



HELLENIC REPUBLIC ASSET  
DEVELOPMENT FUND

## INVITATION FOR EXPRESSION OF INTEREST TO ACT AS A STRATEGIC ADVISOR REGARDING HRADF'S PARTICIPATION IN DEPA

28 April, 2017

### 1. Introduction

"Hellenic Republic Asset Development Fund S.A." ("**HRADF**") is the legal entity entrusted with the implementation of the privatization program of the Hellenic Republic ("**HR**") and the sole objective of developing assets belonging to the HR. HRADF is established by and is operating under Law 3986/2011, as amended and in force. Pursuant to article 188 par. 1 of Law 4389/2016, HRADF is a direct subsidiary of the "Hellenic Corporation of Assets and Participations S.A." ("**HCAP**"). By virtue of decision no 206/25.04.2012 of the Inter-ministerial Committee for Asset Restructuring and Privatizations S.A. ("**ICARP**") of the Hellenic Republic all the shares of DEPA shares 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.

DEPA ("**DEPA**") is a group of companies with a dynamic presence in the natural gas and energy sector. With the continuous expansions of the natural gas pipelines and the establishment of Gas Supply Companies (which also maintain, operate and develop the gas distribution networks), DEPA provides approximately 90% of the natural gas consumed in the country and bringing natural gas to more and more regions of the country. Having entered into long-term pipeline natural gas and LNG supply contracts, DEPA supports the supply sufficiency and security of the country and at the same time develops significant initiatives so that Greece can play an essential role as a hub of natural gas transit to Europe from countries with rich natural gas deposits.

DEPA holds 100% of the Hellenic Gas Transmission System Operator S.A. ("**DESFA**"), which owns, operates, maintains, manages, exploits and develops the National Natural Gas System (NNGS) and the LNG terminal located in Revythoussa island. DEPA also holds 50% of IGI Poseidon and ICBG.

Further to the above, DEPA held a 51% of the Gas Supply Companies, EPA Attiki, EPA Thessaloniki and EPA Thessaly ("**EPAs**"). The remaining 49% of said Companies and their management rights belonged to private investors.

Law 4001/2011 (as amended by Law 4336/2015 and Law 4337/2015) provided for the reform of the Greek gas market with view to its liberalization, through the obligatory legal and functional unbundling by 1/1/2017, of the Supply and Distribution activities of DEPA and the EPAs, by means of an obligatory transfer of shares to their respective shareholders.

In compliance with the above provisions, by the end of December 2016, DEPA's Distribution activities were carved out into a new entity, the Gas Distribution Company for the Rest of Greece ("**DEDA**"), established as 100% subsidiary company of DEPA, whilst the Supply activities remained under DEPA.

DEPA's subsidiary companies, the EPAs, underwent a similar legal and functional unbundling process resulting in the set-up of Attiki Gas Distribution Company ("**EDA Attikis**") and Thessaloniki and

Thessaly Gas Distribution Company (“**EDA Thess**”), and Attiki Gas Supply Company (“**EPA Attikis**”) and Thessaloniki-Thessaly Gas Supply Company (“**EPA Thess**”), respectively. DEPA holds a 51% stake in the above companies and the remaining 49% and their management rights belongs to private investors.

Solely for the purposes of the present Invitation for Expression of Interest (“**Invitation**”) and the assignment of the scope of work as described in Section 2, DEPA shall be defined as per above comprising only of the aforementioned assets, excluding DEPA’s shareholding in DESFA.

In light of the aforementioned legal/regulatory context and in order to implement the relevant provisions of Law 4336/2015 (Government Gazette A’94/2015), which approved the Memorandum of Understanding of 19.08.2015 (“**MoU**”), and the Asset Development Plan of **HRADF**, as currently stands, HRADF is seeking to appoint an advisor (“**Advisor**”) with the mandate of providing to HRADF strategic advisory services with respect to HRADF’s participation in DEPA (65%). For the award of said services HRADF’s Procurement Regulation (recently amended and codified by Decision 2/16128/0025 of the Minister of Finance, Government Gazette B/476/2014) shall apply (the **Regulation**).

## **2. Scope of Work**

HRADF considers appointing a leading firm (“**Advisor**”) to provide advisory services in relation to HRADF’s participation in DEPA. The Advisor is expected to provide the following services:

- Present a concise overview of the Greek gas market including characteristics and challenges of its structure, projections, market figures etc.;
- Review DEPA’s overall business environment following the recent and/or undergoing changes in the Greek Gas market (i.e. unbundling of Supply and Distribution activities, gas release, other currently open market and competition issues, etc);
- Overview and assessment of DEPA’s status, from a business and operational perspective including, indicatively and not exhaustively, structure, asset base, financial position, market position, governance structure, investment plans, operational challenges, business opportunities, etc.;
- Review any relevant available data, including, *inter alia*, all existing historical financial, strategic and operational work done to date relating to DEPA, as well as any information memoranda, studies, reports, business plans, etc.;
- Assessment of DEPA’s strategic challenges following the unbundling:
  - Present DEPA structure following the unbundling and highlight strategic considerations and challenges with view also to DEPA’s shareholding in the newly formed Gas Supply and Distribution Companies;
  - Provide technical support and strategic advice to HRADF with respect to the current status, challenges and (where applicable) pending actions related to the implementation of the undergoing market changes, including, indicatively and not exhaustively, progress reports, identification of critical strategic decisions and recommended course of action, etc.;
  - Assess the impact of the above on DEPA’s business case and privatization process. Identify critical issues and provide recommendations to HRADF on the preferred course of action;
  - Highlight business development opportunities that could optimize further DEPA’s value proposition, considering factors such as benchmarking with other EU gas utilities, current opportunities in the Greek market, etc.
- Recommend different transaction structures and in particular:

- Analyze the different structuring alternatives and/or other schemes available to the Fund and recommend the preferred transaction structure for the Fund to pursue for its investment holding in DEPA, while assessing critical factors and potential issues entailed in the execution and successful completion of the proposed transaction structure;
- Propose a strategic approach addressing key transaction considerations that underpin the implementation of the proposed transaction structure and develop a detailed roadmap and timeline;
- Explore, identify and evaluate potential investor interest, and, in consultation with HRADF, coordinate and advise in communications and discussions with potential investors.

The Advisors shall present the aforementioned recommendation and advice regarding the different transaction structures to the HRADF's Board of Directors and the Council of Experts.

### **3. Duration and Budget**

**Duration:** The duration of the engagement shall be four (4) calendar months. An extension of the duration of the engagement may be agreed upon if such is deemed necessary.

**Lump Sum fee:** The maximum available budget for the award of the services described above is EUR 80.000 (plus VAT including all out of pocket expenses).

### **4. Qualification 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 strategic advisory services in the gas sector and in particular in gas wholesale retailers, suppliers and distribution network operators (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 five (5) years (**Dossier A'**).
- 4.2. Project Team:** Proposed project team composition 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 project and submit in their proposal a brief description of the proposed approach to the assignment, specify the deliverables, and include an indicative timetable and workplan (**DOSSIER C'**).
- 4.4. Budget:** The Dossier should include a detailed budget analysis and structure for the fees. 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 DEPA, its subsidiaries and affiliates, including 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 particularly their professional code of conduct and 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'	30%
Project Team - DOSSIER B'	25%
Methodological Approach - DOSSIER C'	25%
Budget - DOSSIER D'	20%

- 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 Expression 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 "**INVITATION FOR EXPRESSION OF INTEREST TO ACT AS A STRATEGIC ADVISOR REGARDING HRADF'S PARTICIPATION IN DEPA**". In addition, the Interested Parties may also submit to HRADF, as their discretion, a hard copy of DOSSIERS A', B', C' and D' 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, 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 (regarding DOSSIER A',

B', and C') 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 the 19<sup>th</sup> of May, 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 project, 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.