

Société du Grand Paris



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Investor presentation

June 2019

1.1 Société du Grand Paris (SGP)

created to design, develop and finance a dedicated infrastructure project



- a 100% state owned infrastructure entity
- established by law as an « EPIC »
- a strategic public operator for the Greater Paris area, critical for France's competitiveness
- also critical to achieving the emissions reduction targets set in the Paris Agreement (COP 21)
- considered as a government-related issuer/entity (GRI/GRE) by rating agencies (Moody's & Fitch)
- PSPP eligible securities since November 2018

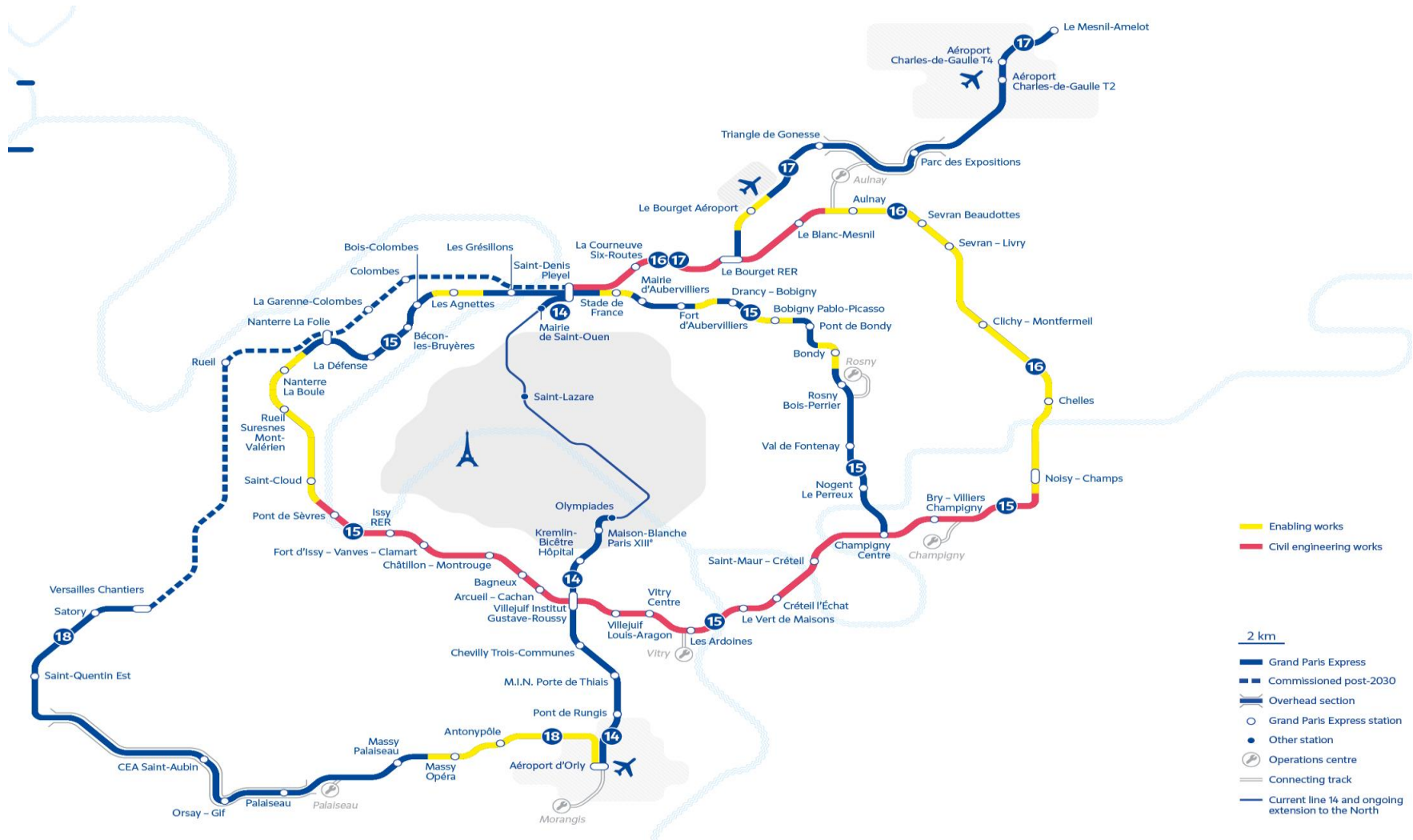
SGP's sole public mandate is to build a new automated metro network (the Grand Paris Express) and to contribute to the modernisation of the existing transport network within the Greater Paris area

1.2 A secure institutional framework

- SGP operates under the joint authority of 4 national ministries
- central government supervision, reflected in SGP's management and organisational structure:
 - a supervisory board : 21 members representing the state and all the local authorities involved
 - a management board : 3 members (appointed by the head of State)
- public budgetary management and public accounting
- an annual reporting obligation of the French Government to the French Parliament starting from 2019
- working alongside the existing transport companies in the Greater Paris area:
 - RATP : maintainer of the infrastructure upon completion (except for the stations)
 - STIF/IDF Mobility : owner of the rolling stock and in charge of the selection of the operating company (through a competitive bidding process)

Backed by a political consensus and cross-party support, the strategic importance of the project was reaffirmed by the French government in February 2018

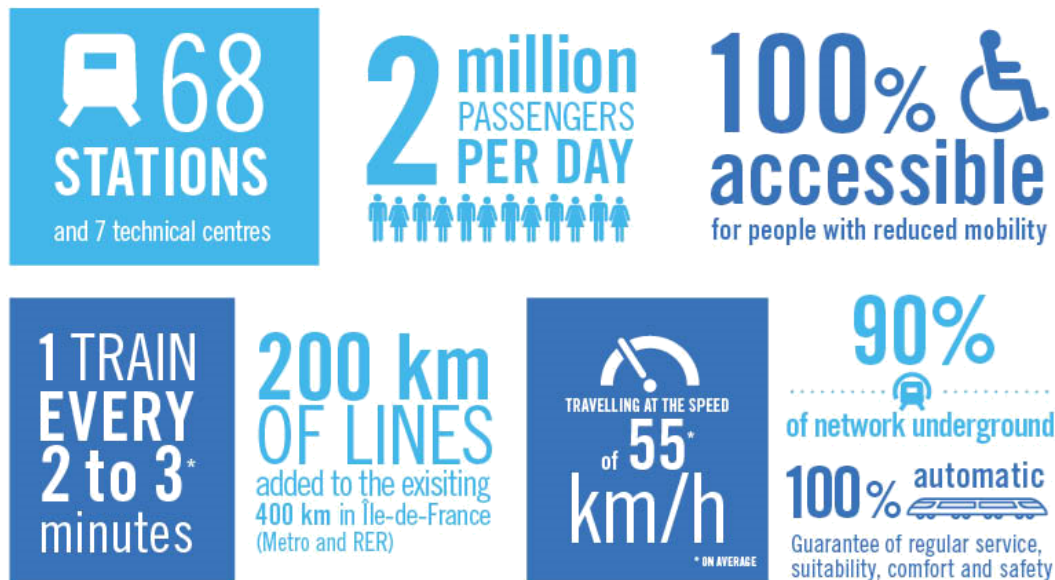
2.1 Grand Paris Express: working sites



- The Grand Paris Express new automated metro network is intended to double the Paris region's existing metro lines by 2030
- More than 100 construction sites already open

2.2 Europe's biggest ongoing infrastructure project

35 billion € total capital investment (at 2012 financial conditions)...



...with a short delivery schedule.

A project underway, with major underground excavation work already engaged, aimed at connecting business and research hubs around Paris and reducing commuting travel time

2.3 A solution to the challenges facing world cities

Greater Paris area, a major European business hub

around
600 €
billion GDP

over 30%
of French GDP

960,000
companies

NEARLY
150,000
RESEARCHERS

11.7 million
inhabitants



5.7 million
JOBS

- #1 business centre in Europe
- #1 financial marketplace in the Eurozone
- #1 start-up centre in Europe
- #1 global tourist destination

implied major challenges

International
competition
between cities

housing
shortage
pollution

congested
transport

territorial
and social
imbalance

Investing in high-performance transport and infrastructure in order to adapt to the current needs of the Greater Paris area and prepare for tomorrow's growth

2.4 Major contribution

**15,000
DIRECT JOBS**
per year during
the construction period

and **non-displaceable**
(civil engineering,
rail industries, etc.)



Over **115,000 jobs**
created from the growth
generated by the network



€100 billion
of growth

€40 billion
estimated tax
income



- creation of 250 000 to 400 000 housing units
- 27 million tons of CO2 emissions saved by 2050
- substantial reduction of commuting travel time

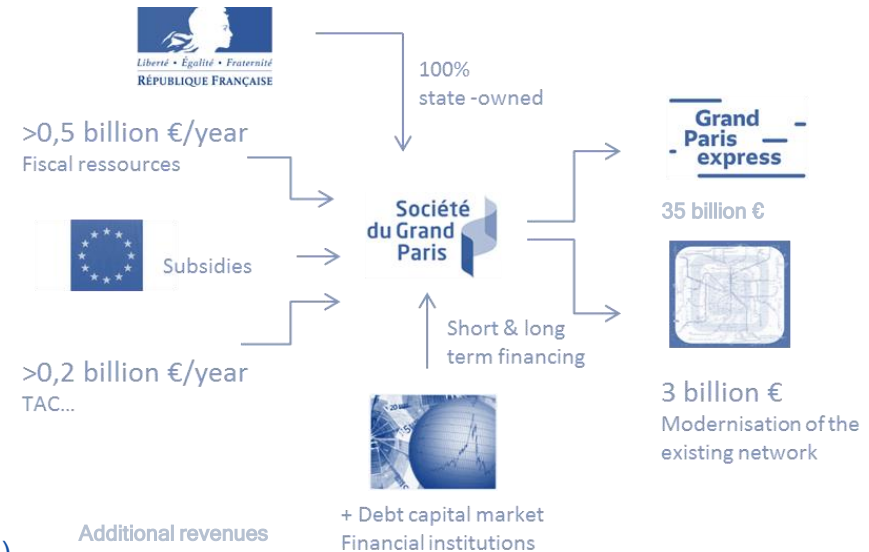
34 mins for an executive to get from Roissy-CDG to La Defense (currently 53 mins)
15 mins for a researcher to get from Orly to Saclay university campus (currently 1 hour 6 mins)
20 mins for a student to get from Clichy-Montfermeil to Créteil University (currently 1 hour 20 mins)

A high level of socio-economic return expected in the long run, warranting the support for the project from state and local taxpayers

3.1 A robust business model

- a global long term financing model backed by dedicated local fiscal resources directly allocated to SGP (through the annual finance law) :
 - office-space tax (TLB based on the stock of office space, rather than transaction flows)
349 million € in 2017
 - special equipment tax created in 2010 to fund the Grand Paris urban project (TSE)
117 million € in 2017
 - flat-rate tax on network business (IFER)
66 million € in 2017
 - regional tourist tax,
(new affectation 2019)
 - regional parking spaces tax
(new affectation 2019)

- complemented by additional funding :
 - during construction, investment subsidies
(considered a trans-european transport network hub, qualifying for EU subsidies)
 - during operation, additional revenues
(usage fees set-up as a percentage of total investment expenditures, advertising, real estate, commercial premises...)



- with no traffic risk and no maintenance risk
- with a principle of neutral financial balance (new expenses have to be financed by new resources)

A project mainly financed by debt, repaid in full over a long time horizon in line with the maturity of the infrastructure and at a pace directly linked to the fiscal resources allocated by the state (at least over 2 generations : up to 40 years after completion)

3.2 A new French Agency

- as an **EPIC**, not subject to private sector bankruptcy law,
The French state would ultimately be responsible for its financial obligations in the event of insolvency
- backed by **fiscal resources directly allocated**,
- with **strong support and control from the French state**,
SGP's operation are tightly controlled by the government, which appoints its management and board, decides the level of tax revenues, approves its budget, debt level & investment program...
- and an **integral link with the state**,
SGP's debt is 100% consolidated into France public debt
- enjoying a **natural monopoly** on its infrastructure with no risk of deregulation,
- **socially and environmentally responsible**
SGP intends to capitalize on its environmental benefits by issuing 100% green bonds

Moody's Aa2/Prime-1 (positive outlook)

"SGP's Aa2/Prime-1 ratings reflect the very strong links with its owner, the Government of France (Aa2 stable), its clear public policy mandate as well as its adequate funding available to face future capital investment needs."

January 2018

Fitch AA/F1+ (outlook stable)

"Fitch classifies SGP as a government-related entity (GRE) of the French state and equalises SGP's rating with those of the sovereign"

September 2018

A quality of credit aligned to that of the Republic of France

4.1 A resilient financial strategy

diversified access to long term funding

- a continuous support from public institutions with first bilateral financing contracts signed with:
 - the European Investment Bank (3 contracts from 2015 to 2018 for 2,5 billion €)
 - the Caisse des Dépôts (1 billion €)
 - to secure long term maturities at competitive costs (up to 40 years)
- to manage day to day treasury operations, additional financing from money market instruments (through a 3 billion € 100% NeuCP programme)

NeuCP description:

French commercial paper established in February 2018

Size: 3 billion €

Rating of the program: Prime-1 Moody's, F1+ by Fitch

Dealers: BNPP, CACIB, Natixis & SG

- and in the near future, by bond issues in the international debt capital market (through a 5 billion € 100% green EMTN programme)

EMTN description:

Green EMTN programme established in July 2018

Initial size: 5 billion €

Rating of the program: Aa2 Moody's, AA by Fitch

Dealers: BNPP (arranger), CACIB (green structurer), Barclays, HSBC, Natixis, SG, NatWest, JPM, GS, Deutsche Bank & Nomura

PSPP eligible securities since November 2018

4.2 An investor-driven issuer

- a new issuer in the international debt capital market:
 - from money market (NeuCP 3billion €)
 - to long term debt instruments (EMTN 5 billion €)
 - to match its long term infrastructure assets
- recurrent:
 - up to 35 billion € of total debt
 - with expected annual long term funding program around 3 billion €
- investor-driven:
 - benchmark size for liquidity aspects (initially and over time)
 - gradual euro green credit curve creation (from medium to long term maturities)
 - completed with tailored made private placements
 - investor base and funding diversification
 - secure risk management policies (no forex exposure...)

4.3 100% green

- **Full alignment of SGP funding policy with its “low carbon” sustainability strategy:**
 - sole purpose : build and finance a strategic infrastructure for Greater Paris and France
 - a key feature of the French Government Climate Plan
 - key environmental commitments to mitigate any externalities,
 - improving energy efficiency, anticipating natural risks,
 - organizing soft mobility options & schemes around the project
 - conducting eco-responsible worksites, fostering circular economy
- **1st ever Green EMTN: additionality and programmatic approach**
 - first class commitment towards Green Financing
 - a greenfield project qualified as a new clean transportation asset : **100% new financing**
 - impactful: with carbon avoidance resulting from not only the modal shift but also the emission-reduction factors linked to the regional development aspect of the project (urban densification, land artificialisation mitigation...)
- **A best-in-class Green Bond Framework:**
 - aligned with the Green Bond Principles 2018 four core components
 - assessed by a second-party opinion delivered by Sustainalytics
 - certified by the Climate Bond Initiative (pre-issuance)
 - clear and transparent process for environmental impact measurement preventing any sort of double counting / overlap of performance indicators with other green bond issuers
 - Awarded by CBI as « **Largest new Certified Climate Bond issuer** »



4.3 100% green

A governing structure with best integrity, fully dedicated to new financing, additionality and impact oriented

Use of Proceeds

SGP Green Bond Programme is dedicated solely to financing the new Grand Paris Express electrified and automatic metro:

- construction of new lines & lines extension (200km of new lines)
- new stations & technical centers (68 stations & 7 technical centers)

Investments made in the current year and / or made over the two years preceding the date of issue

Process for Project Selection

- project selection & evaluation by a dedicated Green Bond Committee (Management / Finance & Various Departments) tasked with:
 - examining the verification and traceability of the projects eligible for the Green Bond Programme
 - verifying satisfactory allocation of the net proceeds raised to the Eligible Assets
- SGP's environmental impact studies on all aspects of the environment assessed by the French General Council for Environment & Sustainable Development

Management of Proceeds

- tracking of green bond allocation through internal IT system & database
- pending allocation amount to stay with the French Treasury as per public accounting principles

4.3 100% green

Reporting

A report will be published annually on the Société du Grand Paris website

Allocation Reporting

Detailed report on the satisfactory allocation of the net proceeds to the Eligible Assets including:

Amounts invested in the Eligible Assets (in €m), breakdown by Grand Paris Express lines (in €m), status of the project and project illustrations => *Yearly assurance by an external third party of satisfactory allocation of proceeds and compliance with the eligibility criteria*

Impact Reporting

Designed using the recommendations of the GBPs suggested impact reporting metrics for Waste management *and Resource Efficiency* and clean transportation *Projects*

Performance and impact indicators selected by the Société du Grand Paris:

Category	Project category	Performance indicators	Impact indicators
Public transport	Investment in infrastructure and programme management for the Grand Paris Express metro	<ul style="list-style-type: none">• <i>Number of additional people served;</i>• <i>Number of additional rail networks brought into service;</i>• <i>Vehicle flows avoided (modal shift);</i>• <i>Excavated material recovery rate;</i>• <i>Quantity of excavated materials evacuated other than by road;</i>• <i>Estimated gains in travel time (minutes/ defined itinerary)</i>	<ul style="list-style-type: none">• <i>Estimated ex-ante GHG emissions reductions (tCO2 eq./year);</i>• <i>Estimated energy savings (KWh);</i>• <i>Number of jobs created or supported in construction Phase;</i>• <i>Number of housing units created around the stations</i>

GHG emissions reductions - CarbOptimum®

- a specific proprietary tool, **CarbOptimum®**, was developed to convert the data for the **five main sources of emissions** arising from the **Grand Paris Express** project into **GHG emissions** expressed in **metric tons of carbon equivalent**, using a **full life cycle analysis approach** :
 1. *Studies and works prior to construction;*
 2. *Construction of the infrastructure;*
 3. *Operation of the infrastructure;*
 4. *Impacts on mobility in Île-de-France;*
 5. *Impacts on regional development.*
- this **carbon calculator designed by the Société du Grand Paris** adapts and supplements existing methodologies to **respond more closely** to the **specific stakes** of the project
- it takes into account factors in all direct and indirect emissions, generated or avoided
- it uses a global approach similar to the one recommended by the **French Environment and Energy Management Agency** (ADEME) **Bilan Carbone®** methodology and to the **Greenhouse Gas (GHG) Protocol**

5.1 SGP EUR 1.75bn 1,125% 10 years

Transaction summary



Context of the transaction:

On Wednesday 10th October, Société du Grand Paris (“SGP”) launched a EUR 1.75bn inaugural 10-year green bond off their Green EMTN programme. The new bond priced at OATs+24 bps. SGP has established the first ever 100% Green EMTN programme in July this year and the net proceeds of the inaugural bond will be exclusively dedicated to finance the Grand Paris Express automatic metro. Société du Grand Paris will contribute to establish Paris as the leader in the green finance market in the world being the first 100% green issuer.

Launch and execution process:

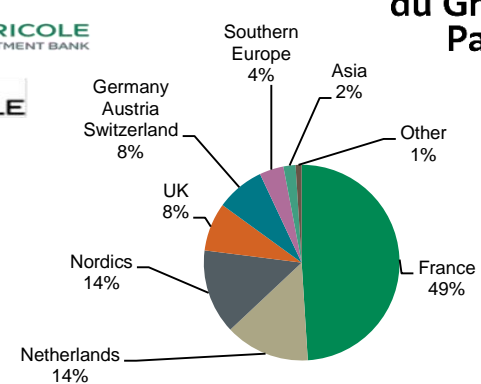
- On Monday 17th September, SGP have announced a two week pan-European roadshow with the intention to issue a 10-year inaugural green benchmark off the newly established Green EMTN programme. The roadshow took place from Monday 24th September until Friday 5th October and included 2 days in Paris, 2 days in the Netherlands and 2 days in the Nordics.
- On Tuesday 9th October in the morning, SGP announced their inaugural benchmark. Initial price thoughts were released in the afternoon at a spread of OATs+high 20s. Books formally opened the following day at 9:00 CET with guidance at a spread of OATs+27bps area, having garnered indication of interests in excess of EUR 1.6bn. Within one hour, books were already in excess of EUR 3bn and guidance was revised to OATs+25 +/-1bp. On the back of very strong investor interests throughout the morning, orderbooks were in excess of EUR 3.4bn (excluding JLM interest) and the spread was fixed at a spread of OATs+24 bps.
- At 12:15 CET, orderbooks closed in excess of EUR 3.6bn allowing the issuer to print the maximum size of EUR 1.75bn, leading to a 2x oversubscription rate and allowing the issuer to tighten the final price at OATs+24bps, inside guidance.

Distribution:

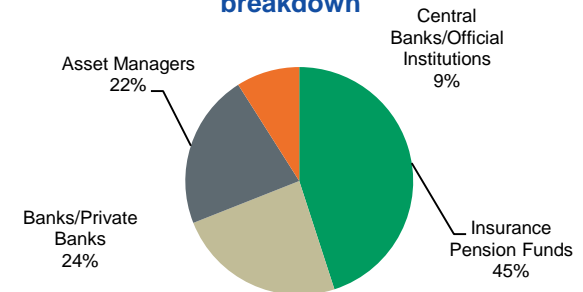
The inaugural green transaction was exceptionally well received with a final orderbook in excess of EUR 3.6bn. High quality investor participated in the transaction and there was a high granularity with more than 150 orders. In terms of geographical distribution, the book was well diversified across Europe with strong French participation (49%) followed by the Netherlands (14%) and the Nordics (14%) but also some good international interest out of Asia (2%). Given the recent rise in European government bond yields coupled with the maturity of 10-year, the transaction garnered a strong bid by the Insurance and Pension Funds (45%), followed by Banks & Private Banks (24%), Asset Managers (22%) and Central Banks & Official Institutions (9%).

BNPP acted as Global Coordinator, Joint Bookrunner and Sole Arranger of the Green EMTN programme. Credit Agricole CIB acted as Global Coordinator, Joint Bookrunner and Structuring Advisor of the Green Bond framework. Barclays, HSBC, Natixis, SG CIB acted as Joint Bookrunners on the Green Bond issue.

Geographical breakdown



Investor type breakdown



GlobalCapital
The new EUROWEEK www.globalcapital.com

SSA SRI DEAL OF THE YEAR

Société du Grand Paris

€1.75bn 1.125% Oct 2028 green bond

Barclays, BNP Paribas, Crédit Agricole, HSBC, Natixis, Société Générale

A deal that not only impressed by coming from the first ever dedicated green Euro Medium Term Note programme, this trade was also from an issuer making its debut in the bond markets.

That it went on to print €1.75bn – in the upper reaches in size terms for the green bond market, excepting sovereigns – was a testament to the investor work done by the issuer and the story it had to tell.

As one onlooking banker said at the time of pricing in October: “A slam-dunk trade for a new issuer.”

5.2 SGP EUR 2bn 1,125% 15 years

Transaction summary

Context of the transaction:

On Tuesday, 12th March, Société du Grand Paris ("SGP") launched their 15-year Benchmark Green Bond off their Green EMTN Programme, a EUR 2 billion 1.125% maturing on 25th May 2034, allowing to extend its 100% green credit curve, following the inaugural 10-year EUR transaction launched in October 2018. The new bond priced at OATs+31 bps. SGP will contribute to establish Paris as the leader in the green finance market in the world.

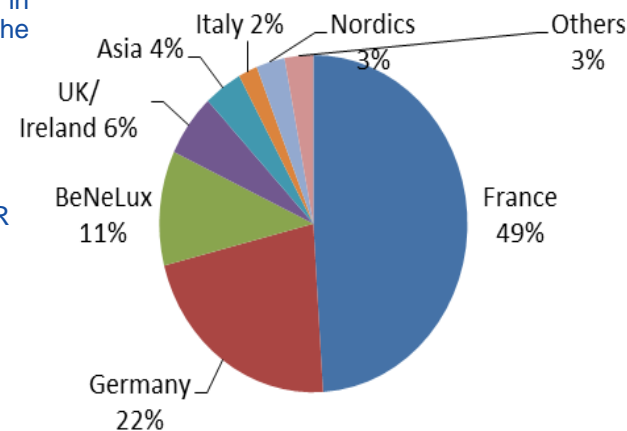
Launch and execution process:

- On Monday, 11th March, Société du Grand Paris ("SOGPR") announced their 15-year EUR benchmark Green Bond due on the 25th May 2034, their second public benchmark and their first issuance in 2019. Initial price thoughts (IPTs) were released at a spread of 34bps area above FRTR 1.25 25/05/2034 (reference curve of the French Sovereign).
- On 12th March, Books formally opened with guidance unchanged from IPTs at a spread of 34bps area above the OAT reference, having garnered indications of interests (IOIs) in excess of EUR 1.1bn (incl. EUR 100m JLM interest).
- At 10:15 CET books were already in excess of EUR 2.7bn (incl. EUR 150m JLM interest) and guidance was revised to a spread of 33bps area above the FRTR 1.25 25/05/2034.
- On the back of very strong investor interest throughout the morning, the orderbooks were in excess of EUR 3.4bn (incl. EUR 150 JLM interest) and the spread was set at 31bps over the OAT reference.
- At 11:30 CET the orderbooks closed in excess of EUR 4bn (incl. EUR 150m JLM interest) and the transaction launched with a final size of EUR 2bn and a spread of 31bps above the OAT reference.
- The transaction was formally priced at 14:15 CET. The re-offer price was 98.867% and re-offer yield was 1.207%. The coupon of the bond was set at 1.125%.

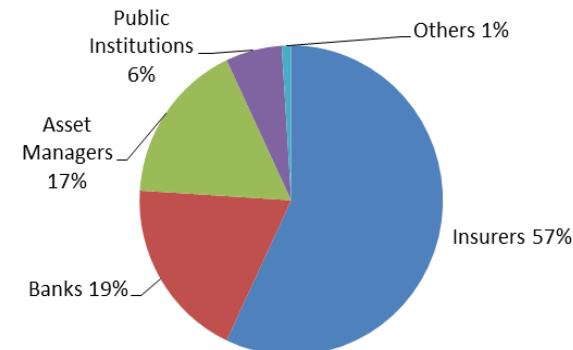
Distribution:

Exceptionally well-received transaction with a final orderbook in excess of EUR 4bn. High quality investor participation with high granularity made of 150+ orders. Geographical well diversified across Europe with strong French participation (49%) followed by Germany/Austria (22%) and Benelux and Switzerland (11%). We also received good international interest out of Asia (4%). The transaction garnered a strong bid by the Insurance and Pension Funds (57%) due to its 15-year maturity, followed by Banks with 19%, Asset Managers (17%) and Central Banks & Official Institution interest (7%).

**Geographical
breakdown**



**Investor type
breakdown**



BNP PARIBAS
CORPORATE & INSTITUTIONAL BANKING



NATIXIS
BEYOND BANKING



NOMURA



SOCIÉTÉ GÉNÉRALE
Corporate & Investment Banking

5.3 SGP EUR 1bn 1,70% 30 years

Transaction summary

Context of the transaction:

On Thursday 23rd May 2019, Société du Grand Paris successfully priced EUR 1 billion 30-year Benchmark Green Bond off its Green EMTN Programme, maturing on 25-May-2050. The issuance follows Société du Grand Paris' inaugural 10-year EUR transaction launched in October 2018 and its 15-year EUR transaction launched in March this year, allowing the Issuer to extend its 100% green credit curve.

Launch and execution process:

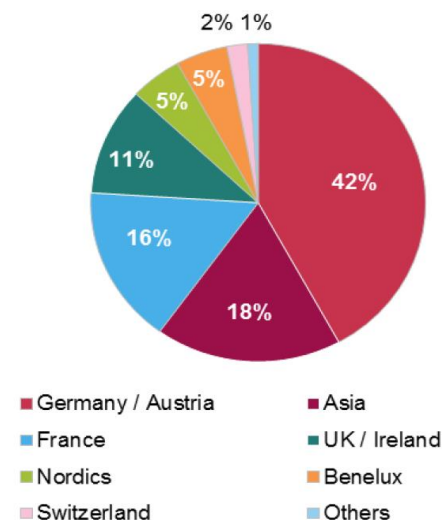
- On Wednesday, 22nd May, Société du Grand Paris announced its third green benchmark issuance, a 30-year EUR Green Bond due on the 25th May 2050. IPTs of OAT May 2050 +40bps area were announced in the morning.
- On Thursday 23rd at 9:10am CET, given the positive market on the day and the constructive investor feedback, guidance of OAT May 2050 +39bps was released to the market with an orderbook already north of €1.2bn.
- Given the strength of the book, we saw further momentum come into the transaction and at 10:40am, on the back of an orderbook in excess of €2.1bn, the Issuer set the final size at €1.0bn with a final spread of OAT May 2050 +37bps.
- Crédit Agricole CIB, Goldman Sachs International, HSBC and J.P. Morgan acted as Joint Bookrunners on the Green Bond issuance.

Distribution:

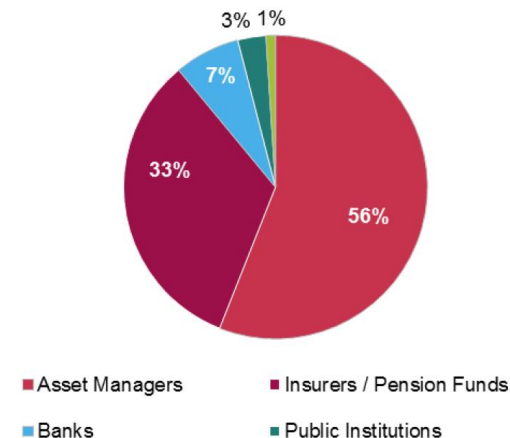
Exceptionally well-received transaction with a final orderbook in excess of EUR 2,9bn with high granularity made of 110+ investors orders.

- The final orderbook reached €2.9bn and included a large number of institutional accounts with a wide range of order sizes. The notes were allocated to a well-diversified group of investors, predominantly from Germany / Austria (42%), Asia (18%) and France (16%).
- The appetite for high quality and long duration explains the strong demand coming from insurers and pension funds (33%) as well as asset managers (56%).

Geographical breakdown



Investor type breakdown



6. Summary

Société du Grand Paris (SGP)

- a new French agency
- one sole purpose, to build and finance a strategic infrastructure for Greater Paris and France
- a specific and supportive legal status (as an « EPIC »)
- backed by dedicated fiscal resources directly allocated by the French state
- a quality of credit aligned to that of the Republic of France (Aa2/prime-1)
- recurrent in the international debt capital market (annual long term funding programme up to 3 billion €)
- investor-driven
- 100% Green EMTN (bringing additionality)

Additional information

- Legal and regulatory framework:

www.societedugrandparis.fr/sgp/identite/cadre-juridique-231

- Focus on sustainability:

www.societedugrandparis.fr/info/environnement-199

[www.societedugrandparis.fr/info/gestion-et-valorisation-des-déblais](http://www.societedugrandparis.fr/info/gestion-et-valorisation-des-deblais)

www.societedugrandparis.fr/gpe/actualite/carboptimumr-le-calculateur-carbone-de-la-sgp-815

- Contact:

www.societedugrandparis.fr/sgp/investisseurs#contact

- Investors section on the web site:

<https://www.societedugrandparis.fr/sgp/investors>

- Memberships



The
Green Bond
Principles



Climate
Bond
Certified

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