

INVITATION FOR EXPRESSION OF INTEREST TO ACT AS FINANCIAL ADVISOR IN CONNECTION WITH HRADF'S PARTICIPATION IN THE HELLENIC GAS TRANSMISSION SYSTEM OPERATOR S.A (DESFA)

20 March, 2017

1. Introduction

Pursuant to:

- I. the provisions of the Law 4336/2015 (Government Gazette A'94/2015), which approved the Memorandum of Understanding of 19.08.2015 ("**MoU**"), and
- II. the "Asset Development Plan" of the Hellenic Republic Asset Development Fund ("**HRADF**") as amended, attached to the MoU;

the Privatisation Program of HRADF includes, *inter alia*, the sale of 31% of the shares of the "**Hellenic Gas Transmission System Operator S.A.**" ("**DESFA**"), a 100% subsidiary company of the "**Public Gas Corporation S.A.**" ("**DEPA**").

By virtue of the decision no 206/25.04.2012 (Government Gazette B' 1363/26.04.2012) of the Inter-ministerial Committee for Asset Restructuring and Privatisations ("**ICARP**") of the Hellenic Republic ("**HR**"), all the shares of DEPA which the HR held (i.e. 65%) were transferred to HRADF. The "Hellenic Petroleum S.A." ("**HELPE**") holds the remaining 35% of the shares of DEPA.

According to the Law 3986/2011 on "*Emergency Implementation Measures for the Medium-Term Fiscal Strategy Framework 2012-2015*" (Government Gazette A' 151/2011), HRADF was established with the sole objective of developing assets belonging to the HR.

By virtue of the decision no 51/01.03.2017 of the Governmental Council of Economic Policy ("**GCEP Decision**"), it has been decided, *inter alia*, that:

- the previous privatisation tender held by HRADF, following an Invitation for the Expression of Interest dated as from 29.02.2012, shall be terminated;
- HRADF proceeds with the sale of (a) the 31% of the shares of DESFA currently held, through DEPA, by HRADF ("**HRADF Shares**") and (b) the 35% of the shares of DESFA currently held, through DEPA, by HELPE ("**HELPE Shares**") (the "**Transaction**");
- HRADF Shares and HELPE Shares will be tendered through a process organised by HRADF, on the basis of an MoU between the two shareholders; and
- the remaining 34% of the shares of DESFA will be transferred to the HR.

On 16.03.2017 the BoD of HRADF decided to terminate the previous privatisation tender and proceed with a new tender as per the provisions of the GCEP Decision. The same BoD decision, approved the present Invitation for Expressions of Interest ("**Invitation**").

2. Scope of Work

In this context, HRADF considers the appointment of a leading investment bank or firm ("**Advisor**") to provide financial advisory services to HRADF for the Transaction. The tender process for the Transaction will comprise a one-phase tender process with prequalification. Within the context of the assignment, the Advisor is expected, *inter alia*, to:

- Assist HRADF with establishing a working group and, if required by HRADF, provide support in the selection of other professional advisors in relation to the Transaction;
- Assist in the coordination and project management of the working group consisting of such other professional advisors;
- Provide assistance to HRADF and its legal advisors in liaising with all the relevant regulatory bodies and/or European Institutions, as well as identify any possible competition issues;
- Review any relevant available data, including, *inter alia*, all existing historical financial, strategic and operational work done to date relating to DESFA, as well as any information memoranda, studies, reports, business plans, etc.;
- Review and assess the current status and prospects of DESFA;
- Review and assess material legal, regulatory, ownership, corporate, business, commercial and market issues associated with the Transaction from a financial point of view, and co-ordinate with other professional advisors, as deemed necessary, in identifying any issues that may affect the privatisation process;
- Explore, identify and evaluate potential investor interest, and, in consultation with HRADF, coordinate and advise in communications and discussions with any potential investors, with a view to soliciting and verifying investor interest in support of the proposed Transaction structure;
- Design, prepare and coordinate, together with the other professional advisors of HRADF, all the necessary procedures required for the implementation of the tender and the Transaction such as, indicatively, vendor due diligence process, data room establishment and administration, preparation and coordination of presentations by the Management of DESFA to potential investors with regard to the Transaction, coordination and preparation of site visits, any other action required in relation to the proposed course of action to implement the Transaction;
- Assist, in co-operation with any other professional advisors, in the co-ordination of the Transaction process, from its initial preparation to the final negotiation and consummation of the Transaction, which may include, but is not limited to, the following:
 - Review in conjunction with HRADF and other professional advisors (where appropriate) the potential investors universe, including examination of their

interest, and advise HRADF on deciding on the criteria and process for the selection of potential investors;

- Advise and, where appropriate, assist HRADF to develop the appropriate sell story;
- Advise and assist HRADF in the implementation of the Transaction and the coordination of the Transaction process, including the working group consisting of other professional advisors of HRADF;
- In conjunction with the other professional advisors, review, advise and assist HRADF in all the Transaction related documentation, as necessary and customary for soliciting investor interest and executing transactions of similar nature to the Transaction, (including, *inter alia*, the public invitation for the expression of interest and for binding offers, confidentiality agreements, process letters, head of terms documentation, share purchase agreements, shareholders' agreements, announcements and any other document(s) required for the Transaction);
- Organize, in conjunction with HRADF, all necessary meetings with potential investors during the privatisation process, as well as with any other party which is necessary to be contacted at any stage of the privatisation;
- Evaluate from a financial point of view the binding offers submitted by the investors and make a written recommendation to the BoD of HRADF, in accordance with the Transaction's criteria and objectives;
- Advise and assist HRADF, together with other professional advisors, in the negotiation of the terms of the Transaction and on the negotiation tactics to be followed;
- Prepare, in conjunction with other professional advisors, any public documentation in relation to the Transaction, including announcements and circulars, as well as advise on communication strategy;
- Assist HRADF, in conjunction with its other professional advisors, in seeking the relevant approvals and consents and the fulfillment of any other conditions necessary for the closing of the Transaction.
- Provide to the BoD of HRADF any required presentations and recommendations justifying the proposed course of action in the different steps of the implementation of the Transaction up to its Closing.

3. Duration and Budget

Duration. The duration of the engagement shall be twelve (12) calendar months or until the consummation of the Transaction (whichever event occurs first). An extension of the duration of the engagement may be agreed upon if such is deemed necessary for the consummation of the Transaction.

Retainer fees. The maximum available budget for retainer fees for the assignment is **Euro 150,000** (excluding VAT).

Success fee. Any proposed success fee and expenses should be quoted and analysed separately.

4. Qualifications and Criteria

The Interested Parties should be able to demonstrate their standing and professional experience in relation to the assignment tendered. In particular, the tenderers should be able to demonstrate:

- 4.1 Track Record & Experience:** Proof of relevant experience in the provision of expert advisory services and financial services in recent transactions in regulated markets and particularly in the gas sector (preferably within the EU). Experience in the Greek market will be highly appreciated. The Dossier should include obligatorily a catalogue of all the relevant projects in which the interested party has participated in the last ten (10) years (**DOSSIER A'**).
- 4.2 Project Team:** Proposed team composition for the Transaction and its proposed structure, including the definition of the engagement leader and of the senior members of the team. The Dossier should also include the CVs and a list of any relevant project experience, of all the members of the proposed project team. The suggested senior members of the project team may be replaced only with HRADF's prior consent, which shall not be unreasonably withheld (**DOSSIER B'**).
- 4.3 Methodological Approach:** The Interested Parties should identify the business, regulatory and other critical issues related to the Transaction and submit in their proposal a brief description of the proposed approach to the assignment, specify the deliverables, and include an indicative timetable (**DOSSIER C'**).
- 4.4 Budget:** The Dossier should include a detailed budget analysis and structure for the fees. Any proposed success fee should be quoted and analysed separately; it should be also clarified whether and up to which percentage the retainer fee shall be off-settable against the success fee. Similarly, expenses should be calculated and quoted separately at a capped amount. The kind of the expenses and their settlement will have to comply with the approved Expense Policy of HRADF (**DOSSIER D'**).
- 4.5** The Interested Parties and each member of their proposed project team must declare in writing that they do not have a conflict of interest, as well as that they do not have any relationship of economic or of any other nature with DESFA and that they are not retained by the latter. Such a declaration confirming the absence of any conflict of interest shall be in effect throughout the term of the engagement of the Advisor with HRADF.
- 4.6** The Interested Parties must meet all the qualifications as described above under 4.1 through 4.5. Interested Parties, who fail to submit their Expressions of Interest fully compliant to the qualifications required under 4.1 through 4.5 of this Invitation, shall be disqualified from the Tender.
- 4.7** The Advisor must observe and abide by the rules provided for in art. 7 of the Law 3049/2002 and in particular their professional code of conduct and the relevant confidentiality rules, even after the conclusion of their engagement.

5. Selection Process

- 5.1 The assignment will be awarded in accordance with the provisions of the Law 3986/2011 and article 2.4 of the Procurement Regulation of HRADF (Min. Finance Decision 2/16128/0025/2014, Governmental Gazette B' 476/26.02.2014), as in force.
- 5.2 The Interested Parties are assessed and evaluated in accordance with the table below. The tender will be awarded at the Interested Party with the highest score.
- 5.3 The Interested Parties are evaluated on the basis of the following criteria and their respective weighting:

Criterion	Weighting
Track Record & Experience - DOSSIER A'	25%
Project Team - DOSSIER B'	20%
Methodological Approach - DOSSIER C'	20%
Budget - DOSSIER D'	35%

- 5.4 HRADF may request additional documents and/or clarifications and/or information from the Interested Parties in connection with any issue related to their Expression of Interest, as deemed necessary.
- 5.5 The Expressions of Interest, consisting of DOSSIERS A', B, C' and D', the declarations confirming the absence of any conflict of interest and any other supporting documentation which proves the required experience and expertise of the Interested Parties as well as of the individual members of their proposed team, are permissibly submitted **only** electronically by e-mail at the e-mail address: info@hraf.gr (for the attention of Mr Yiannis Zapantis), marked "**DESFA S.A.: INVITATION FOR EXPRESSION OF INTEREST FOR FINANCIAL ADVISOR**". In addition, the Interested Parties may also submit to HRADF, at their discretion, a hard copy of DOSSIERS A', B', and C', in a sealed envelope, at the premises of HRADF, (1 Kolokotroni & Stadiou Str., 7th floor, Athens 10562, Greece). In case of any discrepancy or any other inconsistency between the hard copy and the electronic submission via e-mail, the e-mail submission shall prevail.
- 5.6 DOSSIER D' must be protected with a password; if not, the Interested Party shall be automatically disqualified. Following the assessment of DOSSIERS A', B', C', and provided that the declarations confirming the absence of any conflict of interest are included, **only** the Interested Parties which comply with the requirements under para. 4.6 will be invited via e-mail to send the password for DOSSIER D'. The Interested Parties who fail to comply with the above requirements will be notified accordingly. Following the assessment of DOSSIER D', the Interested Parties (invited to send the password for DOSSIER D') will be notified about the outcome of the process.
- 5.7 The Expressions of Interest are submitted **no later than April 25th, 2017, 17:00, Athens time**, irrespectively of the means of their submission. Expressions of Interest submitted

after the aforementioned deadline shall be deemed inadmissible and thus immediately rejected. In the case of a late receipt, the Expression of Interest shall not be evaluated.

- 5.8** HRADF reserves the right to enter into discussions and negotiations with the Preferred Bidder for the improvement of its bid, prior to the final award of the assignment.

6. Terms and Conditions

- 6.1** The Expressions of Interest to be submitted and this Invitation, as well as the Advisor's engagement letter for the Transaction, are governed by and construed in accordance with the laws of the HR, taking also into consideration the prevailing market's levels, the practice of HRADF and its internal policy, including terms and conditions customary in the circumstances.
- 6.2** The Interested Parties accept hereby the approved expenses policy of HRADF on the reimbursement of the expenses of its Advisors.
- 6.3** HRADF or any of its advisors, or agents, or employees, or officers are not to be held responsible or liable in respect of any error or misstatement/misrepresentation in, or omission from, this Invitation. No person acquires against HRADF and its officers, agents, employees and officers, or the HCAP or the Advisors any right or claim for compensation, or indemnification, or other, for any reason or cause related to this Invitation and/or the Expression of Interest and/or the participation in the Tender. No representation, warranty or undertaking, expressed or implied, is, or will be made, in relation to the accuracy, adequacy or completeness of this Invitation and the Tender Process in general.
- 6.4** HRADF reserves the right, at the fullest extent possible and at its exclusive discretion, to cancel, suspend, amend or postpone this procedure, without any prior notice or update, as well as to terminate any negotiations or discussions at any stage of the process, without incurring any liability whatsoever as against any participant and/or any third party.
- 6.5** Any dispute arising under, or out of, or in connection with the present Invitation including the Expressions of Interest submitted and the Advisor's engagement letter for the Transaction, shall be subject to the exclusive jurisdiction of the Courts of Athens, Greece.