:	European Economic Area, the United States and the United Kingdom, see " <i>Subscription and Sale</i> ". The Issuer is Category 1 for the purposes of Regulation S under the U.S. Securities Act of 1933, as amended. The TEFRA D Rules shall apply.
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 " <i>Risk Factors</i> ".

Use of Proceeds: The net proceeds of the issue of the Securities, expected to amount to approximately EUR 497,750,000, will be applied by the Issuer for its general corporate purposes.

ISIN: XS2314246526

Common Code: 231424652

CFI: DBFXPB, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

FISN: STEDIN HOLDING/1.5BD PERP SUB REST, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

INFORMATION INCORPORATED BY REFERENCE

The following documents published or issued on or prior to the date hereof have been filed with the AFM and are incorporated into, and form part of, this Prospectus:

- (a) English translation of the most recent Articles of Association (*statuten*) of the Issuer and which can be obtained from:

<https://www.stedingroep.nl/-/media/project/groep/files/articles-of-association-stedin-holding-nv.pdf>

- (b) the audited consolidated and company financial statements (including the notes thereto) of the Issuer in respect of the year ended 2020, the auditor's report thereon and certain other information (set out on pages 143 up to and including 224 of the 31 December 2020 annual reports of the Issuer (in English)) (the "**2020 Financial Statements**") and which can be obtained from:

https://annualreport.stedingroup.com/2020/xmlpages/resources/TXP/stedin_groep_verslag_2020/pdf/Stedin_Groep_Annual_Report_2020.pdf

- (c) the audited consolidated and company financial statements (including the notes thereto) of the Issuer in respect of the year ended 31 December 2019, the auditor's report thereon and certain other information (set out on pages 115 up to and including 199 of the 31 December 2019 annual report of the Issuer (in English)) (the "**2019 Financial Statements**") and which can be obtained from:

https://annualreport.stedingroup.com/2019/xmlpages/resources/TXP/stedin_groep_verslag_2019/pdf/Stedin_Groep_Annual_Report_2019.pdf

Copies of the documents specified above as containing information incorporated by reference in this Prospectus may be obtained, free of charge, at the Issuer's head office, Blaak 8, 3011 TA Rotterdam, The Netherlands and will be published in electronic form on <https://www.stedingroep.nl/eng/investor-relations>. The consolidated and company financial statements of the Issuer are published in Dutch and English language versions. In case of any discrepancy between both language versions, the Dutch version prevails.

Information on the aforementioned website does not form part of this Prospectus and may not be relied upon in connection with any decision to invest in the Securities. The other information included on or linked to through this website or in any website referred to in this Prospectus or in any document incorporated by reference into this Prospectus does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

Any information contained in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus.

TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the Terms and Conditions of the Securities which (subject to completion and amendment) will be endorsed on each Security in definitive form:

The EUR 500,000,000 Perpetual Fixed Rate Reset Securities (the "**Securities**", which expression includes any further securities issued pursuant to Condition 17 (*Further Issues*) and forming a single series therewith) of Stedin Holding N.V. (the "**Issuer**") are the subject of an issue and paying agency agreement dated 31 March 2021 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, ABN AMRO Bank N.V. as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Securities) and as calculation agent (in such capacity the "**Calculation Agent**", which expression includes any successor calculation agent appointed from time to time in connection with the Securities) and the other paying agent named therein (together with the Fiscal Agent, the "**Agents**", which expression includes any successor or additional Agents appointed from time to time in connection with the Securities). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Securities (the "**Securityholders**" or "**Holder**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Holders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Fiscal Agent and of the other Paying Agent to be appointed, the initial Specified Offices of the Fiscal Agent is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

The Securities are serially numbered (in the case of Definitive Securities) and in bearer form in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to (and including) EUR 199,000, each with Coupons attached at the time of issue. No definitive Securities will be issued with a denomination above EUR 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 will pass 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 other interest therein, any writing thereon, or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

2. STATUS AND SUBORDINATION

This Condition 2 (*Status and Subordination*) is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors referred to in paragraph (3) of Condition 3 (*Winding-up*) and each such creditor may rely on and enforce this Condition 2 (*Status and Subordination*) under Section 6:253 of the Dutch Civil Code (*Burgerlijk Wetboek*).

(a) Status

The Securities, together with interest accrued thereon, including any Arrears of Interest, constitute unsecured and subordinated obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves.

(b) Subordination

The rights and claims of the Holders and Couponholders against the Issuer under the Securities in respect of the principal amounts due and payable on redemption and any Arrears of Interest and any other sum payable in respect of or arising under the Securities are subordinated on a Winding-up in accordance with the provisions of Condition 3 (*Winding-up*).

(c) Set-off

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities or the Coupons, whether arising prior to or after any Winding-up, and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off, compensation or retention.

3. WINDING-UP

The rights and claims of the Holders and Couponholders will be subordinated in right of payment in the event of a Winding-up of the Issuer, and will rank, subject to any rights or claims which are mandatorily preferred by law:

(A) from (and including) the Issue Date to (but excluding) the occurrence of a Change in Ranking (as defined below):

- (1) in priority to any rights and claims in respect of distributions and liquidation payments in respect of any ordinary shares and preference shares, if any, in the capital of the Issuer and any other present or future security or other instrument of the Issuer under which the Issuer's obligations rank or are expressed to rank *pari passu* with the ordinary shares or preference shares, if any, in the capital of the Issuer;
- (2) *pari passu* with the rights and claims of holders of all Parity Obligations;
- (3) junior to the claims of all unsubordinated creditors, present and future, of the Issuer and to all subordinated creditors of the Issuer other than those whose claims (whether only in the event of a Winding-up of the Issuer or otherwise) rank *pari passu* with or junior to the claims of the Holders of the Securities, or

(B) if so decided by the Issuer in its sole discretion and subject to the Issuer giving not less than 14 days' notice to the Holders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), after redemption in full of the 2014 Hybrid Securities:

- (1) in priority only to any rights and claims in respect of distributions and liquidation payments in respect of any ordinary shares in the capital of the Issuer and any other present or future security or other instrument of the Issuer under which the Issuer's obligations rank or are expressed to rank *pari passu* with the ordinary shares in the capital of the Issuer;
- (2) *pari passu* with the rights and claims of holders of all Parity Obligations (including preference shares, if any, in the capital of the Issuer);
- (3) junior to the claims of all unsubordinated creditors, present and future, of the Issuer and to all subordinated creditors of the Issuer other than those whose claims (whether only in the event of a Winding-up of the Issuer or otherwise) rank *pari passu* with or junior to the claims of the Holders of the Securities,

(a "**Change in Ranking**")

so that in the event of a Winding-up amounts due and payable in respect of the Securities shall be paid by the Issuer only after all of the creditors of the Issuer referred to in paragraph (A)(3) and (B)(3), as applicable, in this Condition 3 (*Winding-up*) have been reimbursed or paid in full and the Holders irrevocably waive their right to be treated equally with all such creditors of the Issuer in such circumstances.

Notwithstanding any other provision of this Condition 3 (*Winding-up*), no Change in Ranking may occur if in the reasonable determination of the Issuer a Change in Ranking could reasonably be

expected to cause (i) an Accounting Event, a Rating Event, a Loss in Equity Credit, a Tax Deduction Event or a Withholding Tax Event to occur or Additional Amounts to become payable by the Issuer or (ii) immediately after a Change in Ranking, the Securities not being assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Securities immediately prior to the occurrence of a Change in Ranking.

4. DEFERRAL OF INTEREST

(a) Deferral of Payments

- (i) The Issuer may, if it so elects and in its sole discretion, by giving not less than 10 Business Days' notice prior to the relevant Coupon Payment Date to the Holders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent and the Calculation Agent (which notices shall be irrevocable), defer all or part of any Payment (including in relation to any Payment previously deferred) that is due on such date in respect of the Securities.
- (ii) Any such deferral shall not constitute a default by the Issuer for any purpose. Any interest not paid on a Coupon Payment Date shall remain due and shall (except to the extent such interest shall subsequently have been paid) constitute "**Arrears of Interest**", which, at the option of the Issuer (but subject as described in Condition 4(b) (*Compulsory Payments*)), may be paid by the Issuer (in whole but not in part) at any time by giving not less than 10 Business Days' notice prior to the relevant Deferred Coupon Payment Date to the Holders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent and the Calculation Agent (which notices shall be irrevocable) informing them of its election to so satisfy such Payment and specifying the relevant Deferred Coupon Payment Date.
- (iii) In addition, Arrears of Interest themselves shall itself bear interest from, and including, the date on which (but for such deferral) the Arrears of Interest would otherwise have been due to be paid to, but excluding, the relevant date of payment of that Arrears of Interest as if it were principal of the Securities, at the prevailing Coupon Rate. Any reference in these Conditions to Arrears of Interest shall be deemed to include interest accrued on Arrears of Interest.

(b) Compulsory Payments

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 tenth (10) Business Day following the occurrence of a Mandatory Payment Event;
- (ii) the Coupon Payment Date in respect of which the Issuer has not elected to defer in whole payment of the relevant scheduled interest; or
- (iii) the date on which the Securities are redeemed (in whole, but not in part) in accordance with Condition 3 (*Winding-up*), Condition 6(b) (*Optional redemption by the Issuer*), Condition 6(c) (*Make-whole redemption by the Issuer*), Condition 6(d) (*Redemption for Taxation Reasons*), Condition 6(e) (*Redemption for Accounting Reasons*), Condition 6(f) (*Redemption for Rating Reasons*) or Condition 6(g) (*Redemption following exercise of Clean-up call*).

5. COUPON PAYMENTS

(a) Coupon Payment Dates

The Securities bear interest from, and including, the Issue Date (subject to Condition 4(a) (*Deferral of Payments*)), 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 will continue to bear interest at the prevailing Coupon Rate in accordance with this Condition (both before and after judgment) until

whichever is the earlier of (a) the day on which all sums due and payable in respect of such Security up to that day are received by or on behalf of the relevant Holder and (b) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is any subsequent default in payment).

(b) Coupon Rate

- (i) The Coupon Rate payable in respect of the Securities for the First Fixed Rate Period (the "**First Fixed Coupon Rate**") will be 1.500 per cent. per annum. The Coupon Amount in respect of each such Coupon Period will amount to EUR 15.00 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 be the rate calculated by the Calculation Agent to be the aggregate of the Five year Swap Rate and the applicable Margin.

"**Five year Swap Rate**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count fraction basis (as construed in accordance with the ISDA Definitions)) of a fixed-for-floating Euro interest rate swap transaction which has a term equal to a period of five years commencing on the relevant Reset Date and which is in an amount equal to the principal amount of the Securities then outstanding that is representative of a single transaction in the swap market two business days prior to the beginning of the relevant Reset Period with an acknowledged dealer of good credit in the swap market, and where the floating leg, calculated on an Actual/360 day count basis (as construed in accordance with the ISDA Definitions) is for a period of 6 months and which appears on Reuters screen (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) (the "**Reset Screen Page**") designated "ISDAFIX2" under the heading "EURIBOR BASIS" and above caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time) as of 11:00 a.m. (Brussels time) on the second TARGET Business Day (the "**Reset Coupon Determination Date**") prior to the beginning of the relevant Reset Period.

"**Margin**" means (i) in respect of each Coupon Period from and including the First Reset Date to but excluding the First Step-up Date: 1.771 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: 2.021 per cent. per annum (including a 0.25 per cent. 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: 2.771 per cent. per annum (including a further 0.75 per cent. step-up);

If all or any of such rates do not appear on the Reset Screen Page on the Reset Coupon Determination Date at approximately that time, other than as a result of the occurrence of a Benchmark Event, the Five year Swap Rate will be the rate calculated by the Calculation Agent to be the percentage rate determined by:

- (1) requesting the principal Eurozone office of each of five leading swap dealers in the Eurozone interbank market to provide a mid-market annual swap rate quotation at approximately 11.00 a.m. (Brussels time) on the Reset Coupon Determination Date. For this purpose, the "**mid-market annual swap rate**" means the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count fraction basis (as construed in accordance with the ISDA Definitions), of a fixed-for-floating Euro interest rate swap transaction with a term equal to a period of five years commencing on the relevant Reset Date and which is in an amount equal to the principal amount of the Securities then outstanding that is representative of a single transaction in the swap market on the Reset Coupon Determination Date with an acknowledged dealer of good credit in the swap market, and which where the floating leg, calculated on an Actual/360 day count fraction basis (as construed in accordance with the ISDA Definitions), is for a

period of 6 months, provided that if at least three such quotations are provided, 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) will be eliminated;

- (2) determining the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth, 0.000005 being rounded upwards) of such quotations,

noting that if no quotations are provided, the Five year Swap 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 Five year Swap Rate for the immediately preceding Reset Period and (ii) in the case of the Reset Period commencing on the First Reset Date, -0.271 per cent. per annum.

The amount of interest payable on each Coupon Payment Date shall be calculated by applying the Coupon Rate to the Calculation Amount and multiplying the product by the fraction (the "**Day Count Fraction**") determined on the basis of the 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, and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Security divided by the Calculation Amount.

If an amount of interest is required to be paid in respect of a Security during the Fixed Rate Period for a period ending on a date that is not a Coupon Payment Date, such interest shall be calculated by applying the Coupon Rate to the Calculation Amount and multiplying the product by the Day Count Fraction.

- (c) Publication of Coupon Rate per Reset Period and Coupon Amount per Coupon Period in a Reset 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, any other paying agent appointed in relation to the Securities 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 Reset 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 Reset 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 amount of interest calculated by reference to 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 default, wilful misconduct, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, any other paying agent appointed in relation to the Securities, the Holders and the Couponholders 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) Benchmark discontinuation

If a Benchmark Event occurs in relation to the Original Reference Rate when the Reset Coupon Rate (or any component part thereof) for any Coupon Period remains to be determined by reference to the Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Advisor, as soon as reasonably practicable, to determine a Successor Rate, failing

which an Alternative Rate (in accordance with this Condition 5(e)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 5(e)(iii)) and any Benchmark Amendments (in accordance with Condition 5(e)(iv)).

In the absence of bad faith or fraud, the Independent Advisor shall have no liability whatsoever to the Issuer, the Agents or the Securityholders for any determination made by it pursuant to this Condition 5(e).

- (i) If (i) the Issuer is unable to appoint an Independent Advisor or (ii) the Independent Advisor appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(e) prior to the relevant Reset Coupon Determination Date, the Original Reference Rate applicable to the immediate following Coupon Period shall be the Original Reference Rate applicable as at the last preceding Reset Coupon Determination Date. If there has not been a preceding Reset Coupon Determination Date, the Reset Coupon Rate shall be equal to the First Fixed Coupon Rate. For the avoidance of doubt, any adjustment pursuant to this Condition 5(e) shall apply to the immediately following Coupon Period only. Any subsequent Coupon Period may be subject to the subsequent operation of this Condition 5(e).
- (ii) If the Independent Advisor determines in its discretion that:
 - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the Reset Coupon Rate for the immediately following Coupon Period and all following Coupon Periods, subject to the subsequent operation of this Condition 5(e); or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(e)(iii)) subsequently be used in place of the Original Reference Rate to determine the Reset Coupon Rate for the immediately following Coupon Period and all following Coupon Periods, subject to the subsequent operation of this Condition 5(e).
- (iii) If the Independent Advisor determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).
- (iv) If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(e) and the Independent Advisor determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent, subject to giving notice thereof in accordance with Condition 5(e)(v), without any requirement for the consent or approval of relevant Securityholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent and the Calculation Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(e)).
- (v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(e) will be notified promptly by the Issuer to the Agents and, in accordance with Condition 16 (*Notices*), the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

- (vi) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
 - (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(e); and
 - (B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.
- (vii) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Agents and the Securityholders.
- (viii) Notwithstanding any other provision of this Condition 5(e), 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 or a Loss of Equity Credit to occur.

6. REDEMPTION AND PURCHASE

(a) No Maturity Date

The Securities are perpetual securities and have no fixed maturity date. The Issuer shall only have the right to redeem the Securities in accordance with this Condition 6 (*Redemption and Purchase*).

(b) Optional redemption by the Issuer

The Securities will be redeemable at the option of the Issuer, in whole but not in part, at any time from (and including) the First Call Date to (and including) the First Reset Date and thereafter on any Coupon Payment Date, 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' notice to the Holders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent (all of which notices shall be irrevocable).

(c) Make-whole redemption by the Issuer

The Issuer may redeem the Securities in whole, but not in part, at any time other than during the period from and including the First Call Date to and including the First Reset Date or upon any subsequent Coupon Payment Date at the Make-whole Redemption Amount, upon giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent (all of which notices shall be irrevocable) specifying the date fixed for redemption (the "**Make-whole Redemption Date**") (the "**Make-whole Redemption**").

(d) Redemption for Taxation Reasons

(i) The Issuer may redeem the Securities in whole, but not in part, upon not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent (all of which notices shall be irrevocable) by reason of a Withholding Tax Event, provided that:

- (A) such Withholding Tax Event cannot be avoided by the Issuer taking reasonable measures available to it;

- (B) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts if a payment in respect of the Securities were then due; and
 - (C) prior to giving any such notice, the Issuer has provided to the Fiscal Agent an opinion in writing from a reputable firm of lawyers of good standing and addressed to the Issuer, confirming that the Issuer would be required to pay Additional Amounts upon the next due date for a payment in respect of the Securities by reason of the occurrence of one of the events set out in (i), (ii) or (iii) of the definition of Withholding Tax Event.
- (ii) The Issuer may also redeem the Securities in whole, but not in part, upon not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent (all of which notices shall be irrevocable) by reason of a Tax Deduction Event, provided that:
- (A) such Tax Deduction Event cannot be avoided by the Issuer taking reasonable measures available to it;
 - (B) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which interest payments under the Securities will no longer be tax deductible by the Issuer for Dutch corporate income tax purposes; and
 - (C) prior to giving any such notice, the Issuer has provided to the Fiscal Agent an opinion in writing from a reputable firm of lawyers of good standing and addressed to the Issuer confirming that interest payments under the Securities are or will no longer be tax-deductible by the Issuer for Dutch corporate income tax purposes by reason of the occurrence of one of the events set out in (i), (ii) or (iii) of the definition of Tax Deduction Event.
- (iii) Upon a redemption upon the terms of (i) above, the Issuer will redeem the Securities at their principal amount, or (ii) above, the Issuer will redeem the Securities at (1) 101 per cent. of their principal amount, if such redemption occurs before the First Call Date or, (2) if such redemption occurs on or after the First Call Date, at their principal amount, in each case together with interest accrued thereon, including any Arrears of Interest, up to (but excluding) the redemption date, and together with any Additional Amounts.
- (e) **Redemption for Accounting Reasons**
- The Issuer may, at its option, redeem the Securities, in whole but not in part at (1) 101 per cent. of their principal amount, if such redemption occurs before the First Call Date or (2) if such redemption occurs on or after the First Call Date, at their principal amount, in each case together with accrued and unpaid interest to the date of redemption and all Arrears of Interest and Additional Amounts, if any, by reason of an Accounting Event in each case provided that:
- (i) the Issuer has given not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent (all of which notices shall be irrevocable); and
 - (ii) prior to giving any such notice, the Issuer has provided to the Fiscal Agent an opinion in writing from a recognised independent auditor and addressed to the Issuer, confirming that as a result of a change in accounting principles or methodology (or the application thereof) which have been officially adopted after the Issue Date (the earlier of such date that the aforementioned change is officially announced by the IFRS-IASB board or equivalent body of IFRS-EU or officially adopted or put into practice (the "**Accounting Event Adoption Date**"), the Issuer and/or the Group will no longer or may no longer classify the Securities as "equity" in the annual or the semi-annual consolidated accounts of the Group (an "**Accounting Event**").

The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on, and include, the Accounting Event Adoption Date. For the avoidance of doubt, such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect.

(f) Redemption for Rating Reasons

If, at any time a Rating Event occurs then the Securities will be redeemable, at the option of the Issuer, in whole but not in part.

Upon such redemption, the Issuer will redeem the Securities at (1) 101 per cent. of their principal amount, if such redemption occurs before the First Call Date or (2) if such redemption occurs on or after the First Call Date, at their principal amount, in each case together with accrued and unpaid interest to the date of redemption and all Arrears of Interest and Additional Amounts, if any, in each case upon giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent (all of which notices shall be irrevocable).

"Hybrid Methodology Change" means any amendment to, clarification of, or a change in hybrid capital methodology or the interpretation or the application thereof.

A **"Loss in Equity Credit"** occurs:

(x) if the Securities are no longer eligible (in whole or in part) for the same or a higher category of "equity credit" (or such similar nomenclature as may be used by a Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of the Issuer's senior obligations) attributed to the Securities on the date on which such Rating Agency attributed to the Securities such category of "equity credit" for the first time; or

(y) if the period of time during which a Rating Agency attributes to the Securities a particular category of "equity credit" would be shortened as compared to the period of time for which such Rating Agency did attribute to the Securities that category of "equity credit" on the date on which such Rating Agency attributed to the Securities such category of "equity credit" for the first time.

"Rating Agency" means S&P Global Rating Europe Limited ("**S&P**"), or any other rating agency of international standing from which the Issuer receives a Solicited Rating, as specified from time to time by the Issuer, and, in each case their respective subsidiaries or successors;

A **"Rating Event"** will occur if either:

- (i) any Rating Agency publishes any Hybrid Methodology Change, as a result of which a Loss in Equity Credit for the Securities occurs; or
- (ii) any Rating Agency publishes any Hybrid Methodology Change which would have resulted in a Loss in Equity Credit for the Securities had the "equity credit" attributed to the Securities not changed previously because the Securities had been partially or fully refinanced; or
- (iii) the Issuer has received, and has provided the Fiscal Agent with a copy of, a written confirmation from any Rating Agency from which the Issuer is assigned a Solicited Rating that due to a Hybrid Methodology Change a Loss in Equity Credit for the Securities has occurred.

"Solicited Rating" means a rating assigned by a rating agency with whom the Issuer has a contractual relationship pursuant to which the Securities are assigned a credit rating and an equity credit.

(g) 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 the Issuer 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 17 (*Further Issues*).

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' notice to the Holders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent (all of which notices shall be irrevocable).

(h) Purchases

The Issuer may at any time purchase Securities in the open market or otherwise and at any price. Securities purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be surrendered to the Fiscal Agent or any paying agent appointed in relation to the Securities for cancellation in accordance with Condition 6(i) (*Cancellation*) 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 Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 14 (*Meeting of Securityholders and Modification*).

(i) Cancellation

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

(j) 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 this Condition 6, subject to the Issuer giving notice to the Holders of such waiver in accordance with Condition 16 (*Notices*).

7. EXCHANGE OR MODIFICATION OF SECURITIES

In the event of a Withholding Tax Event, a Tax Deduction Event, an Accounting Event or a Rating Event, the Issuer may, as is reasonably necessary, and without the consent of the Holders (and the Holders hereby irrevocably agree in advance that the Issuer may do so without any further consent of the Holders being required), in respect of all, but not some only, of the Securities, exchange, or modify the Conditions of, the Securities so that such event no longer exists after such exchange or modification. The Issuer may combine a substitution of itself as issuer pursuant to Condition 15 (*Substitution of the Issuer*) with such exchange or modification pursuant to this Condition 7 if all provisions of this Condition 7 and Condition 15 (*Substitution of the Issuer*) are satisfied. Any such exchange or modification of the Securities is conditional upon the exchanged or modified Securities having terms such that:

- (i) they are not less favourable to the Holders than the terms of the Securities prior to such exchange or modification, including the same tax treatment for the relevant Holder (as reasonably determined by the Issuer in consultation with an independent investment bank or counsel of international standing);
- (ii) they are, except for the modifications required to avoid such Withholding Tax Event, Tax Deduction Event, Accounting Event or Rating Event, substantially identical to the terms of the Securities (including without limitation in respect of the Coupon Rate(s), ranking at least *pari passu* with the Securities immediately prior to such exchange or modification, the date of the First Call Date, First Reset Date and Coupon Payment Dates);
- (iii) the Issuer is in compliance with all applicable regulatory requirements;
- (iv) either (A) the person having the obligations of the Issuer under the Securities continues to be the Issuer or (B) such person is another member of the Group and such obligations

are guaranteed by the Issuer, such that investors have the same material rights and claims as provided under the Securities;

- (v) the exchanged or modified Securities continue to be listed on an internationally recognised stock exchange as selected by the Issuer (provided that the Securities immediately prior to such exchange or modification were so listed prior to the occurrence of the Withholding Tax Event, Tax Deduction Event, Accounting Event or Rating Event);
- (vi) no detrimental change in any published rating of the Securities or of the Issuer is in effect at such time; and
- (vii) the exchanged or modified Securities shall not contain terms providing for the mandatory deferral or cancellation of interest or for loss absorption through principal write-down or conversion into ordinary shares of the Issuer.

The Conditions of the Securities may only be modified and the Securities may only be exchanged if (i) all accrued interest on the relevant Coupon Payment Date has been paid in full, including any Arrears of Interest and Additional Amounts (if any), and (ii) the exchange or modification does not itself give rise to a Withholding Tax Event, Tax Deduction Event, Accounting Event or Rating Event. The Issuer shall as soon as practicable give notice to the Holders of such modification in accordance with Condition 16 (*Notices*).

8. PAYMENTS

(a) Principal

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Securities at the Specified Office of the Fiscal Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) Interest

Payments of interest shall, subject to paragraphs (d) (*Deduction for unmatured Coupons*) below, be made only against presentation and, provided that payment is made in full, surrender of the appropriate Coupons at the Specified Office of the Fiscal Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) Payments subject to fiscal laws

All payments in respect of the Securities are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged to the Holders or Couponholders in respect of such payments.

(d) Deduction for unmatured Coupons

If a Security is presented without all unmatured Coupons relating thereto, then:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

- (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (Principal) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

- (e) Payments on business days

If the due date for payment of any amount in respect of any Security or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.

- (f) Partial payments

If a Fiscal Agent makes a partial payment in respect of any Security or Coupon presented to it for payment, such Fiscal Agent will endorse thereon a statement indicating the amount and date of such payment.

- (g) Exchange of Talons

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Securities, the talon forming part of such coupon sheet may be exchanged at the Specified Office of the Fiscal Agent for a further coupon sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void). Upon the due date for redemption of any Security, any unexchanged talon relating to such Security shall become void and no Coupon will be delivered in respect of such talon.

9. 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 within 14 days after the date upon which such amount became due; 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), 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. A Holder may at any time prove in the Winding-up of the Issuer, subject always to the ranking provided in Condition 2 (*Status and Subordination*).

Except as provided in this Condition 9 (*Enforcement Events*), 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 9 (*Enforcement Events*), any Holder may, at its discretion and, subject to any applicable laws, 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.

10. TAXATION

All payments of principal, interest, Arrears of Interest and Additional Amounts in respect of the Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or any political subdivision thereof or 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 shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Security or Coupon presented for payment:

- (i) by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Security or Coupon by reason of its having some connection with The Netherlands other than the mere holding of the Security or Coupon; or
- (ii) any taxes imposed, deducted or withheld pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*); or
- (iii) more than 30 days after the Relevant Date except to the extent that the holder of such Security or Coupon would have been entitled to such additional amounts on presenting such Security or Coupon for payment on the last day of such period of 30 days; or
- (iv) by or on behalf of a Holder who would not be liable or subject to such withholding or deduction if it were to comply with a statutory requirement or to make a declaration of non-residence or other similar claim for exemption and fails to do so.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

Any reference in these Conditions to principal or interest shall be deemed to include (i) any Arrears of Interest and (ii) any Additional Amounts in respect of principal, interest or Arrears of Interest (as the case may be) which may be payable under this Condition 10 (*Taxation*).

If the Issuer becomes subject at any time to any taxing jurisdiction other than The Netherlands, references in these Conditions to The Netherlands shall be construed as references to The Netherlands and/or such other jurisdiction.

11. PRESCRIPTION

Claims for principal, interest, Arrears of Interest and Additional Amounts on redemption shall become void unless Securities or Coupons are surrendered for payment within five years of the appropriate relevant due date.

12. REPLACEMENT OF SECURITIES AND COUPONS

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Securities and Coupons must be surrendered before replacements will be issued.

13. AGENTS

In acting under the Agency Agreement and in connection with the Securities, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor, fiscal agent or calculation agent and additional or successor paying agents; provided, however, that the Issuer shall (a) at all times maintain a fiscal agent and a calculation agent, (b) for so long as the Securities are listed on Euronext, 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 change in any of the Agents or in their Specified Offices shall promptly be given to the Securityholders.

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

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

14. MEETINGS OF SECURITYHOLDERS AND MODIFICATION

(a) Meeting of Securityholders

The Agency Agreement contains provisions for convening meetings of Securityholders to consider matters relating to the Securities, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened upon the request in writing of Securityholders holding not less than ten per cent. of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, two or more persons being or representing Securityholders whatever the principal amount of the Securities held or represented; provided, however, that certain proposals (including any proposal to change any date

fixed for payment of principal or interest in respect of the Securities, to reduce the amount of principal or interest payable on any date in respect of the Securities, to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of payments under the Securities or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**") may only be sanctioned by an Extraordinary Resolution passed at a meeting of Securityholders at which two or more persons holding or representing not less than two thirds or, at any adjourned meeting, one third of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Securityholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Securityholders who for the time being are entitled to receive notice of a meeting of Securityholders will take effect as if it were an Extraordinary Resolution. 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

The Securities and these Conditions may be amended without the consent of the Securityholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Securityholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, as reasonably determined by the Issuer in consultation with an independent investment bank or counsel of international standing, not materially prejudicial to the interests of the Securityholders.

15. 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, provided no payment of principal of or interest on any of the Securities has become due and payable but remained unpaid, be replaced and substituted by any directly or indirectly wholly owned Subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Securities provided that:

(i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (together the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor 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 Debtor 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 pursuant to which 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 10 (*Taxation*)) in respect of the Securities;

(ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the 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 10 (*Taxation*) with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor 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 Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the 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 Debtor and the Issuer under the 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 Debtor the Securities would continue to be listed on such stock exchange;
 - (v) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent;
 - (vi) 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 Documents (including the Guarantee) 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 Debtor for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent; and
 - (vii) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor 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 Debtor 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 15(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor 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 Documents referred to in Condition 15(a) above shall provide for such further amendment of the Terms and Conditions of the Securities as shall be necessary or desirable to ensure that the Securities constitute subordinated obligations of the Substituted Debtor, 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 (*Status and Subordination*), such that the Substituted Debtor will only be obliged to make payments of principal in respect of the Securities to the extent that the Issuer would have been so obliged under Condition 2 (*Status and Subordination*) of the Terms and Conditions had it remained as principal obligor under the Securities.
- (d) With respect to the Securities, the Issuer shall be entitled, by notice to the Holders given in accordance with Condition 16 (*Notices*), at any time to 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 to 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 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 Debtor 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 and 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 prior to release shall enure for the benefit of Holders.
- (f) The 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 Debtor by any Holder in relation to the Securities or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Holder to the production of the Documents for the enforcement of any of the Securities or the Documents.
- (g) Not later than 15 days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Holders in accordance with Condition 16 (*Notices*).

16. 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 Financiële Dagblad*) and if and for so long as the Securities are listed on Euronext, in such form as the rules of that exchange require. 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. Couponholders shall be deemed for all purposes to have been given notice of the contents of any notice given to Holders.

17. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders or the Couponholders, create and issue further Securities having the same terms and conditions in all respects (or in all respects except for the first payment of interest) and so that the same shall be consolidated and form a single series with the Securities.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- (a) The Agency Agreement, these Terms and Conditions, the Securities and the Coupons and any non-contractual obligations arising out of or in connection therewith 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 and the Couponholders to the jurisdiction of the court of first instance (*rechtbank*) 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 and the Coupons and any non-contractual obligations arising out of or in connection therewith may be brought in any other court of competent jurisdiction.

19. DEFINITIONS

In these Terms and Conditions:

"**2014 Hybrid Securities**" means the EUR 500,000,000 Perpetual Fixed Rate Reset Securities issued by the Issuer on 1 December 2014 (ISIN: XS1141810991);

"**Accounting Event**" has the meaning ascribed thereto in Condition 6(e)(ii) (*Redemption for Accounting Reasons*);

"Accounting Event Adoption Date" has the meaning ascribed thereto in Condition 6(e)(ii) (*Redemption for Accounting Reasons*);

"Adjustment Spread" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Advisor determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Securityholders as a result of the replacement of the Reset Coupon Rate with 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, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Advisor, determines is customarily applied to the relevant Successor Rate or 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 no such recommendation has been made, or in the case of an Alternative Rate) the Independent Advisor 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); or
- (iv) (if the Independent Advisor determines that no such industry standard is recognised or acknowledged) the Independent Advisor determines to be appropriate;

"Additional Amounts" has the meaning ascribed thereto in Condition 10 (*Taxation*);

"Agency Agreement" has the meaning ascribed thereto in the preamble;

"Agents" means the Fiscal Agent and the Calculation Agent;

"Alternative Rate" means an alternative to the Original Reference Rate which the Independent Advisor determines in accordance with Condition 5(e) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the same currency as the Securities;

"Arrears of Interest" has the meaning ascribed thereto in Condition 4(a) (*Deferral of Payments*);

"Benchmark Event" means:

- (i) the Original Reference Rate has ceased to be published on the Reset Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased, or will, by a specified date within the following six months, 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
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means that the Original Reference Rate will, by a specified date within the following six months, be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Securities; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, (i) the Original Reference Rate is no longer representative of an

underlying market or (ii) the methodology to calculate the Original Reference Rate has materially changed; or

- (vi) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Securityholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable);

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

"Calculation Agent" means ABN AMRO Bank N.V. as calculation agent in relation to the Securities, or its successor or successors for the time being appointed under the Agency Agreement;

"Calculation Amount" means EUR 1,000;

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

"Change in Ranking" has the meaning ascribed thereto in Condition 3 (*Winding-up*);

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

"Coupons" has the meaning ascribed thereto in the preamble;

"Couponholder" has the meaning ascribed thereto in the preamble;

"Coupon Amount" means the amount of interest payable on a Security for the relevant Coupon Period in accordance with Condition 5 (*Coupon Payments*) and for the purposes of Conditions 6(b) (*Optional redemption by the Issuer*), 6(c) (*Make-whole redemption by the Issuer*), 6(d) (*Redemption for Taxation Reasons*), 6(e) (*Redemption for Accounting Reasons*) and 6(f) (*Redemption for Rating Reasons*) and 6(g) (*Redemption following exercise of Clean-up call*) 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 Payments*);

"Coupon Payment Date" means each of (i) 31 March in each year, commencing 31 March 2022, (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;

"Day Count Fraction" has the meaning ascribed thereto in Condition 5(b) (*Coupon Rate*);

"Deferred Coupon Payment" means any Arrears of Interest which have not been satisfied;

"Deferred Coupon Payment 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(a) (*Deferral of Payments*); or
- (ii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(b) (*Compulsory Payments*);

"Enforcement Event" has the meaning ascribed thereto in Condition 9 (*Enforcement Events*);

"**Euronext**" means Euronext, the regulated market of Euronext Amsterdam N.V.

"**Extraordinary Resolution**" means (a) a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions of the Agency Agreement by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75 per cent. of the votes given on the poll or (b) a resolution in writing signed by or on behalf of all the Holders, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Holders;

"**First Call Date**" means 31 December 2026;

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

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

"**First Reset Date**" means 31 March 2027;

"**First Step-up Date**" means 31 March 2032;

"**Fiscal Agent**" has the meaning ascribed thereto in the preamble;

"**Five year Swap Rate**" has the meaning ascribed thereto in Condition 5(b) (*Coupon Rate*);

"**Group**" means the Issuer and its Subsidiaries from time to time;

"**Holder**" has the meaning ascribed thereto in the preamble;

"**Hybrid Methodology Change**" has the meaning ascribed thereto in Condition 6(f) (*Redemption for Rating Reasons*);

"**Independent Advisor**" means an independent financial institution of international repute or other independent financial advisor experienced in the international capital markets, in each case appointed by the Issuer at its own expense under Condition 5(e);

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (as amended and updated as at the Issue Date);

"**Issue Date**" means 31 March 2021;

"**Issuer**" means Stedin Holding N.V.;

"**Loss in Equity Credit**" has the meaning ascribed thereto in Condition 6(f) (*Redemption for Rating Reasons*);

"**Make-whole Redemption**" has the meaning ascribed thereto in Condition 6(c) (*Make-whole redemption by the Issuer*);

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

- (i) 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 (A) to the First Call Date, if the relevant Make-whole Redemption Date occurs prior to the First Call Date, or (B) to the next succeeding Coupon Payment Date, if the relevant Make-whole Redemption Date occurs after the First Reset Date, discounted, in each case, 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 Date" has the meaning ascribed thereto in Condition 6(c) (*Make-whole redemption by the Issuer*);

"Make-whole Redemption Margin" means 0.35 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);

"Mandatory Payment Event" means:

- (i) if the Issuer declares, resolves on, pays or distributes a dividend or makes a payment (other than a dividend in the form of shares) on any of the shares in its share capital, except where such dividend or payment was not discretionary under the terms of such shares;
- (ii) if the Issuer declares, pays or distributes a dividend or makes a payment on any Parity Obligations, except where such dividend or payment was not discretionary under the terms of such Parity Obligations;
- (iii) if the Issuer redeems, repurchases or otherwise acquires any of the shares in its share capital, other than (a) in connection with any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants, (b) as a result of the exchange or conversion of one class or series of capital stock for another class or series of capital stock, (c) as a result of any equity swap or asset swap or similar arrangement concluded by the Issuer with a third party or (d) where such redemption, repurchase or acquisition of such shares was not discretionary under the terms of such shares; or
- (iv) if the Issuer redeems, repurchases or otherwise acquires any Parity Obligations, except (a) for redemption of Parity Obligations on their scheduled maturity date, (b) for a conversion into or exchange for shares in the share capital of the Issuer, (c) if the Issuer offers to repurchase or otherwise acquire the Securities and Parity Obligations in whole or in part in a public tender and/or public exchange offer where the amounts of the Securities and Parity Obligations repurchased or acquired are at a consideration below their par value or (d) where such redemption, repurchase or acquisition of such Parity Obligations was not discretionary under the terms of such Parity Obligations;

"Margin" has the meaning ascribed thereto in Condition 5(b)(ii) (*Coupon Payments*);

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

"Parity Obligations" means:

- (i) prior to a Change in Ranking, any obligations of the Issuer which rank *pari passu* with the Securities, and any obligations guaranteed by the Issuer where the Issuer's obligations under the relevant guarantee rank *pari passu* with the Issuer's obligations under the Securities; and
- (ii) after a Change in Ranking, any obligations of the Issuer which rank *pari passu* with the Securities, any obligations guaranteed by the Issuer where the Issuer's obligations under the relevant guarantee rank *pari passu* with the Issuer's obligations under the Securities and preference shares, if any, in the capital of the Issuer;

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

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

"**Rating Agency**" has the meaning ascribed thereto in Condition 6(f) (*Redemption for Rating Reasons*);

"**Rating Event**" has the meaning ascribed thereto in Condition 6(f) (*Redemption for Rating Reasons*);

"**Reference Dealers**" means each of the four banks (that may include the Joint Bookrunners) 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 0.25% due February 2027 (ISIN: DE0001102416). If the 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 notified to the Holders in accordance with Condition 16 (*Notices*);

"**Relevant Date**" has the meaning ascribed thereto in Condition 10 (*Taxation*);

"**Relevant Make-whole Screen Page**" means Bloomberg screen page "PXGE" (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;

"**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;

"**Reset Coupon Determination Date**" has the meaning ascribed thereto in Condition 5(b)(ii) (*Coupon Payments*);

"**Reset Coupon Rate**" has the meaning ascribed thereto in Condition 5(b)(ii) (*Coupon Payments*);

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

"**Second Step-up Date**" means 31 March 2047;

"**Securities**" means the EUR 500,000,000 Perpetual Fixed Rate Reset Securities and such expression shall include, unless the context otherwise requires, any further Securities issued pursuant to Condition 17 (*Further Issues*) and forming a single series with the Securities, and "**Security**" means any of the Securities;

"**Securityholder**" has the meaning ascribed thereto 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 utilised, 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;

"**Solicited Rating**" has the meaning ascribed thereto in Condition 6(f) (*Redemption for Rating Reasons*);

"**Subsidiary**" means an entity of which a person has direct or indirect the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise or owns directly or indirectly more than 50% of the voting capital or similar right of ownership, but in all cases

excluding any entity in which a minority interest is held and over which entity the holder of such minority interest exercises joint control;

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

"TARGET Business Day" means any day on which the TARGET System is open or operating;

"TARGET System" 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;

"Tax Deduction Event" means the occurrence of an event as a result of which interest payments under the Securities were, but are 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,

which change, amendment or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date;

"Winding-up" means a situation where or the event that (i) an order is made or a decree or resolution is passed for the winding-up, liquidation (*ontbinding*) or dissolution (*vereffening*) of the Issuer, 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; and

"Withholding Tax Event" means the occurrence of an event as a result of which the Issuer would be required to pay Additional Amounts 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,

which change, amendment or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date.

There will appear at the foot of the Conditions endorsed on each Security in definitive form the names and Specified Offices of the Fiscal Agent as set out at the end of this Prospectus.

The following paragraphs in italics do not form part of the Terms and Conditions of the Securities to be issued under this Prospectus:

Intentions regarding redemption and repurchase of the Securities

The Issuer intends (without thereby assuming a legal obligation), that if it redeems or repurchases the Securities, it will so redeem or repurchase the Securities only to the extent that the aggregate principal amount of the Securities to be redeemed or repurchased does not exceed such part of the net proceeds

received by it or any of the Issuer's Subsidiaries from the sale or issuance, prior to the date of redemption, by it or any Subsidiary to third-party purchasers, other than a Group entity, of New Instruments unless:

- (i) the credit rating assigned by S&P to the Issuer is at least the same as or higher than the credit rating assigned to the Issuer on the date on when the most recent Hybrid Instrument was issued (excluding refinancings without net new issuance) and the Issuer is of the view that such credit rating would not fall below this level as a result of such redemption or repurchase; or
- (ii) in the case of a repurchase or a redemption, taken together with other relevant repurchases or redemptions of Hybrid Instruments of the Issuer, such repurchase or redemption is in an amount necessary to allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase or redemption to remain at or above the maximum aggregate principal amount of hybrid capital to which S&P would assign equity content under its prevailing methodology; or
- (iii) in the case of a repurchase or a redemption, taken together with other relevant repurchases or redemptions of Hybrid Instruments of the Issuer, such repurchase or redemption is less than (a) 10 per cent. of the aggregate principal amount of the Issuer's outstanding Hybrid Instruments in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the Issuer's outstanding Hybrid Instruments in any period of 10 consecutive years, provided that any such repurchase or redemption has no materially negative effect on the Issuer's credit profile; or
- (iv) the Securities are redeemed pursuant to Condition 3 (Winding-up), a Withholding Tax Event, Tax Deduction Event, Accounting Event or Rating Event (to the extent it is triggered by a change of methodology at S&P); or
- (v) the Securities are not assigned an "equity credit" (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase; or
- (vi) such redemption or repurchase occurs on or after 31 March 2047.

"Hybrid Instruments" means instruments that at the time of their sale or issuance have been and are continuing to be assigned "equity credit" (or such other nomenclature used by S&P from time to time);

"New Instruments" means instruments issued or sold by the Issuer or any of the Issuer's Subsidiaries for which the Issuer will receive "equity credit" (or such similar nomenclature used by S&P from time to time) from S&P, at the time of sale or issuance, that is equal to or greater than the "equity credit" for credit rating purposes attributed to the Securities at the time of their issuance (but taking into account any changes in hybrid capital methodology or the interpretation thereof since the issuance of the Securities).

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM

The Securities will initially be in the form of the Temporary Global Security which will be deposited on or around the Closing Date with a common depository for Euroclear and Clearstream, Luxembourg.

The Securities are not intended to be held in a manner which would allow Eurosystem eligibility.

The Temporary Global Security will be exchangeable in whole or in part for interests in the Permanent Global Security not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Security unless exchange for interests in the Permanent Global Security is improperly withheld or refused. In addition, interest payments in respect of the Securities cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Security will become exchangeable in whole, but not in part, for Securities in definitive form ("**Definitive Securities**") in the denomination of EUR 100,000 each at the request of the bearer of the Permanent Global Security against presentation and surrender of the Permanent Global Security to the Fiscal Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) if principal in respect of any Securities is not paid when due and payable.

So long as the Securities are represented by a Temporary Global Security or a Permanent Global Security and the relevant clearing system(s) so permit, the Securities will be tradeable only in the minimum authorised denomination of EUR 100,000 and higher integral multiples of EUR 1,000, notwithstanding that no Definitive Securities will be issued with a denomination above EUR 199,000.

Whenever the Permanent Global Security is to be exchanged for Definitive Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Securities, duly authenticated and with Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Security to the bearer of the Permanent Global Security against the surrender of the Permanent Global Security to or to the order of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Security and the Permanent Global Security will contain provisions which modify the Terms and Conditions as they apply to the Temporary Global Security and the Permanent Global Security. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Security and the Permanent Global Security will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Security or (as the case may be) the Permanent Global Security to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Securities. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Security or (as the case may be) the Permanent Global Security, the Issuer shall procure that the payment is noted in a schedule thereto.

Payments on business days: In the case of all payments made in respect of the Temporary Global Security and the Permanent Global Security "**business day**" means any day on which the TARGET System is open.

Notices: Notwithstanding Condition 16 (*Notices*), while all the Securities are represented by the Permanent Global Security (or by the Permanent Global Security and/or the Temporary Global Security) and the Permanent Global Security is (or the Permanent Global Security and/or the Temporary Global Security are) deposited with a common depository for Euroclear and Clearstream, Luxembourg, notices to Securityholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Securityholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

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.

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 9 (*Enforcement Events*) 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.

USE OF PROCEEDS

The net proceeds of the issue of the Securities, expected to amount to EUR 497,750,000, will be used by the Issuer for general corporate purposes.

DESCRIPTION OF THE ISSUER

1. INCORPORATION, ADDRESS DETAILS AND SHARE CAPITAL

The Issuer's legal and commercial name is Stedin Holding N.V.

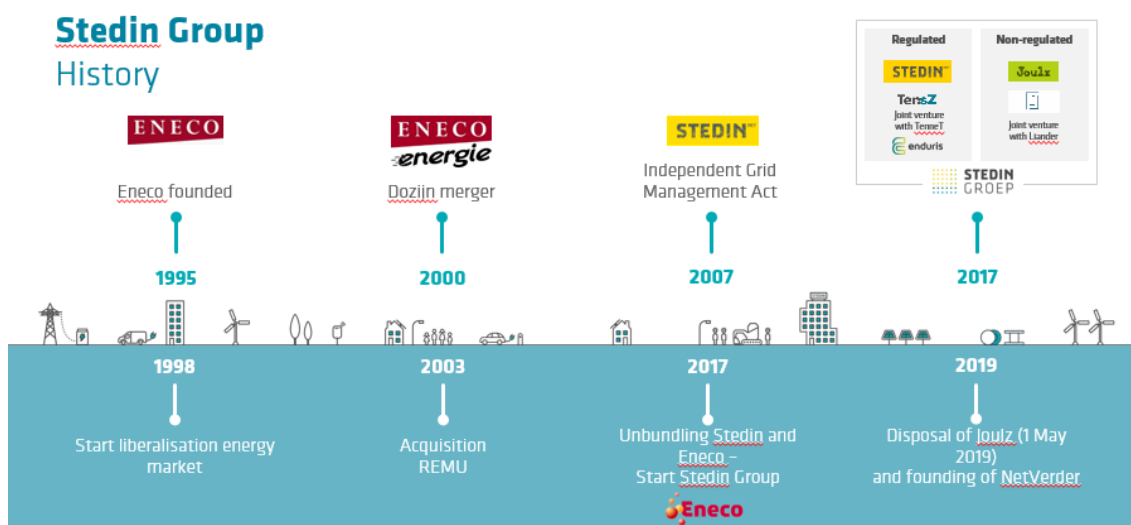
The Issuer was established as a public limited liability company (*naamloze vennootschap*) for an unlimited term under the laws of The Netherlands on 5 June 2000. It has its registered seat in Rotterdam, The Netherlands, and its principal place of business at Blaak 8, 3011 TA Rotterdam, The Netherlands and the telephone number of its principal place of business is +31 88 89 63 963. The Issuer is registered in the Trade Register at the Dutch Chamber of Commerce under number 24306393.

The Issuer's website is <https://www.stedingroep.nl/eng/investor-relations>. Information on the aforementioned website does not form part of this Prospectus unless such information is incorporated by reference into this Prospectus.

The Issuer's Articles of Association were last amended by notarial deed on 16 April 2018.

The Issuer's authorised share capital is EUR 2 billion, divided into 20 million shares with a nominal value of EUR100 each. At 31 December 2020, 4,970,978 shares had been issued and fully paid. The Issuer has only issued ordinary shares. Stedin Holding N.V is currently 100 per cent. owned by 44 municipalities in The Netherlands, including the municipalities of Rotterdam (31.7 per cent.), The Hague (16.6 per cent.) and Dordrecht (9.1 per cent.). The remaining 41 municipalities each own less than 5.0 per cent. of the shares. No single shareholder has a controlling interest in the Issuer. However, the three largest shareholders have a majority interest in the Issuer of 57 per cent. Privatisation is not permitted under Dutch law.

2. HISTORY AND DEVELOPMENT OF STEDIN GROUP



Stedin Group's origin dates back to the middle of the nineteenth century.

In The Netherlands, utility companies were traditionally owned by municipalities and provinces. Since the 1980's, significant voluntary consolidation has occurred in order to improve efficiency of operations. In 1995, the utility companies of the municipalities of The Hague, Dordrecht and Rotterdam merged to create the integrated utility company Eneco. REMU, a major energy distributor for the province of Utrecht, was acquired in 2003. In the period 2000-2007 a number of small Dutch energy companies and grids have been acquired.

On 31 January 2017, Eneco Holding N.V. was unbundled to create the energy company Eneco Groep N.V. ("**Eneco Group**") and the network group with the grid operator, Stedin Group, by distributing all the shares in Eneco Group as a dividend in kind to the shareholders of Eneco Holding N.V.

On 31 January 2017, Eneco Holding N.V. was renamed Stedin Holding N.V. The only remaining relationships between Eneco Group and Stedin Group consist of a regular business relationship that Stedin Group has with all energy companies who are using the grids of Stedin Group. These include activities relating to invoicing and collecting amounts from consumers

3. PROFILE OF STEDIN GROUP AND STEDIN HOLDING N.V.

Stedin Group focuses on all activities relating to constructing, managing and maintaining energy grids. It also facilitates the energy market. More than 2.2 million retail customers, businesses and industrial customers rely on Stedin Group for their energy supply. Energy is indispensable in the world in which we live. The grid operators within Stedin Group, Stedin Netbeheer and Enduris, work with other parties forming part of the energy system: the producers of gas and electricity, the suppliers, the other grid operators and the organisations which monitor the reliability, affordability, safety and sustainability of the grids. The electricity and gas grids are a key link in the energy system. Stedin Group is proud that its grids are among the most reliable in the world. At the same time, it is part of a far-reaching societal shift: the urgent transition from an economy that is largely based on the use of fossil energy sources to a clean economy based on renewable sources. Stedin Netbeheer and Enduris operate alongside five other regional grid operators in a regulated market. Each regional grid operator is a monopolist in its area of operations.

The Issuer is the holding company of the Stedin Group and the Issuer's income depends on dividends received from its subsidiaries. The Issuer holds full ownership of the regulated grid operators Stedin Netbeheer and Enduris and the non-regulated infrastructure specialist DNWG Infra.

Stedin Group consists of the operating entities:

- Stedin Netbeheer and DNWG, which manage and maintain the energy grids in a large part of the Randstad conurbation and the Provinces of Utrecht and Zeeland, thereby covering three of the four largest cities in The Netherlands, the Port of Rotterdam and the port of Zeeland and large industrial and glasshouse horticulture regions. Parts of the Provinces of Noord-Holland and Friesland also fall within our area of operations.
- DNWG Infra is the service provider that builds and maintains the electricity and gas grids in the Province of Zeeland, on behalf of Enduris. In addition, DNWG Infra maintains and manages the grids of other grid operators (e.g. Evides Waterbedrijf, Stedin Netbeheer and TenneT) entrusted to it, and of industrial customers. DNWG Infra also supplies services in the area of metering technology in Zeeland and elsewhere, and is an approved party responsible for metering.
- NetVerder takes the energy transition further with the development, realization and maintenance of energy infrastructures for heat, steam and biogas. NetVerder is also actively engaging in independent transport and distribution of other new energy forms and carriers. NetVerder is an independent part of Stedin Group.

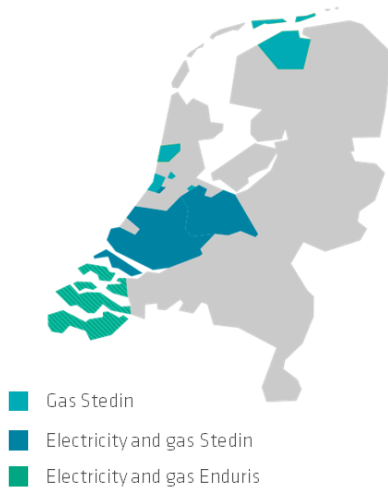
Subsidiaries of Stedin Holding N.V. (in alphabetical order, as at the date of this Prospectus):

- DNWG Groep N.V.
- DNWG Infra B.V.
- DNWG Warmte B.V.
- DNWG Staff B.V.
- Enduris B.V.
- NetVerder B.V.
- N.V. Stedin Netten Noord-Holland
- N.V. Stedin Noord-Oost Friesland
- Stedin Groep Personeels B.V.
- Stedin Netbeheer B.V.
- Stedin Netten B.V.

The Issuer also participates in four joint ventures : Utility Connect B.V., Tenzs B.V., TeslaN B.V. and Infra Netwerkgroep Omexom. Utility Connect is active in the field of reading measurement data from smart meters using the data bandwidth of a CDMA-based telecommunications network. Tenzs is the management

organisation of Tennet and Stedin Netbeheer for joint assignments related to management and maintenance of medium-voltage and high-voltage grids and installations. TeslaN performs similar activities as Tenz only between Tennet and Enduris. Furthermore Stedin has one associate; Energie Data Services Nederland B.V.

Service area



Organisation chart



4. CORPORATE STRATEGY

It is the objective of Stedin Group to work together to create an environment filled with new energy. To achieve this objectives Stedin Group has formulated three strategic priorities:

- Improved grid management by continuous improvement of core task execution (reliable grids, affordable and efficient services, high-quality products and services)
- Facilitating the energy transition through innovation and by close collaboration with partners (future-proof grids, making grid information available and accelerating through cooperation)
- Sustainable business operations (safe working conditions, professionally competent employees now and in the future, positive environmental impact and financial health)

Stedin Group acts as an independent party. It explicitly opts for cooperation with market parties, which it fully facilitates in developing new products and services, to enable the future energy supply together. This includes proactively sharing data about the network.

In compliance with this independent role, Stedin Group exerts modesty in taking up activities that place Stedin Group in competition with market parties. These activities must demonstrably contribute to its core task, or provide for a gap in the market for which Stedin Group is uniquely positioned.

Stedin Group has a social responsibility, namely the realisation, management and maintenance of a reliable, secure, affordable and sustainable energy infrastructure for its customers.

Stedin Group also adopted the ‘One Planet Thinking’ concept and implemented the derived responsibilities in its business management. This means that it actively seeks to reduce its environmental footprint by actively managing the use of energy and raw materials.

5. THE REGULATORY FRAMEWORK

The Energy Department of the ACM supervises the correct implementation of the Electricity Act 1998 (*Elektriciteitswet 1998*) and the Gas Act (*Gaswet*). The ACM ensures the effective and efficient functioning of the energy market and the protection of customer interests through the implementation of various regulatory instruments. This includes safeguarding access to networks, maintaining sufficient transparency (access to essential information) and protecting consumers against potential malpractices.

At the date of this Prospectus, the Ministry of Economic Affairs is working on a new energy act, which should consolidate the existing Electricity Act and Gas Act, adjust the Dutch legislation to relevant European legislation and insert flexibility to comply with requirements for the Dutch renewable energy transition. The new legislation will not come into force before 2022. This new legislation and other potential future changes in legal and regulatory requirements may have a negative impact on the Issuer's financial position and cash flows.

The ACM monitors the capability of the Grid Companies to meet the financial requirements for managing the electricity and gas grid, including required and planned investments. The Grid Companies submit their statutory and regulatory financial statements to the ACM annually, including results, assets and infrastructure related activities (maintenance and investments). Furthermore end-user tariffs for the distribution of electricity and gas (which generates the revenues for the Grid Companies) are controlled by the ACM and depend on a series of consecutive regulatory decisions, in particular the Regulation Method Decision, the Efficiency Discount Decision (x-factor), Quality Factor Decision (q-factor) and the Accounting Volume Decision, which are applicable to a certain price control period, and finally the annual tariff decisions.

The Method Decisions for the new regulatory period published by the ACM at the end of 2016 apply for the longest legally possible period of 5 years. By opting for this long term, the ACM aims to stimulate Dutch grid operators to operate efficiently and also to offer customers as much tariff stability as possible. The ACM will publish its Method Decisions for the upcoming regulatory period near the end of 2021, which are also expected to apply for 5 years.

For the current regulation period (2017 – 2021), the Efficiency Discount Decision (x-factor) will lead to annually decreasing transport tariffs for gas and electricity. As the Issuer's revenue significantly depends on the transport tariffs (as determined by the regulatory framework described above) this will have a negative impact on its financial position and cash flows. The tariffs are also yearly corrected for the consumer price index (CPI) thereby increasing the revenues.

The level of permitted revenues of the Grid Companies includes a component based on the real weighted average costs of capital (WACC). The variables used to calculate the WACC consist of estimates for the cost of equity, the cost of debt, the relative percentages of debt and equity in the capital structure, the corporate tax rate and the consumer price index. The cost of equity represents the expected return on investment for the shareholders. The Issuer is the sole direct and indirect shareholder of the Grid Companies. The cost of debt represents the expected cost of debt for a company with an "A" credit rating. As is the case for almost all other cost factors, the ACM bases the WACC on data preceding the regulation period for which the WACC is determined. Thus, the WACC may incorrectly reflect the costs of capital which the Grid Companies will effectively incur during the relevant regulation period. Given the decline in market interest rates over the past years the WACC will be substantially lower for the upcoming regulatory period. In addition, the actual capitalisation of the Grid Manager may differ from the 50/50 debt/equity ratio assumed in the Method Decisions, which would also have an impact on the profitability of the Grid Companies. Finally, the actual corporate tax rate may deviate from the corporate tax rate assumed in the Method Decisions, which would have an impact on the profitability of the Grid Companies.

Changes to both the Electricity Act and Gas Act have recently passed in parliament. The financial impact of losses in the gas networks are now the responsibility of the Grid Companies per 1 January 2020. In addition, the entire connection of wholesale customers in the gas market will be a tariff-regulated task per 1 January 2020 (formerly non-regulated business). The regulator provides extra tariff space to accommodate these new tasks.

6. CAPITAL MARKET AND MONEY MARKET ACTIVITIES

In 2019, the Issuer increased its EMTN Programme from EUR 2 billion to EUR 3 billion. At year-end 2020, senior bonds totalling EUR 1.8 billion and a EUR 500 million perpetual hybrid loan, had been issued.

The Issuer also has a EUR 750 million ECP programme. EUR 100 mln was issued under the ECP programme as at 31 December 2020.

The Issuer has available a committed backup revolving credit facility for an amount of EUR 600 million with six banks. The facility is available until July 2024. The facility is undrawn as per the date of this Prospectus.

Financing and banking policy

Stedin Group has access to the capital and money markets, optimises its financing structure and costs in conjunction with financial parameters set by the regulator in each regulatory period and minimises its financing risks. The financing policy is designed to ensure timely and permanent financing and is approved by the Supervisory Board.

Stedin Group maintains long-term relationships with at least six banks to secure the availability of adequate stand-by banking facilities. These banks are Dutch banks as well as international banks which have adequate standing, offer a wide range of products and have strong credit ratings.

The financing and banking policy is implemented by its treasury department which duties include amongst others:

- advising on and effecting external and internal funding transactions;
- conduct of day-to-day cash management;
- mitigating exchange-rate, inflation and interest-rate risks; and
- maintaining contacts with banks, rating agencies and other financial stakeholders regarding treasury-related matters.

The treasury department has no profit target and is a cost centre. It uses a conservative financial policy regarding open financial positions and derivatives. The treasury department acts in accordance with its mandate as described in the "Treasury charter".

7. CREDIT RATING

The Issuer has a public rating by S&P since 2001. In S&P's report of 2 September 2020, the "A- with a stable outlook" long-term corporate credit ratings of each of the Issuer and Stedin Netbeheer have been affirmed. The stable outlook reflects S&P's view that the Issuer will be able to maintain a 11.5%-13% ratio of funds from operations to debt over the medium term.

The Issuer has a long-term credit rating target of an A rating profile (minimum of an A/A2 rating with a stable outlook) which provides a buffer in relation to the minimum statutory required creditworthiness of an 'investment grade rating (BBB/Baa2)' for the Issuer, as stated in the Financial Management of Grid Managers Decree (*Besluit Financieel Beheer Netbeheerders*).

8. DIVIDEND POLICY

The articles of association of the Issuer contain provisions concerning profit appropriation. The articles of association state that, in principle, 50% of the profit is eligible for dividend distributions, excluding incidental income.

9. COVID-19

As of the date of this Prospectus, the impact of Covid-19 has proven to be relatively marginal on the overall results of Stedin. The effect of the pandemic on the general economy remains uncertain.

10. MANAGEMENT OF STEDIN HOLDING N.V.

Recent developments

On 24 February 2021 the Supervisory Board of Stedin Group announced that it has appointed Koen Bogers as the group's new CEO and Trudy Onland as the new COO. Koen Bogers (51) succeeds Marc van der Linden, who will resign his position on 1 June 2021. Trudy Onland (46) succeeds Judith Koole, who announced at the end of last year that she would be stepping down as COO. Koen Bogers will join the board of management on 1 May 2021 and Trudy Onland on 1 June 2021.

Until recently, Koen Bogers was managing director at Babcock & Wilcox in Denmark; a position that he had held since 2018. Prior to that he worked for Siemens for 20 years in various management positions in the area of energy, the energy transition and infrastructure.

Trudy Onland started her career at KPMG. For the past twelve years, she worked at Dutch railway company NS, where she held various positions. In addition to being in charge of customer service, for example, during her final years at NS she held the position of Maintenance Director for the railway company's fleet.

Board of Management

The members of the Management Board of the Issuer are appointed by its Supervisory Board. The Management Board is ultimately responsible for the performance of Stedin Group. It develops the corporate strategy and long-term planning, monitors the risk profile, directs the business and corporate management, and approves the key performance indicators and the business plans of the business units. In addition, the Management Board manages on the basis of clear mandates from the Supervisory Board and prepares the financial statements.

Please find below the biographical details of members of the Board of Management of the Issuer:

Mr M.W.M. (Marc) van der Linden
Chairman / CEO

Marc van der Linden (b. 1972) was appointed chair of the Board of Management with effect from 1 February 2017. Prior to that, he had been a member of the Board of Management of Eneco Holding N.V. since December 2012. He joined Eneco in 1997 and held various positions, including as director of Eneco Energy Projects, director of Eneco Installation Companies and director of Eneco Wind. Previously, Marc worked at Van Gansewinkel Group. He studied Economics at Tilburg University. Marc van der Linden's term of office will expire with effect from 1 February 2021. Marc will remain as CEO until 1 June 2021 at the latest.

Areas of responsibility: Strategy, Corporate Affairs, HR, Communication, Internal Audit, VGMK (Safety, Health, Environment and Quality).

Other positions: chair of Netbeheer Nederland (until the end of September 2020), member of Cyber Security Board Netherlands, member of the Economic Board for South Holland and member of the Industry Climate Agreement Infrastructure Task Force (until the end of May 2020).

On 30 September 2019, Mr van der Linden announced that he will leave Stedin on 1 July 2021. Mr van der Linden's term will end 1 February 2021, though Mr van der Linden has agreed to stay on 6 more months to assure a smooth hand over to his successor. After guiding the company through the unbundling from Eneco the company is now in a stable position and different leadership will be needed as Stedin enters the next phase where emphasis will be on the implementation of the energy transition.

Mr D. (Danny) Benima
Member / CFO (from 1 January 2019)

Danny Benima (b. 1978) is the CFO and a member of the Board of Management of Stedin Group with effect from 1 January 2019. Prior to that date, he worked at Arcadis as CFO for Southern Europe. In the past years, he has held various financial positions at Arcadis and Stork. Danny studied International Management (HES Amsterdam) and Business Administration with Financial Management as specialisation (Nyenrode). Danny is a registered controller (Dutch: 'registercontroller', Tilburg University).

Areas of responsibility: Control & Risk, Finance & Accounting, Supply Chain, Treasury and Business Support Services.

Other positions: board member of Utility Connect, member of the Supervisory Board of EDSN (from February 2021), member of the Advisory Board of Stichting Hartekind (from May 2020), board member of NEDU (from 20 January 2021).

Mr D. (David) Peters
Member / CTO

David Peters (b. 1980) was appointed as a member of the Board of Management as Chief Transition Officer with effect from 1 January 2018. Since May 2015, he held the position of Strategy director at Stedin and was responsible for strategy and innovation. Until May 2015, he worked at Boston Consulting Group in the Netherlands as well as abroad on strategy and organisation issues, especially in the energy sector. He was a member of the National Think Tank in 2006. He studied Applied Physics at Eindhoven University of Technology and Applied Ethics at KU Leuven.

Areas of responsibility: Data Office, Change Office, Asset Management, Innovation, Market, NetVerder, DNWG, IT.

Other positions: board member of Stichting Zeeuwse Publieke Belangen, chair of the Supervisory Board of USEF, governing board member of ElaadNL, board member of EDSO.

There are no conflicts of interest between the duties of the members of the Management Board or the members of the Supervisory Board to the Issuer and their private interests or other duties.

The Issuer is subject to the Dutch statutory rules applicable to large companies (*structuurvennootschap*). Stedin Group complies with the rules for good corporate governance as recorded in the Dutch Corporate Governance Code, except for some rules which specifically relate to listed companies. Since the Issuer is not listed on a stock exchange, several stipulations of the Corporate Governance Code are not applicable to the Issuer. In cases where no specific decree applies, the relevant best practice criteria are implemented.

The Issuer's web site (<https://www.stedingroep.nl>) includes information on Stedin Group's corporate governance. Information on the aforementioned website does not form part of this Prospectus and may not be relied upon in connection with any decision to invest in the Securities.

Supervisory board

As a two-tier board company, the Issuer has conferred important powers on the Supervisory Board. The Supervisory Board supervises all the Management Board's activities and advises the Management Board regarding strategic matters. The Supervisory board has set up two committees: a Remuneration, Selection & Appointment committee and an Audit committee.

The Audit committee supervises all major financial matters and meets at least quarterly for this purpose. The Audit committee meets with the external auditor at least twice each year. The Supervisory Board submits the financial statements to the General meeting of shareholders for determination.

The Remuneration, Selection & Appointment committee advises on the remuneration of the members of the Management Board and handles the selection and appointment of the members of the Management board.

Please find below the biographical details of the members of the Issuer's Supervisory Board:

Mr P.E.G. (Pieter) Trienekens (chair and member of the Supervisory Board until 1 February 2020)

Pieter Trienekens (b. 1950) was acting managing director at Stedin Netbeheer B.V. from 2014 to 2017. Prior to this, he worked as an independent consultant. From 1986 to 2011, he worked at Nederlandse Gasunie, holding various positions including that of member of the Management Board. His previous positions included that of policy advisor at the Ministry of Economic Affairs. He also chairs the Supervisory Board of Cuculus GmbH in Ilmenau, Germany and is a member of the Supervisory Board of DNV GL Energy in Arnhem.

Mr. D.G. (Doede) Vierstra (chair of the Supervisory Board from 1 February 2020)

Doede Vierstra (b. 1958) is a director on behalf of the Netherlands Enterprise Court at the Amsterdam Court of Appeal and chair of the Investment Committee of the Friesland Clean Energy Fund (FSFE). In the past, he was chair of the WENB (Energy and Utility Companies Employers' Association). He is therefore familiar with the challenges that Stedin Group faces in connection with the energy transition. He acquired his ample experience with public stakeholders, including public shareholders, in his work as CFO of Nuon as well as in other positions.

Mr T.W. (Theo) Eysink RA

Theo Eysink (b. 1966) started his career at Arthur Andersen, after which he worked in financial positions at KLM Catering, Spuigroep and Electrabel between 1996 and 2006. From 2006 to 2010, he was VP Finance at Bombardier Transportation Holding, before being appointed CFO at Stork Technical Services. In 2012, he became EVP Corporate Control at KPN, and with effect from 1 May 2018, he was appointed CFO of the Business Market division of KPN. He has supervisory experience in the public and semi-public sector.

Mr Eysink is also a member of the Supervisory Board of Vesteda Investment Management B.V.

Ms H.L. (Hanne) Buis, LLM

Hanne Buis (b. 1976) has been a member of the Board of Management of Schiphol Group, as Chief Projects & Assets Officer, since June 2020. Before this, she was managing director of Lelystad Airport, which is part of Royal Schiphol Group. Before joining Lelystad Airport, she held various positions at Amsterdam Airport Schiphol, where she managed complex operational processes. She is also a member of the Supervisory Board of the Netherlands Bach Society.

Ms A.J. (Annie) Krist

Annie Krist (b. 1960) commenced her career at N.V. Nederlandse Gasunie in 1987. In the late 1990s, she was a member of the Gasunie team that was responsible for the commercial, technical and IT modifications resulting from the deregulation of the gas market. In 2005, she joined the management team of Gasunie Transport Services. From 2008 to 2011, she was director for Strategy and Participations. On 1 July 2011, she was appointed managing director. From 1 May 2016 to 1 April 2017, Annie was a member of the Executive Board and CEO of Gasunie Transport Services. She was appointed CEO of GasTerra in 2017.

Mr D. (Dick) van Well

Dick van Well (b. 1948) served as a member of the Supervisory Board of Stedin Netbeheer B.V. from 2012 to 2017. From 1998 to October 2010, he chaired the Management Board of construction company Dura Vermeer, where he had worked since 1973 and had held various positions. His other positions include that of member of the Supervisory Board of Dura Vermeer Groep N.V. and of APG Groep N.V. Mr Van Well is also a director of the Stichting Continuïteit Feijenoord (Feijenoord Continuity Foundation).

Mr. A.P.G. (Arco) Groothedde

Arco Groothedde (b. 1964) was CEO at Translink Systems, the company behind the public transport card, until mid-2020. Before that, he served in executive positions at the Land Registry Office and the National Vehicle and Driving License Registration Authority (RDW). Currently, he is an independent consultant and a member of the Supervisory Board at DSW Zorgverzekeringen.

All members of the Supervisory Board of Stedin Group have Dutch nationality.

The Secretary of the Company and Manager Corporate Affairs is S.N. (Suzanne) van Nieuwenhuijzen, (1972).

The address of both the Management Board and Supervisory Board is Blaak 8, 3011 TA Rotterdam, The Netherlands.

TAXATION

THE NETHERLANDS

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Securities or Coupons, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a holder of Securities, being an individual or a non-resident entity, neither has nor will have a substantial interest (aanmerkelijk belang), or - in the case of such holder being an entity - a deemed substantial interest (fictief aanmerkelijk belang), in the Issuer and that a connected person (verbonden persoon) to the holder neither has nor will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with such individual's partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or such individual's partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company. Generally, an individual has a deemed substantial interest in a company if (i) such individual or such individual's predecessor has disposed of or is deemed to have disposed of all or part of a substantial interest or (ii) such individual has transferred an enterprise in exchange for shares in such company, in each case, on a non recognition basis.

Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company. Generally, an entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of Securities, an individual holding Securities or an entity holding Securities, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Securities or otherwise being regarded as owning Securities for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "the Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Prospective investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of Securities or Coupons.

WITHHOLDING TAX

All payments of principal and interest by the Issuer under the Securities can be made without withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, save that Dutch withholding tax may apply on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity to the Issuer if such entity (i) is considered to be resident (*gevestigd*) in 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 for another person, or (iv) is not considered to be the recipient of the interest in its jurisdiction of residence because such jurisdiction treats another (lower-tier) entity as the recipient of the interest (a hybrid mismatch), or (v) is not treated as resident anywhere (also a hybrid mismatch), all within the meaning of the Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

TAXES ON INCOME AND CAPITAL GAINS

Residents

Resident entities

An entity holding Securities which is or is deemed to be resident in the Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to Dutch corporate tax in respect of income or a capital gain derived from the Securities at the prevailing statutory rates (up to 25 per cent in 2021).

Resident individuals

An individual holding Securities which is or is deemed to be resident in the Netherlands for Dutch income tax purposes will generally be subject to Dutch income tax in respect of income or a capital gain derived from the Securities at the prevailing statutory rates (up to 49.50 per cent in 2021) if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, such individual will generally be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Securities. For 2021, the deemed return ranges from 1.90 per cent to 5.69 per cent of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Securities). The applicable percentages will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at the prevailing statutory rate (31 per cent in 2021).

Non-residents

A holder of Securities which is not and is not deemed to be resident in the Netherlands for Dutch tax purposes will not be subject to Dutch taxation on income or a capital gain derived from the Securities, unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in the Netherlands and the holder of Securities derives profits from such enterprise (other than by way of the holding of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

GIFT AND INHERITANCE TAXES

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

- (i) the holder is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions; or
- (ii) 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

There is no Dutch value added tax payable by a holder of Securities in respect of payments in consideration for the issue or acquisition of the Securities, payments of principal or interest under the Securities or payments in consideration for a disposal of Securities.

OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in the Netherlands by a holder of Securities in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Securities or the performance of the Issuer's obligations under the Securities.

RESIDENCE

A holder of Securities will not be and will not be deemed to be resident in the Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Securities or the execution, performance, delivery and/or enforcement of Securities.

SUBSCRIPTION AND SALE

ING Bank N.V., NatWest Markets N.V., MUFG Securities (Europe) N.V. and Coöperatieve Rabobank U.A. (the "**Joint Bookrunners**" or the "**Managers**") have, in a subscription agreement dated 29 March 2021 (the "**Subscription Agreement**") and made between the Issuer and the Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Securities at their issue price of 100.000 per cent. of their principal amount and less a combined management and underwriting commission. The Issuer has also agreed to reimburse the Managers for certain of their expenses incurred in connection with the management of the issue of the Securities. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Securities.

SELLING RESTRICTIONS

Prohibition of sales to EEA Retail Investors

Each Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area. 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) MiFID II; or
 - (ii) a customer within the meaning of the IDD, 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

Prohibition of sales to UK Retail Investors

Each Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Prospectus to any retail investor in the United Kingdom. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 of England and Wales (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an "**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.

Other regulatory restrictions

Each Manager has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 would not, if it was not an authorised person, apply to the Issuer; and
- (b) 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.

United States of America

The Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the previous sentence have the meanings given to them by Regulation S under 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in the previous sentence have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver any Securities within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Securities (the "**distribution compliance period**"), as determined and certified to the other Managers by such Manager (or in the case of a sale of Securities to or through more than one Manager, by each of such Managers as to the Securities purchased by or through it, and it will have sent to each other manager or person receiving a selling concession, fee or other remuneration to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Each Manager has further represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with all of the offering restrictions of Regulation S of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of the Securities, an offer or sale of Securities within the United States by any manager (whether or not participating in the offering) if such offer is made otherwise than in accordance with an available exemption from registration under the Securities Act may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

General

Each of the Managers has represented and agreed that (to the best of its knowledge and belief) it will comply with all applicable laws and regulations in force in any jurisdiction in or from which it purchases, offers, sells or delivers any Securities or any interest therein or possesses or distributes this Prospectus or any other offering material relating to the Securities and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of any Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Manager shall have responsibility therefore. In addition, each Manager has represented and agreed that it will not directly or indirectly offer, sell or deliver any Securities or distribute or publish this Prospectus or any other offering material relating to the Securities in or from any jurisdiction except under circumstances that will not impose any obligations on the Issuer or any other Managers.]

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Securities has been authorised by a resolution of the managing board of the Issuer dated 8 December 2020 and the supervisory board of the Issuer dated 9 December 2020.

Listing

2. Application has been made for the Securities to be listed and admitted for trading on Euronext Amsterdam from 31 March 2021. The estimated total expenses related to the admission of the Securities to trading on Euronext Amsterdam are equal to EUR 17,300.

Legal and Arbitration Proceedings

3. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer.

Significant/Material Change

4. There has been no material adverse change in the prospects of the Issuer since 31 December 2020 nor has there been any significant change in the financial position or the financial performance of the Issuer since 31 December 2020.

Auditors

5. Deloitte Accountants B.V., Wilhelminakade 1, 3072 AP Rotterdam, The Netherlands, independent auditors. The registered auditors (*register accountants*) of Deloitte Accountants B.V. are members of NBA (*Nederlandse Beroepsorganisatie van Accountants*).

The consolidated and company financial statements of the Issuer have been audited without qualification for the years ended 31 December 2019 and 31 December 2020.

6. The auditor's report included in the audited consolidated and company financial statements of the Issuer as of and for the year ended 31 December 2019 expresses an unqualified opinion and includes an emphasis of matter relating to the impact of the COVID-19 pandemic as described on page 181 of the Issuer's annual report as of and for the year ended 31 December 2019:

"Emphasis of the impact of the Coronavirus

The Coronavirus also impacts Stedin Holding N.V. Management disclosed the current impact and her plans to deal with these events or circumstances in page 181 of the financial statements. Management indicates that it is currently not possible for them to properly estimate the length and the impact of the Corona virus on the financial performance and health of Stedin Holding N.V. Our opinion is not modified in respect of this matter."

More information on this matter is included on page 181 of the audited consolidated and company financial statements of the Issuer as of and for the year ended 31 December 2019:

"Coronavirus

At the time of publication of this 2019 Annual Report, the government has taken far-reaching measures in the fight against coronavirus. The energy infrastructure is vital to our society. In this situation, too, we are taking all necessary measures to ensure our electricity and gas grid remains as reliable as ever.

At the very least, coronavirus measures mean that office staff are working from home whenever possible, and that technicians are reducing customer contacts to essential interactions. This

requires flexibility on the part of our planners, who are scheduling the work differently. Some investments are being postponed and some additional costs may have to be incurred.

It is not certain how long this situation will continue, and Stedin will keep responding vigilantly to what is being asked of us. We expect to have sufficient liquidity to be able to pay ongoing costs.

Stedin is preparing to return to the levels of activity from before the current measures in order to resume work on the energy transition."

7. The auditor's report included in the audited consolidated and company financial statements of the Issuer as of and for the year ended 31 December 2019 expresses an unqualified opinion and also includes an emphasis of the impact of the energy transition as explained in the report of the Board of Management on page 102 of the Issuer's annual report as of and for the year ended 31 December 2019:

"Emphasis of the impact of the energy transition as explained in the report of the Board of Management

The Board of Management notes that because of the energy transition, Stedin Groep N.V. is facing future substantial investments that cannot be timely financed from the current expected growth in permitted income through the current rate regulation. For this reason, Stedin is investigating additional financing options related to the energy transition. We draw attention to the explanation on this matter in the report of the Board of Management on page 102."

The following explanation on this matter is included on page 102 of the Issuer's annual report as of and for the year ended 31 December 2019:

<i>"Title of risk:</i>	<i>Uncertainties concerning long-term financing</i>
<i>Description of risk</i>	<i>A regulation model that is not aligned with the financial challenges of the grid managers in the energy transition entails a risk of further cost increases with regulated revenues that do not increase at the same pace. This can endanger the availability of financing.</i>
<i>Risk tolerance</i>	<i>Avoiding</i>
<i>Change from 2018</i>	<i>=</i>
<i>Risk assessment</i>	<i>Top</i>
<i>How did we respond to this fact in 2019</i>	<i>To ensure that we can undertake the required investments, critically assessing the effectiveness of our own operations and responding to the developments of financial markets as well as laws and regulations remain necessary. This risk has also been discussed with our stakeholders (See Report of the Supervisory Board, Audit Committee). It became clear in 2019 that we will need to take far-reaching measures if the present regulatory regime remains unchanged, which is not desirable. We are in consultation with all parties involved, including the Ministry of Economic Affairs and Climate Policy as well as the Netherlands Authority for Consumers and Markets, both directly and within the framework of Netbeheer Nederland."</i>

8. The auditor's report included in the audited consolidated and company financial statements of the Issuer as of and for the year ended 31 December 2020 expresses an unqualified opinion and includes an emphasis of matter relating to the impact of the energy transition and uncertainties regarding long term financing as described on pages 150 and 127 of the Issuer's annual report as of and for the year ended 31 December 2020:

"Emphasis of matter related to the impact of the energy transition and uncertainties regarding long-term financing

The Board of Management notes that because of the energy transition, Stedin Groep N.V. is facing future substantial investments that cannot be timely financed from the current expected growth in regulated revenue through the present regulatory model. Stedin is investigating additional

financing options. We draw attention to the explanation on this matter in the financial statements on page 150 and the Report of the Board of Management on page 127."

The following explanation on this matter is included on page 150 of the audited consolidated and company financial statements of the Issuer as of and for the year ended 31 December 2020:

"Energy transition

The energy transition presents, besides the operational challenge, above all a financing challenge. Stedin expects it will need to invest around 7 billion in the period up to 2030. This amount will be financed in part by positive operational cash flows and can in part be borrowed, but Stedin also expects to need an amount of between €750 million and €1 billion in additional equity. Stedin is engaged in talks on this with its shareholders. To meet the equity requirement in the short term, Stedin will request capital of 200 million."

The following explanation on this matter is included on page 127 of the Issuer's annual report as of and for the year ended 31 December 2020:

"Title of risk:	Uncertainties concerning long-term financing
<i>Description of risk</i>	<i>A regulation model that is not aligned with the financial challenges of the grid managers in the energy transition entails a risk of further cost increases that outpace increases in regulated revenue. This can endanger the availability of financing.</i>
<i>Risk tolerance</i>	<i>Avoiding</i>
<i>Change from 2018</i>	<i>↑</i>
<i>Risk assessment</i>	<i>Top</i>
<i>How did we respond to this fact in 2020</i>	<i>The present regulatory model is not aligned with the task and the financial challenges of the grid managers in the energy transition. As the increase in investments outpaces increases in regulated revenue, a capital requirement arises and Stedin's financial position comes under pressure. Investments in our grids with a view to ensuring good grid management and realising the energy transition lead to a capital requirement of €750 million to €1 billion. Additionally, it became clear in 2020 that the WACC, as set by the Netherlands Authority for Consumers and Markets, will decrease further in the new regulation period. This will result in a considerable decrease in income for grid managers. To ensure that we can undertake the required investments, we need to critically assess our own costs and respond to the developments of financial markets as well as laws and regulations. The talks with various stakeholders to strengthen equity were continued in 2020. Talks were also conducted with the Netherlands Authority for Consumers and Markets on adjustments to the regulatory model. These will also be continued in 2021."</i>

Documents on Display

9. So long as the Securities are listed and admitted to trading on the regulated market of Euronext Amsterdam and the rules of Euronext Amsterdam so require, copies of the following documents (together with English translations thereof) may be obtained during normal business hours at the Issuer's head office at Blaak 8, 3011 TA Rotterdam, The Netherlands for 12 months from the date of this Prospectus:
 - (a) the deed of incorporation of the Issuer;
 - (b) the Dutch language version and an English translation of the most recent articles of association of the Issuer;
 - (c) the audited consolidated and company financial statements of the Issuer for the years ended 31 December 2019 and 31 December 2020;

- (d) draft (subject to modification) of the Agency Agreement.

In addition, these documents and the Prospectus are available on the Issuer's website at <https://www.stedingroep.nl/eng/investor-relations>.

Material Contracts

10. There are no material contracts that are not entered into in the ordinary course of business, which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the Securities being issued.

Tax Consequences

11. The tax laws of the investor's Member State and of The Netherlands might have an impact on the income received from the Securities. Investors should consult their professional advisors on the tax consequences of their acquiring, holding and disposing of Securities (see also "*Terms and Conditions of the Securities –Taxation*", and "*Taxation*").

Yield

12. On the basis of the issue price of the Securities of 100.000 per cent. of their principal amount, the gross real yield of the Securities is 1.500 per cent. on an annual basis for the period until the First Reset Date.

ISIN, Common Code and LEI

13. The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS2314246526 and the common code is 231424652. 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.
14. The Legal Entity Identifier (LEI) code of the Issuer is 724500R5IP6TFKTNRU48.

Conflicts

15. Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Securities offered hereby. Any such short positions could adversely affect future trading prices of Securities offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Any such recommendations or views, for which the Managers and their affiliates may receive fees, could adversely affect trading prices of Securities offered hereby.

For the purposes of this paragraph the term "affiliates" includes also the relevant parent companies of the Managers. The Managers will also receive fees for their role in the issuance of the Securities.

Responsibility for this Prospectus

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

Unauthorised information

17. No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Securities or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Manager.
18. Neither the Managers, the Fiscal Agent and Calculation Agent nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Security shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or that any other information supplied in connection with the Securities is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Other

19. It should be noted that: (a) this Prospectus has been approved by the AFM, as competent authority under the Prospectus Regulation, (b) the AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and (c) such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor as an endorsement 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.
20. ABN AMRO Bank N.V. has been engaged by the Issuer solely (i) as Fiscal agent for the purpose of paying sums due on the Securities and of performing all other obligations and duties as set out in the Agency Agreement and (ii) as Calculation Agent to perform the duties expressed to be performed by it. ABN AMRO Bank N.V. in its capacity of Fiscal Agent and Calculation Agent is acting for the Issuer only and will not regard any other person as its client in relation to the offering of the Securities. Neither ABN AMRO Bank N.V. nor any of its directors, officers, agents or employees makes any representation or warranty as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Prospectus, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with the Issuer or the offering or the Securities. Accordingly, ABN AMRO Bank N.V. disclaims all and any liability, whether arising in tort or contract or otherwise in respect of this Prospectus and or any such other statements

INDEX OF DEFINED TERMS

€.....	iii	Guarantee	32
2014 Hybrid Securities	34	Holder	37
Accounting Event.....	7, 34	Holders	18
Accounting Event Adoption Date.....	35	Hybrid Methodology Change.....	37
Additional Amounts	30, 35	IDD	iv
Adjustment Spread	35	Independent Advisor	37
AFM	ii	ISDA Definitions	37
Agency Agreement.....	18, 35	Issue Date.....	37
Agents.....	18, 35	Issuer	18, 37
Alternative Rate.....	35	Joint Bookrunners	56
Arrears of Interest.....	20, 35	Loss in Equity Credit	37
Benchmark Event	35	Make-whole Redemption Amount.....	37
Benchmarks Regulation.....	iv	Make-whole Redemption Date	37, 38
business day.....	29, 42	Make-whole Redemption Margin	38
Business Day	36	Make-whole Redemption Rate.....	38
Calculation Agent.....	18, 36	Managers.....	56
Calculation Amount	36	Mandatory Prepayment Event.....	38
Calculation Date	36	Margin.....	21, 38
Change in Ranking	36	Member State	iii
Clean-up Call.....	i	mid-market annual swap rate	21
Clearstream, Luxembourg	ii	MiFID II.....	iv
Closing Date	ii	New Instruments	41
Condition.....	36	offer.....	56
Coupon Amount	36	Original Reference Rate.....	38
Coupon Payment Date.....	36	Parity Obligations	38
Coupon Period.....	36	Payment	38
Coupon Rate	36	Permanent Global Security	ii
Couponholder.....	36	PRIIPs Regulation.....	iv
Coupons.....	18, 36	Prospectus	ii
CRA Regulation	ii	Prospectus Regulation.....	ii
Day Count Fraction	22, 36	Quotation Agent.....	38
Deferred Coupon Payment	36	Rating Agency	39
Deferred Coupon Payment Date.....	36	Rating Event.....	8, 39
Definitive Securities	42	Reference Dealers	39
Determination Date	21	Reference Security	39
distribution compliance period	57	Regulation S.....	ii
distributor	iv	Relevant Coupons	29
Documents.....	32	Relevant Date.....	30, 39
Enforcement Event	29, 36	Relevant Make-whole Screen Page.....	39
entity.....	53	Relevant Nominating Body.....	39
EUR.....	iii	Reserved Matter	32
euro.....	iii	Reset Coupon Determination Date.....	39
Euroclear	ii	Reset Coupon Rate.....	21, 39
Euronext	37	Reset Date	39
Euronext Amsterdam.....	ii	Reset Period	39
Exchange Event.....	42	Reset Screen Page	21
Extraordinary Resolution.....	37	retail investor	56
First Call Date	37	S&P	ii, 26
First Fixed Coupon Rate.....	21, 37	Second Step-up Date	39
First Fixed Rate Period.....	37	Securities.....	i, 18, 39
First Reset Date	37	Securities Act	ii
First Step-up Date.....	37	Security	39
Fiscal Agent.....	18, 37	Securityholder	39
Five year Swap Rate	21, 37	Securityholders	18
FSMA	iv, 56	Similar Security	39
Group.....	37	Solicited Rating.....	39

Subscription Agreement	56	Tax Deduction Event	7, 40
Subsidiary	39	Temporary Global Security	ii
Substituted Debtor	32	UK	iv
Successor Rate	40	Winding-up	40
TARGET Business Day	40	Withholding Tax Event	7, 40
TARGET System	40		

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