

Hellenic Republic Asset Development Fund S.A.

1 Kolokotroni and Stadiou Str., 7th Floor

P.C. 10562 Athens

Athens, 26 June 2017

INVITATION TO SUBMIT AN EXPRESSION OF INTEREST

For the acquisition of a 66% stake in “Hellenic Gas Transmission
System Operator S.A.” (“**DESFA**”)

I. TRANSACTION SCOPE AND OVERVIEW

1. Introduction

DESFA, established in 2007 by virtue of presidential decree 33/2007 in conjunction with art. 7 of Law 3428/2005, is the Greek natural gas transmission system operator that owns and operates the regulated high pressure gas transport network and LNG re-gasification facilities in Greece. DESFA is currently certified under the independent transmission operator model as per European Directive 2009/73/EC, transposed into the Greek legal system through Law 4001/2011.

DESFA is a wholly owned subsidiary of “Public Gas Corporation S.A.” (“**DEPA**”), which is currently 65% owned by the Greek société anonyme under the name “Hellenic Republic Asset Development Fund S.A.”, (the “**Fund**”) and 35% owned by the Greek société anonyme under the name “Hellenic Petroleum S.A.” (“**HELPE**”), the shares of which are listed on the Athens Exchange.

By virtue of Law 3986/2011 (the “**Fund Law**”), the Fund, a company 100% owned by the company “Hellenic Corporation of Assets & Participations S.A.”, which is 100% owned by the Hellenic Republic (“**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).

The privatisation of DESFA was initially part of the Privatization Programme laid down in Table II of Chapter B’ of Law 3985/2011 on the Medium Term Fiscal Strategy 2012-2015. Furthermore, as per the provisions of Law 4336/2015, ratifying the Memorandum of Understanding between the European Commission (acting on behalf of the European Stability Mechanism), the HR and the Bank of Greece, the privatisation of 31% of DESFA is included in the current Asset Development Plan of the Fund.

By virtue of decision No. 206/25.04.2012 of the Inter-ministerial Committee for Asset Restructuring and Privatisations, the HR transferred to the Fund title to its entire stake (i.e. 65%) in DEPA.

By its decision No. 51/01.03.2017, the Government Council for Economic Policy decided, *inter alia*, to proceed with the sale of the Fund’s interest in DESFA, to be sold along with HELPE’s interest therein, save for a 34% stake in DESFA that shall be retained by the HR. By virtue of the same decision, the Government Council for Economic Policy authorised the Fund to implement a tender process for the aforementioned sale.

As per article 63A of Law 4001/2011, as amended and in force, a stake of 66% of DESFA, currently held by DEPA, shall be sold and transferred through an international tender process to be implemented by the Fund, whereas the remaining 34% in DESFA, also currently held by DEPA, shall be transferred to the HR.

Within the framework of the above legislation, the Fund and HELPE, in their capacity as shareholders of DEPA and indirect shareholders of DESFA (the “**Sellers**”) have entered into a Memorandum of Understanding to jointly sell their respective stake in DESFA, save for a 34% stake in DESFA that shall be retained by the HR (the “**Transaction**”), as outlined in more detail below.

Furthermore, by virtue of its decision dated 12 June 2017, the Fund’s board of directors has approved the process for the sale of the Fund’s interest in DESFA through the Transaction.

2. Transaction structure

By virtue of the present invitation to submit an expression of interest (the “**Invitation**”), the Sellers invite legal entities (the “**Interested Parties**”) to submit their expression of interest for the acquisition of a 66% stake in DESFA.

As dictated by the aforementioned legal framework, the HR shall retain a 34% stake in DESFA directly. **Following closing of the Transaction, DESFA will be governed under the ownership unbundling model as per European Directive 2009/73/EC and Law 4001/2011.**

3. Process overview

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

3.1. Pre-qualification phase

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

Following review of this Invitation, Interested Parties are invited to express their interest to participate in the Tender Process 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 DESFA as per the terms dictated under the applicable legal framework and the present Invitation.

Whether or not an Interested Party qualifies to participate in the second phase of the Tender Process (the “**Binding Offers 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 to the Fund if they qualify to participate in the Binding Offers Phase.

3.2. Binding Offers Phase

The Interested Parties that qualify for the Binding Offers Phase (the “**Shortlisted Parties**”) will be required to sign a confidentiality agreement (the “**Confidentiality Agreement**”). Upon execution of the Confidentiality Agreement, Shortlisted Parties will receive a process letter outlining the details of the Binding Offers Phase, including instructions for the submission of Binding Offers (as defined below) (the “**Request for Binding Offers**”).

Shortlisted Parties that qualify for the Binding Offers Phase shall also receive along with the Request for Binding Offers, the following:

- access to a virtual data room set up with respect to DESFA in order to carry out their due diligence exercise;
- legal, financial, tax and technical vendor due diligence reports;
- the opportunity to participate in site visits in relation to DESFA and attend a presentation by the management of DESFA, as well as to submit written questions to the management of DESFA;
- draft share purchase agreement with respect to the Transaction to be entered into between the Sellers and the Preferred Investor (as defined herein below) (the “**SPA**”) as well as a draft shareholders agreement to be entered into

between the HR and the Preferred Investor with respect to DESFA (the “**SHA**” and together with the SPA, the “**Transaction Documents**”).

Shortlisted Parties shall be required to provide their comments on the Transaction Documents 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 Transaction Documents 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 66% of DESFA (the “**Binding Offer**”).

After the submission of the Binding Offers, the Sellers shall review such offers along with any supporting documentation (to include, inter alia, proof of funding) and evaluate those based on a set of criteria to be specified in the Request for Binding Offers, in order to select the preferred investor in the context of the Transaction (the “**Preferred Investor**”).

It is envisaged that the Binding Offers Phase will be concluded within approximately 12 weeks of the distribution of the Request for Binding Offers. The definite timetable for the Binding Offers Phase will be described in detail in the Request for Binding Offers.

Following the selection of the Preferred Investor and the obtainment of the necessary approvals by the Sellers, the Sellers and the Preferred Investor shall enter into the SPA and the HR and the Preferred Investor shall enter into the SHA. The closing of the Transaction shall be effected following obtainment of all necessary regulatory approvals as well as any other conditions that may be set forth in the Transaction Documents.

II. QUALIFICATION CRITERIA

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

1. Bidding consortia

For the purposes of participation in the Tender Process and the subsequent execution of any contractual agreements, including the Transaction Documents, Interested Parties may form a bidding consortium to participate in the Tender Process prior to the conclusion of the Binding Offers Phase. For the avoidance of doubt, in case a

consortium is formed during the pre-qualification phase and qualifies to participate in the Binding Offers Phase, then only such consortium as a whole – and not the members thereof individually – shall be considered to be a Shortlisted Party.

Any consortium formed following the conclusion of the pre-qualification phase must be notified to the Sellers no later than 20 calendar days prior to the date of submission of Binding Offers, as such date will be stipulated in the Request for Binding Offers, and shall be subject to the approval of the Sellers. Such consortium must include a Shortlisted Party as its Lead Member (as defined herein below). The remaining members of such consortium may not be Shortlisted Parties.

1.1. Member designation

If an Expression of Interest is submitted by a consortium or a consortium is formed following the conclusion of the pre-qualification phase as per section II.1 above, the consortium must designate one of its members as the leader (the “**Lead Member**”), which member shall be required to (a) be designated to exercise sole or, at least, joint control – within the meaning of EU Regulation 139/2004/EC – over the consortium; (b) meet the technical qualification requirements set forth in section II.2 below, and (c) if such consortium is formed following the pre-qualification phase, be the Shortlisted Party.

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

Taking into consideration the requirement set forth in article 63A par. 3 of Law 4001/2011, as amended and in force, for DESFA to be governed under the ownership unbundling model as per European Directive 2009/73/EC and Law 4001/2011 following closing of the Transaction, it is stressed that the structure of the consortium and in particular any joint control and/ or rights exercised over the consortium by the remaining members thereof, other than the Lead Member, must be compliant with the restrictions set forth in article 9 par. 1 to 3 of European Directive 2009/73/EC and articles 62 and 63 of Law 4001/2011.

1.2. Changes to a consortium

Members of a consortium may transfer part or all of their participation to other members of the consortium within the time period which will be stipulated in the

Request for Binding Offers, after notifying the Sellers thereof in writing within that time period, provided however that after the transfer of such participation the Lead Member continues to fulfil the criteria set forth in sections II.1.1 and II.2.

Any transfer as per above to a new member that was not part of the consortium notified to the Sellers as per section II.1 above shall be subject to the Sellers' approval and may only be effected if all the requirements stipulated in the previous paragraph of this section II.1.2 are met.

In case of a Shortlisted Party that is a consortium formed during the pre-qualification phase, the Lead Member of such consortium may change following the formation thereof subject to the Seller's approval and provided that (a) such change is notified to the Sellers within the time period which will be stipulated in the Request for Binding Offers, (b) the new Lead Member was part of such consortium at the time of submission of its Expression of Interest and (c) the new Lead Member fulfils the criteria set forth in sections II.1.1 and II.2. In case of a consortium formed following the conclusion of the pre-qualification phase, the Lead Member of such consortium cannot be changed after the formation of the consortium is notified to the Sellers as per section II.1 above.

In any case, no changes in the membership of a consortium (whether by way of the exit of existing members or the entry of new members) shall be permitted following the time period which will be stipulated in the Request for Binding Offers.

2. Technical qualification requirements

As per art. 63A of Law 4001/2011, as amended and in force, Interested Parties must be (a) transmission system operators certified in accordance with art. 9 and 10 of European Directive 2009/73/EC as well as members of the European Network of Transmission System Operators for Gas ("**ENTSO-G**"), **or** (b) legal entities solely controlled by such a transmission system operator, **or** (c) legal entities that have direct sole control over such a transmission system operator, **or** (d) legal entities solely controlled by the legal entity that has direct sole control over such a transmission system operator. In each of the above cases, "control" shall be interpreted in accordance with Regulation 139/2004/EC.

It is further clarified that in order for Interested Parties to be eligible to submit an Expression of Interest under this Invitation, they must be transmission system operators certified under the ownership unbundling model as per the European

Directive 2009/73/EC or legal entities falling in any of the categories under (b) to (d) above in relation to such a transmission system operator.

In the case of a consortium, the aforementioned requirements must be met by the Lead Member of such consortium, i.e. the Lead Member must be a transmission system operator certified under the ownership unbundling model in accordance with art. 9 and 10 of European Directive 2009/73/EC as well as a member of ENTSO-G, or a legal entity solely controlled by such a transmission system operator, or a legal entity that has direct sole control over such a transmission system operator, or a legal entity solely controlled by the legal entity that has direct sole control over such a transmission system operator.

3. 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. Interested Parties that are members of the same group of companies may only be included in one and the same Expression of Interest and may only participate in one and the same bidding consortium.

III. CONTENTS AND FORM OF EXPRESSION OF INTEREST

The Expression of Interest and any supporting documentation as further detailed below should be submitted in English (or official translations into 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, together with a confirmation 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. In case an Interested Party is a member of a group of companies, details of the respective group structure, as well as all the participations of such Interested Party in the said structure.

- 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. In case a consortium member is a member of a group of companies, details of the respective group structure, as well as all the participations of such consortium member in the said structure.
- 1.4.** Material evidencing the Interested Party's certification – currently in force – under the ownership unbundling model in accordance with art. 9 and 10 of European Directive 2009/73/EC (including the relevant decision(s)/ opinions by the competent regulatory authority and the European Commission) as well as its current membership in ENTSO-G or, in case the Interested Party falls in any of the categories under (b) to (d) of section II.2 above, material evidencing the fulfilment by the Interested Party of the criteria set forth therein (including, for the avoidance of doubt, the certification and current membership in ENTSO-G of the transmission system operator referenced therein). In the case of a consortium, such evidence must be provided in relation to the Lead Member.
- 1.5.** Brief description of the Interested Party's strategic rationale for this investment and its intended investment horizon. This should include:

 - a) the Interested Party's intentions regarding the development, operation and management of DESFA under its ownership in the future; and
 - b) the Interested Party's views on the requirements for further investments, if any, and/or any plans to further grow the business after a potential acquisition, in line with the requirements under the relevant EU and national energy law provisions, including without limitation, energy supply security and the approved National Natural Gas System development plan.
- 1.6.** 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.
- 1.7.** An initial assessment by the Interested Party 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.

This assessment should include:

- a) details of any potential issues which it envisages in terms of process, timing, due diligence and other information requirements in order to be able to submit a fully financed Binding Offer, as well as its views on how these issues will be addressed;
- b) details of any and all necessary corporate, regulatory and other approvals required in order for the Interested Party to be able to submit a fully financed Binding Offer;
- c) details of any and all necessary corporate, regulatory and other approvals required in order for the Interested Party to be able to submit a fully financed Binding Offer, along with a detailed assessment of any relevant risks that such approval(s) may not be granted, including details of likely issues and concerns (and how they will be addressed), as well as an indication of the expected timeframe for the issuance of any such approval(s); and
- d) overview of all the relevant regulatory approvals the Interested Party anticipates that will be required for the consummation of the Transaction (including (i) any European and national merger antitrust control requirements, and (ii) the EU Third Energy Package and national energy law provisions applicable to transmission system operators, for example, certification by the energy regulator¹), a preliminary assessment of any potential risk factors that would delay the issuance of the relevant regulatory approvals, and how the Interested Party plans to mitigate any risk for the Sellers in relation to the Transaction arising as a result of such requirements.

Shortlisted Parties shall be requested to provide an updated substantive analysis on the above potential issues in accordance with, and within the time period to be

¹ In this respect, Interested Parties are encouraged to take note of the European Commission's Staff Working Paper dated 22 January 2010 and titled "INTERPRETATIVE NOTE ON DIRECTIVE 2009/72/EC CONCERNING COMMON RULES FOR THE INTERNAL MARKET IN ELECTRICITY AND DIRECTIVE 2009/73/EC CONCERNING COMMON RULES FOR THE INTERNAL MARKET IN NATURAL GAS – THE UNBUNDLING REGIME" as well as the European Commission's Staff Working Document dated 8 May 2013 and titled "OWNERSHIP UNBUNDLING – THE COMMISSION'S PRACTICE IN ASSESSING THE PRESENCE OF A CONFLICT OF INTEREST INCLUDING IN CASE OF FINANCIAL INVESTORS".

stipulated in, the Request for Binding Offers, in order to provide certainty that the relevant regulatory approvals required for the consummation of the Transaction, including any European and national merger antitrust control clearance as well as the certification of DESFA under the ownership unbundling model in accordance with art. 9 and 10 of European Directive 2009/73/EC and Law 4001/2011, will be obtained.

- 1.8.** Declaration that the Interested Party unconditionally accepts the terms of the Tender Process.
- 1.9.** 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 of directors, investment committee or any other body with equivalent decision-making authority has consented to the Interested Party's response to the present Invitation.
- 1.10.** Declaration that the participation in the Tender Process 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 either case, establish any right to compensation from the Sellers or their advisers.
- 1.11.** 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 Interested Parties must also submit the following accompanying documentation 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, the financial statements of such other member, together with consolidated accounts for such group. If the Interested Party is a member of a group and does not rely on the financial capacity of another member of its group, 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 Process should submit an Expression of Interest in accordance with the requirements stated above, in person or by post, to Alantra Greece Corporate Advisors S.A., 35 Akadimias Str., 10672, Athens Greece and marked for the attention of Mr. George Longos. Such submissions must be received by no later than 17:00 (Greek time) on 24.07.2017.

All documents with respect to the pre-qualification phase (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 to the email address george.longos@alantra.com and in an easily accessible format), in each case no later than the above time and date.

Any Expression of Interest received after 17:00 (Greek time) on 24.07.2017, 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 e-mail until 17:00 (Greek time) on 10.07.2017. Such requests should be addressed to both the representatives listed below:

Mr. George Longos

Managing Partner

Alantra Greece Corporate Advisors S.A.

Tel.: +30 210 33 87 140

Email: george.longos@alantra.com

Mr. Evangelos Kalamakis

Head of Investment Banking , Structured Finance & Real Estate Investments

Alpha Bank A.E.

Tel.: +30 210 326 2850

Email: evangelos.kalamakis@alpha.gr

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

V. LEGAL NOTICE

The Interested Parties' participation in the Tender Process shall mean the unconditional acceptance of the terms and conditions of this Invitation on their part. Any express or implied provision to the contrary included in an Expression of Interest shall lead to the disqualification of the relevant Interested Party and the rejection of its Expression of Interest.

Unless explicitly permitted by the provisions of this Invitation, Interested Parties are not allowed to engage into any kind of communication with any of the Sellers and/or DESFA or any of the directors, officers, employees, professional advisers and agents of DESFA in relation to the Tender Process and the Transaction.

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, Alantra Greece Corporate Advisors S.A., Alpha Bank A.E., Clifford Chance LLP and Koutalidis Law Firm, and the financial advisers of HELPE, namely Barclays Bank PLC, acting through its Investment Bank.

No representation, warranty or undertaking, expressed or implied is or will be made by the Sellers, or their advisers, or any agents, servants, officers or affiliates of the Sellers and their advisers 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 remedy from this Invitation or from their participation in the Tender Process, against the Sellers or their advisers 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 Sellers or any of their 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 Process or at all. The Fund reserves the right to amend the terms of, postpone or terminate the Tender Process 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 Process.

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

Interested Parties should be aware that national legislation applying to DESFA 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's adviser(s). 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.

A submission of an Expression of Interest by any Interested Party shall mean that the Interested Party agrees that the Sellers may, in their discretion, disclose its or their identity.

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

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