

Hellenic Republic Asset Development Fund S.A.
1 Kolokotroni Street and Stadiou Str., 7th Floor
P.C. 10562 Athens

Athens, 29 February 2012

**INVITATION TO SUBMIT AN EXPRESSION OF
INTEREST**

For the acquisition of the Public Gas Corporation Group (“**DEPA Group**” or “**Group**”) on either a “bundled” or “unbundled” basis

I. TRANSACTION SCOPE AND OVERVIEW

1. Introduction

Public Gas Corporation S.A. (“**DEPA**”) is currently 65% owned by the Hellenic Republic (the “**HR**”) and 35% owned by the Greek societe anonyme under the name “Hellenic Petroleum S.A.” (“**HELPE**”), the shares of which are listed on the Athens Exchange.

By Decision No. 158/15-12-2010 the Inter-ministerial Committee for Asset Restructuring and Privatisations (the “**ICARP**”) decided to explore options for the interests of the HR in DEPA.

By virtue of law 3986/2011 (the “**Fund Law**”) (Government Gazette A/152/01.07.2011), the “Hellenic Republic Asset Development Fund S.A.” (the “**Fund**”), a company 100% owned by the HR, was established with the scope to develop and exploit the assets of the HR (and of public entities as defined in the Fund Law).

Pursuant to article 5 of the Fund Law all the assets of the HR included in the Privatization Programme as per law 3985/2011 on the Medium Term Fiscal Strategy 2012-2015 (Government Gazette A/151/01.07.2011) are to be transferred to the Fund by virtue of a relevant decision of the ICARP. The privatisation of DEPA (including its wholly owned subsidiary “Hellenic Gas Transmission System Operator S.A.” (“**DESFA**” and together with DEPA, the “**DEPA Group**”)) is part of the Medium Term Fiscal Strategy 2012-2015.

Following ICARP Decision No. 187/06-09-2011 (Government Gazette B/2061/16.09.2011), the Fund and the HR entered into an agreement dated 16.11.2011, pursuant to which the HR has granted the Fund the power to exercise the voting rights corresponding to the shares held by the HR in DEPA’s share capital.

By ICARP Decision No. 201/15-02-2012, ICARP decided to proceed with the sale of the interest of the HR in DEPA Group, save for a 34% stake in DESFA that shall be retained by the HR. By virtue of the same decision, ICARP authorised the Fund to design and implement the process for the sale of the HR’s interest in DEPA Group.

Furthermore, the Fund’s board of directors has approved the process for the sale of the HR’s interest in DEPA Group.

Within the framework of the above legislation, the two shareholders of DEPA – along with the Fund – (the “**Sellers**”) have entered into a Memorandum of Understanding to

jointly sell their respective stake in DEPA Group either on a “bundled” or an “unbundled” basis, save for a 34% stake in DESFA that shall be retained by the HR (the “**Transaction**”), as outlined in more detail below.

Within the above legislative framework the HR shall, prior to the conclusion of the Transaction, transfer to the Fund the shares in DEPA Group that are currently in the ownership of the HR and are to be sold pursuant to the Transaction.

DEPA Group is the incumbent gas utility in Greece responsible for the wholesale, trading, transport, distribution and supply of natural gas:

- through DEPA, the DEPA Group is active in the wholesale, trading, supply of natural gas to large customers and distribution to retail clients;
- through its wholly-owned subsidiary DESFA, the DEPA Group owns and operates the regulated high pressure gas transport network and LNG re-gasification facilities in Greece.

2. Transaction structure

By virtue of the present invitation to submit an expression of interest (the “**Invitation**”), the Sellers invite interested parties to submit their expression of interest for the acquisition of the DEPA Group on either a “bundled” or “unbundled” basis. In particular:

- in a “bundled” sale, the Sellers invite interested parties to express their interest for 100% of DEPA Group as a whole, with the HR retaining a 34% stake in DESFA directly. In this case, DESFA will be governed under the Independent Transmission Operator model as per European Directive 2009/73/EC;
- in an “unbundled” sale, the Sellers invite interested parties to express their interest for (i) 100% of DEPA Group excluding DESFA; or (ii) 66% of DESFA, with the HR retaining a 34% stake in DESFA directly. In this case, DESFA will be governed under the ownership unbundling model as per European Directive 2009/73/EC.

3. Process overview

The purpose of this Invitation is to solicit expressions of interest from legal entities (the “**Interested Parties**”) wishing to participate in an international public competitive bidding tender process (the “**Tender Procedure**”) with respect to the Transaction, which will be conducted in two (2) phases, following a pre-qualification stage.

3.1. Pre-qualification stage

This Invitation sets out further details with respect to the pre-qualification stage of the Tender Procedure. A summary briefing document relating to the DEPA Group and the Transaction can also be made available upon request.

Following review of this Invitation and the summary briefing document, Interested Parties are invited to express their interest to participate in the Tender Procedure by submitting a letter of expression of interest as per section III.1 below, accompanied by the documentation specified in section III.2 below (the “**Expression of Interest**”).

The purpose of the Expression of Interest is the selection of Interested Parties that demonstrate the legal, financial and technical capacity required for the acquisition and ownership of DEPA Group either on a “bundled” or an “unbundled” basis.

Whether or not an Interested Party qualifies to participate in the first phase of the Tender Procedure (the “**First Phase**”) will be determined by the Sellers, on the basis of the criteria and the terms set out in sections II and III below. Interested Parties will be notified in writing by the Financial Advisers (as defined herein below) if they qualify to participate in the First Phase.

3.2. First Phase

The Interested Parties that qualify for the First Phase (the “**Qualified Interested Parties**”) will be required to sign a confidentiality agreement (the “**Confidentiality Agreement**”). Upon execution of the Confidentiality Agreement, Qualified Interested Parties will receive a detailed information memorandum on DEPA Group (the “**Information Memorandum**”) as well as a process letter outlining the details of the First Phase including instructions for the submission of Indicative Offers (as defined below) (the “**Request for Indicative Offers**”).

Qualified Interested Parties will be required to submit in writing, within a time frame to be stipulated in the Request for Indicative Offers, an indicative non-binding offer for (a) 100% of DEPA Group (with the HR retaining a 34% stake in DESFA directly) and/or (b) either (i) 100% of DEPA Group excluding DESFA or (ii) 66% of DESFA (the “**Indicative Offer**”). For the avoidance of doubt, Qualified Interested Parties may submit Indicative Offers on more than one basis. Such Indicative Offer shall include, *inter alia*, a strategy plan for the company or companies they wish to acquire, the details of which shall be specified in the Request for Indicative Offers.

It is envisaged that the First Phase shall be concluded within approximately 5 weeks of the distribution of the Request for Indicative Offers. The definite timetable for the First Phase will be described in detail in the Request for Indicative Offers.

Following submission of an Indicative Offer by Qualified Interested Parties, such parties will be notified by the Financial Advisers whether they qualify for the second phase of the Tender Procedure (the “**Second Phase**”) based on the criteria set out in the Request for Indicative Offers and shall receive a process letter with an overview of the Second Phase including instructions for the submission of Binding Offers (as defined below) (the “**Request for Binding Offers**”).

3.3. **Second Phase**

Qualified Interested Parties that qualify for the Second Phase (the “**Shortlisted Parties**”) shall also receive, along with the Request for Binding Offers, the following:

- access to a virtual data room set up with respect to DEPA Group in order to carry out their due diligence review;
- vendor due diligence reports;
- draft share purchase agreement(s) with respect to the Transaction to be entered into between the Sellers and the Preferred Investor(s) (as defined herein below) (collectively the “**SPA**”) as well as, where applicable, a draft shareholders agreement to be entered into between the HR and the Preferred Investor with respect to DESFA (the “**SHA**”).

Shortlisted Parties shall be required to provide their comments on the SPA and, where applicable, the SHA within the time period which will be stipulated in the Request for Binding Offers. Following review by the Sellers of any comments submitted by the Shortlisted Parties as per above, the final SPA and/or SHA (as the case may be) will be circulated to the Shortlisted Parties, on the basis of which the Shortlisted Parties shall be required to submit, in writing, a binding final offer for (a) 100% of DEPA Group (with the HR retaining a 34% stake in DESFA directly) and/or (b) either (i) 100% of DEPA Group excluding DESFA or (ii) 66% of DESFA (the “**Binding Offer**”).

After the submission of the Binding Offers, the Sellers shall review such offers along with any supporting documentation and evaluate those based on a set of criteria to be specified in the Request for Binding Offers, in order to select either (a) the preferred investor for 100% of DEPA Group (with the HR retaining a 34% stake in DESFA

directly) or (b) the preferred investors for (i) 100% of DEPA Group excluding DESFA and (ii) 66% of DESFA (collectively the “**Preferred Investor(s)**”).

It is envisaged that the Second Phase be concluded within approximately 9 weeks of the distribution of the Request for Binding Offers. The definite timetable for the Second Phase will be described in detail in the Request for Binding Offers.

Following the selection of the Preferred Investor(s) and the obtainment of the necessary approvals by the Sellers, the Sellers and the Preferred Investor(s) shall enter into the SPA as well as, where applicable, the SHA. The closing of the Transaction shall be effected following obtainment of all necessary regulatory approvals.

II. QUALIFICATION CRITERIA

1. General eligibility of Interested Parties

Interested Parties must meet all the requirements of the Invitation in order to participate in the Tender Procedure.

1.1. Bidding consortia

For the purposes of participation in the Tender Procedure and the subsequent execution of any contractual agreements, Interested Parties may form a bidding consortium to participate in the Tender Procedure prior to the conclusion of the First Phase, that is, the submission of Indicative Offers, provided that each consortium member holds at least an interest of 10% in such consortium. For the avoidance of doubt, in case a consortium is formed during the pre-qualification stage and qualifies to participate in the First Phase, then only such consortium as a whole shall be considered to be a Qualified Interested Party.

Any consortium formed following the conclusion of the pre-qualification stage must be notified to the Sellers within 15 days of the distribution of the Request for Indicative Offers and must comprise members that are Qualified Interested Parties.

The proposed inclusion in a consortium of a member that is not a Qualified Interested Party (whether by virtue of not having participated in the pre-qualification stage or not having qualified) (a “**Non Qualified Member**”) must be notified to the Sellers within 20 days of the distribution of the Request for Indicative Offers and shall be subject to the approval of the Sellers.

1.1.1. Exclusivity

An Interested Party may only be included in one Expression of Interest. A member of a bidding consortium may not participate in any other bidding consortium, nor may a member thereof present an individual Expression of Interest as a single Interested Party.

1.1.2. Member designation

If an Expression of Interest is submitted by a consortium or a consortium is formed following the conclusion of the pre-qualification stage as per paragraph 1.1 above, the consortium must designate one of its members as the leader (the “**Lead Member**”), which member shall be required to hold the largest stake in the consortium, corresponding to at least 34% of the total interest in the consortium. The Lead Member must be designated to control the management and operation of the consortium.

The Lead Member, as it is represented in the Tender Procedure, must be duly authorised by the other consortium members to represent the consortium in relation to the Transaction.

1.1.3. Changes to a consortium

Members of a consortium may transfer part or all of their participation to other members of the consortium up until the time of submission of the Indicative Offers, after notifying the Sellers thereof in writing, provided however that (a) the Lead Member retains the largest stake in the consortium corresponding to at least 34% of the total interest in the consortium; and (b) after the transfer of such participation the consortium continues to fulfil the criteria set out in section II.2 below, taking into account the revised participation percentages.

Any transfer as per the above to a Non Qualified Member shall be subject to the Sellers’ approval and may only be effected if (a) all the requirements stipulated in the previous paragraph are met, and (b) said Non Qualified Member does not hold more than 34% of the total interest in the consortium.

In any case, the Lead Member of a consortium cannot be changed after the formation of the consortium. No changes in the membership of a consortium (whether by way of the exit of existing members or the entry of new members) are permitted following the submission of the Indicative Offers.

2. Qualification requirements

Each Interested Party must demonstrate that:

- if it is a corporate entity, its consolidated shareholders' equity equals four hundred million Euros (€400,000,000) or higher and financial leverage of no more than 5.0 x Net debt/EBITDA as evidenced in its latest audited balance sheet statement. Should a corporate entity intend to prequalify only for (a) 100% of DEPA Group excluding DESFA or (b) 66% of DESFA, then such corporate entity must demonstrate that its consolidated shareholders' equity equals two hundred million Euros (€200,000,000) or higher and financial leverage of no more than 5.0 x Net debt/EBITDA as evidenced in its latest audited balance sheet statement;
- if it is a fund, it has uncommitted funds of four hundred million Euros (€400,000,000) or higher. Should a fund intend to prequalify only for (a) 100% of DEPA Group excluding DESFA or (b) 66% of DESFA, then such fund must demonstrate that it has uncommitted funds of two hundred million Euros (€200,000,000) or higher.

In the case of a consortium, the relevant criteria above apply to each consortium member on a proportionate basis, taking into account the relative interest of each member in the consortium (save to the above financial leverage requirement which shall only apply to—and must be met in full by—the Lead Member of the consortium, if such member is a corporate entity).

To the extent that a party participating in the Tender (whether as a member of a consortium or by itself) is a member of a group, the above criteria may also be satisfied by any other member of the group, provided that the Interested Party proves to the Sellers that it will have at its disposal the resources necessary, by submitting a binding commitment from such member of the group to financially support the Interested Party.

Interested Parties will not be able to rely on the financial capacity of any other third party or subcontractor in order to demonstrate fulfilment of the financial qualification criteria.

Furthermore, each Interested Party, or, where the Interested Party is a consortium, the Lead Member of such consortium, should be able to demonstrate that it has relevant experience in the energy or, as the case may be, infrastructure sector and/ or is

owning (in whole or partly) or operating assets with similar characteristics to those of DEPA or DESFA.

III. CONTENTS AND FORM OF EXPRESSION OF INTEREST

The Expression of Interest and any supporting documentation as further detailed below should be submitted either in Greek or in English. The Expression of Interest should be signed by the legal representative(s) or other specifically authorised representative(s) of each Interested Party or, in the case of a consortium, each member of that consortium and should include the following in the form and order outlined below:

- 1. A letter of Expression of Interest including the following and presented in the order set out below:**
 - 1.1.** Interested Party's full name, address and registered offices, phone and fax numbers, e-mail address, internet website address (if available). Please also confirm that the Interested Party is acting as principal and not as agent.
 - 1.2.** Details of the composition of the board of directors or other relevant administrative or corporate bodies as well as of the shareholding or partnership structure of the Interested Party.
 - 1.3.** In the case of a consortium, names of all consortium members and their respective registered seat, current directors and shareholding or partnership structure as well as the proposed respective percentage equity ownership of each member in the consortium.
 - 1.4.** Brief description of the Interested Party's strategic rationale for this investment.
 - 1.5.** Details of the sources the Interested Party intends to use, and have access to, in order to fund the Transaction, including debt and equity financing.
 - 1.6.** Details on any potential issues which the Interested Party envisages in terms of process, timing, due diligence and other information requirements in order to be able to submit a fully financed Binding Offer.
 - 1.7.** Declaration that the Interested Party unconditionally accepts the terms of the Tender Procedure.
 - 1.8.** Declaration that there are no matters which restrict the Interested Party from

submitting the Expression of Interest and confirmation that the Interested Party's Board, investment committee or any other body with equivalent decision-making authority has consented to the Interested Party's response to the Invitation for Expression of Interest.

- 1.9. Declaration that the participation in the Tender Procedure takes place at the sole risk and expense of the Interested Party and that the participation as such or dismissal of an Expression of Interest does not, in each case, establish any right to compensation from the Sellers or their advisers.
- 1.10. Names and contact details of the Interested Party's primary contact person(s) as well as details of any advisers already appointed or intended to be appointed.

2. Financial Statements

Further to the letter of Expression of Interest as per above, the Interest Parties must also submit the following accompanying documentation either in Greek or in English.

- 2.1. To the extent relevant and available, copies of the financial statements of the last three (3) financial years audited by an international auditing firm. If the Interested Party is a parent company, consolidated financial statements should also be submitted. If the Interested Party relies on the financial capacity of another member of its group to meet the financial criteria, the financial statements of such other member – together with consolidated accounts for such group – should also be submitted. If the Interested Party is a member of a group and does not rely on the financial capacity of another member of its group to meet the financial criteria, consolidated financial statements relating to such group should also be submitted for information purposes only.
- 2.2. Any other relevant documentation or information that will support the strong financial standing of the Interested Party.

IV. CLOSING DATE AND SUBMISSION OF THE EXPRESSION OF INTEREST

Interested Parties who wish to participate in the Tender Procedure should submit an Expression of Interest in accordance with the requirements stated above, in person or by post, to UBS Limited, 1 Finsbury Ave, EC2M 2PP, London UK and marked for the attention of Mr. Yannis Katsarakis. Such submissions must be received by no later than 17:00 (UK time) on 22.03.2012.

All documents with respect to the pre-qualification stage (that is, the letter of Expression of Interest and accompanying documentation) must be submitted (i) in sealed hard copy, and (ii) either on an electronic storage device (e.g. CD-ROM, DVD or USB stick), or emailed (and in such case in an easily accessible format) in each case on or before the above time and date.

Any Expression of Interest received after 17:00 (UK time) on 22.03.2012, will not be accepted. Any delay by accident or for reasons of *force majeure* shall not be recognised as a justified reason for late receipt of the Expression of Interest. In the case of late submission, as per the provisions hereof, the Expression of Interest shall be returned without being unsealed. Interested Parties may submit requests for clarifications regarding the Expression of Interest by fax or e-mail until 17:00 (UK time) on 14.03.2012. Such requests should be addressed to the representative listed below:

Mr. Yannis Katsarakis

Director

UBS Limited

Tel.: +44 20 7567 6631

Fax: +44 20 7336 2857

Email: yannis.katsarakis@ubs.com

Replies to such requests for clarifications will be posted on the following website:
www.hraf.gr.

V. LEGAL NOTICE

The Interested Parties' participation in the Tender Procedure shall mean the unconditional acceptance of the terms and conditions of this Invitation on their part.

The Fund may at any time require from the Interested Parties clarifications and/or supplemental information on documents already duly submitted.

This Invitation has been prepared by, and is the sole responsibility of, the Sellers and is being directed only at persons to whom it may be lawfully communicated under applicable law. It does not constitute any offering and, to the extent permitted by law, the Sellers and their advisers accept no liability in relation to it. In particular:

Whilst the information contained in this document has been prepared in good faith, it is not comprehensive and has not been verified independently by the Sellers, or their advisers, including, without limitation, the Fund's advisers, namely, UBS Limited, N M Rothschild & Sons Limited, Alpha Bank S.A., Clifford Chance LLP and Koutalidis Law Firm, and the advisers of HELPE, namely Barclays Capital and M&P. Bernitsas Law Offices.

No representation, warranty or undertaking, express or implied is or will be made in relation to the accuracy, adequacy or completeness of this document.

No responsibility or liability is or will be accepted by either the Sellers or their advisers, or any agents, servants, officers or affiliates of the Sellers and their advisers in respect of any error or misstatement in or omission from this document. No person acquires any right or claim for compensation or other from this Invitation or from their participation in the Tender Procedure, against the Sellers or their advisors for any reason or cause.

No information contained in this document forms the basis for any warranty, representation or term of any contract by the Fund or any of its advisers, with any third party.

This document is not intended to form the basis of any investment decision or investment recommendation made by the Sellers or any of their respective advisers and does not constitute the giving of investment advice by the Sellers or any of their respective advisers. Each person to whom the document is made available must make their own independent assessment of this document after making such investigation and taking such professional advice, as they deem necessary.

The issuance of this document in no way commits the Sellers to proceed with the Transaction pursuant to the Tender Procedure or at all. The Fund reserves the right to amend the terms of, postpone or terminate the Tender Procedure without prior notice, to reject any or all of the Expressions of Interest and to terminate discussions with any or all Interested Parties at any time.

In furnishing this document, the Sellers and their respective advisers undertake no obligation to provide Interested Parties with access to any additional information or to update the document or to correct any inaccuracies therein which may become apparent.

For the purposes of this document, the Fund's advisers and HELPE's advisers are acting exclusively as the advisers to the Fund and HELPE respectively, and will not be responsible to anyone other than the Fund and HELPE, respectively, for work

carried out by them in connection with this document. Neither the Sellers, nor any of their respective advisers, shall be liable for any costs or expenses incurred by any Interested Party or other recipient of this document in connection with the Tender Procedure.

All Expressions of Interest, responses, proposals and submissions relating to this document and/or the Tender Procedure are made at the risk of the Interested Parties.

Interested Parties should be aware that national legislation applying to DEPA Group might change. The application of EU law and treaties to the natural gas sector (including, *inter alia*, production, supply, distribution and transmission of natural gas) may also change.

This Invitation may not be reproduced, copied or stored in any medium, in whole or in part, without the prior written consent of the Sellers, other than as strictly required for the preparation of a response to this Invitation.

All Expressions of Interest become the property of the Fund upon receipt by the Fund. Interested Parties give the Fund the right to replicate and disclose the responses to this Invitation for any purposes in connection with the fulfilment of their statutory duties.

The Sellers may be obliged to disclose information they hold in relation to the Expressions of Interest received in response to requests for information, subject to any relevant exemptions.

If required by law, regulation or order of a court or regulatory body or governmental authority, the Sellers may be required to disclose certain information and/or documents relating to Expressions of Interest.

The Courts of Athens, Greece will have exclusive jurisdiction in relation to any disputes arising from this document and Greek law shall be applicable.