

FINAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes 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 European Economic Area (“EEA”). 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, the “**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Final Terms dated 13 March 2018

SOUTHERN GAS NETWORKS PLC

Issue of £400,000,000 3.100 per cent. Notes due 15 September 2036

under the £5,000,000,000 Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 2 March 2018, including all documents incorporated by reference, which constitutes a base prospectus for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

1	(i)	Issuer:	Southern Gas Networks plc
2	(i)	Series Number:	2018-1
	(ii)	Tranche Number:	1

	(iii)	Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3		Specified Currency:	Sterling (£)
4		Aggregate Nominal Amount of Notes:	
	(i)	Series:	£400,000,000
	(ii)	Tranche:	£400,000,000
5		Issue Price:	99.762 per cent. of the Aggregate Nominal Amount
6	(i)	Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. Definitive Notes will not be issued in denominations in excess of £199,000
	(ii)	Calculation Amount:	£1,000
7	(i)	Issue Date:	15 March 2018
	(ii)	Interest Commencement Date:	Issue Date
8		Maturity Date:	15 September 2036
9		Interest Basis:	3.100 per cent. Fixed Rate
10		Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at par
11		Change of Interest or Redemption/Payment Basis:	Not Applicable
12		Call Options:	Applicable Issuer Call Issuer Maturity Call Issuer Residual Call See paragraphs 18,19 and 20 below
13		Date Board approval for issuance of Notes obtained:	23 November 2017

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	3.100 per cent. per annum payable annually in arrear
	(ii) Interest Payment Date(s):	15 September in each year commencing on 15 September 2018 up to and including the Maturity Date adjusted in accordance with the Modified

		Following Business Day Convention
	(iii) Fixed Coupon Amount:	£31 per Calculation Amount
	(iv) Broken Amount(s):	£15.63 per Calculation Amount, payable on the Interest Payment Date falling on 15 September 2018
	(v) Day Count Fraction:	Actual/Actual (ICMA)
	(vi) Determination Dates:	15 September in each year
15	Floating Rate Note Provisions	Not Applicable
16	Zero Coupon Note Provisions	Not Applicable
17	Index Linked Interest Note	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18	Issuer Maturity Call	Applicable
	(i) Notice Periods	Minimum Period: 15 days Maximum Period: 30 days
	(ii) Issuer Maturity Call Period:	The period commencing on (and including) the day that is 90 days prior to the Maturity Date to (and excluding) the Maturity Date.
19	Issuer Call	Applicable
	(i) Optional Redemption Date(s):	At any time prior to the first day of the Issuer Maturity Call Period
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	Calculated in accordance with Condition 7(e)
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice period:	Minimum Period: 15 days Maximum Period: 30 days
	(v) Applicable Uplift	Not Applicable
	(vi) Redemption Margin	20 basis points
20	Issuer Residual Call	
	Optional Redemption Amount	£1000 per Calculation Amount
21	Final Redemption Amount	£1000 per Calculation Amount
22	Early Redemption Amount	

Early Redemption Amount(s) payable on £1000 per Calculation Amount
redemption for taxation reasons or on
event of default or other early redemption:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23	Form of Notes:	Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
24	New Global Note:	Yes
25	Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
26	Talons for future Coupons to be attached to Definitive Notes:	No

Signed on behalf of the Issuer:

By: *Demetrius Holder*
Duly authorised

PART B — OTHER INFORMATION

1 LISTING

- (i) Admission to trading: Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange and admitted to the Official List of the UK Listing Authority with effect from 15 March 2018.
- (ii) Estimate of total expenses related to admission to trading: £3,600

2 RATING

Ratings: The Notes to be issued have been rated:

S&P: BBB+

Moody's: Baa1

Fitch: BBB+

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Save as discussed in “*Subscription and Sale*”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business.

4 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: The proceeds of this issue will be used for the general corporate purposes of the Issuer.
- (ii) Estimated net proceeds: £397,748,000

5. YIELD

Indication of yield: 3.118 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7 OPERATIONAL INFORMATION

- (i) ISIN: XS1791704932
- (ii) Common Code: 179170493

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| (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): | Not Applicable |
| (iv) Delivery: | Delivery against payment |
| (v) Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| (vi) Intended to be held in a manner which would allow Eurosystem eligibility: | Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met. |