

**REQUEST
FOR
SUBMISSION OF APPLICATIONS FOR PARTICIPATION IN AN OPEN TENDER
WITH PRE-SELECTION FOR THE
„SELECTION OF A FINANCING INSTITUTION(S) FOR RAISING A LOAN /
SYNDICATED LOAN“**

INFORMATION ABOUT THE BORROWER

“Bulgarian Energy Holding” EAD (“BEH”/“Borrower”) was incorporated on 18.09.2008 by Decree of the Minister of Economy and Energy to consolidate the state’s assets in the energy sector and increase the efficiency of their management in line with the Energy Strategy of the Republic of Bulgaria.

BEH is the sole shareholder of:

- “Kozloduy Nuclear Power Plant” (NPP) EAD – “Kozloduy NPP” EAD is engaged in the utilisation of nuclear energy for the production of electrical and thermal energy, import and export of nuclear fuel, investment activities, construction, assembly and repair activities related to the production of electrical and thermal energy, sale of high and medium voltage electricity and thermal energy, operation of facilities for disposal of radioactive waste.
- “Thermal Power Plant (TPP) Maritsa East 2” EAD – “TPP Maritsa East 2” EAD is engaged in the production of electricity and thermal energy, transmission and distribution of thermal energy, construction and repair activities in the energy sector, investment activities, acquisition and disposition of intellectual property rights.
- “Natsionalna Elektricheska Kompania” (NEK) EAD (National Electricity Company EAD) – NEK EAD is engaged in the public supply of electricity and purchase and sale of electricity ensuing from this obligation, supply of electricity to consumers connected to the transmission grid, import and export of electricity, construction, repair and investment work in the field of electricity production.
- “Electricity System Operator” (ESO) EAD – ESO EAD is engaged in the transmission of electricity, management of the electricity grid and third party access on a non-discriminatory basis among grid users, common operation and coordinated development with the electricity systems of other countries, administration of the balancing market for electricity. ESO EAD is responsible for expansion, reconstruction, modernization,

operation, maintenance and ensuring reliable operation of the electricity transmission grid.

- “Independent Bulgarian Energy Exchange” (IBEX) EAD – IBEX EAD is engaged in organizing a power exchange for trading in the power sector and products related to power consumption such as electricity, natural gas, coal, emissions and green allowances.
- “Bulgargaz” EAD – “Bulgargaz” EAD is engaged in the public supply of natural gas and purchase and sale of gas ensuing from this obligation, purchase of natural gas for the purpose of storage, marketing studies and analysis of the Bulgarian natural gas market.
- “Bulgartransgaz” EAD – “Bulgartransgaz” EAD is engaged in the storage, transit transmission and transmission of natural gas, maintenance, operation, management and development of Chiren underground gas storage, development of programmes and activities for compliance of the gas transmission activity with European Union requirements. The company develops a pricing policy for connection, transmission and storage of natural gas in accordance with the effective legislation, administers transactions with natural gas and organizes the balancing of the natural gas market. In addition to the operative management of the gas transportation system “Bulgartransgaz” EAD conducts engineering, investment and maintenance activities, import of goods, machinery and equipment, related to the company’s activities, and import of primary materials and equipment related to its activities.
- “Mini Maritsa Iztok” EAD – “Mini Maritsa Iztok” EAD is engaged in the extraction and sale of coal and industrial, trading, leasing, repair and economic activities.
- “Bulgartel” EAD – “Bulgartel” EAD is engaged in trading, marketing and engineering activities related to electronic communications, construction, exploitation and maintenance of electronic communication networks and information systems, and provision of electronic communication and information services.
- “Energy Investment Company” EAD – “Energy Investment Company” EAD is engaged in investment activity, development and introduction of new technologies, intellectual property transactions, asset management, entrepreneurship, consultancy, engineering, processing, supply and trade with power and natural resources.

All subsidiaries under the holding structure preserve their operational independence and licenses.

BEH’s activities include acquisition, management, assessment and sale of participations in trading companies, engaged in business activities in the fields of generation, production, transmission, transit, storage, management, distribution, sale and/or purchase of natural gas, electricity, thermal power, coal, as well as any other type of energy sources and raw materials for energy production. BEH participates in the management of its subsidiaries, their financing, acquisitions, assessment, bond issuance, assessment and sale of patents, license leasing for using patents of the companies.

BEH is a 100% state owned share holding company. The rights of the State as sole shareholder of the capital of BEH are exercised by the Minister of Energy. The Minister acts as a General Assembly of BEH and takes all decisions, falling within the competence of the General Assembly under Art. 221 of the Commercial Law. The dividend policy of BEH is regulated by Decree of the Council of Ministers.

BEH's consolidated assets as of 30.06.2015 amount to BGN 17,3 billion.

BEH's credit rating is „BB”, assigned by Fitch Ratings.

SUBJECT OF THE PROCEDURE

„Selection of a financing institution(s) for raising a loan / syndicated loan“

BEH invites banks to participate in an open tender with pre-selection for the selection of a financing institution(s) for raising a loan / syndicated loan in an amount of up to EUR 650 million. The funds shall be used for the purpose of financing NEK EAD's payment of payables to AES 3C Maritsa East 1 EOOD and ContourGlobal Maritsa East 3 AD as part of the renegotiation process of the long term power purchase agreements (PPA) as well as payables to other generators and for improving the liquidity of BEH group.

BEH is not a contracting authority under the Public Procurement Act. This procedure is conducted in compliance with the Policy for procurement of goods, services and construction of BEH.

SCOPE OF SERVICES

The financing institution(s) is(are) to provide the following services to the Borrower:

- 1) Disburse a long term loan in the indicated amount for a period of 5 years;
- 2) Ensure fulfilment of all necessary auxiliary activities for the successful raising and draw down of the loan;
- 3) Provide recommendations to the management of the Borrower regarding the type of the long-term loan, including but not only on the structure of the loan, utilization/disbursement, interest costs, financial covenants and repayment schedules;
- 4) If necessary, organize a group of banks / investors which are to participate in a syndicate and set the share of the loan for each bank / investor;
- 5) Conduct due diligence of the Borrower;
- 6) If necessary, prepare an information memorandum;
- 7) Coordinate and make necessary arrangements related to loan marketing.

The Term Sheet is provided in Appendix № 1.

CONDITIONS FOR PARTICIPATION IN THE PROCEDURE

The open tender with pre-selection is a two-stage procedure:

- Stage I – Pre-selection on the basis of criteria set by the Borrower in this Request for applications;
- Stage II – Submission of offers by candidates admitted after the pre-selection stage and their evaluation on the basis of the methodology provided.

I. Conditions and instructions for Stage I of the procedure

1. Application for participation

Candidates shall submit applications for participation in the pre-selection until 17:30 on the tenth working day post publication of the Request for applications (the date of publication is not counted).

The application for participation is to contain the following documents:

- 1) A list of the documents submitted.
- 2) Administrative information about the candidate as per Appendix № 2.
- 3) Declaration as per Appendix № 3.
- 4) Power of attorney (if applicable).
- 5) Evidence of meeting the eligibility criteria pursuant to item I.2.
- 6) Indicative offer pursuant to item I.3.

The application for participation is submitted in English and Bulgarian. Documents in languages other than English and Bulgarian must be submitted with an official translation in English and Bulgarian.

All copies of documents submitted are to bear the inscription “True copy of the original”.

Applications must be submitted in a sealed non-transparent envelope in person by the candidate or an authorized representative of the candidate, by registered mail with acknowledgement of receipt or by courier to the following address: 16 Vesletz str., Sofia, 1000, Bulgaria. On the front of the envelope the candidate indicates APPLICATION, name of the candidate, subject of the procedure, contact address and contact person, telephone number, e-mail address and fax if possible. All applications are registered in the registry of Bulgarian Energy Holding EAD and each is issued a registration number with date and time of receipt.

If submitting the application by registered mail or courier, the expenses shall be borne by the candidate. Candidates should send the application in such a way so as to ensure its arrival to the address indicated by the Borrower before the application submission deadline. The risk of delay or loss of the application is borne by the candidate. All expenses of the candidate for participation in the procedure shall be borne by the candidate.

Candidates may request further clarification on the Request for applications by the fifth working day post publication (the day of publication is not counted). All questions should be sent via e-mail to loan@bgenh.com. All clarifications will be published on BEH’s website: <http://www.bgenh.com> by the end of the seventh working day post publication of the Request

for applications (the day of publication is not counted). Inquiries received in other formats shall not be processed.

Until the deadline for submission of applications, candidates may change, supplement or withdraw their applications. Withdrawal of an application terminates further participation in the procedure by the respective candidate.

The Borrower shall disqualify and reject candidates whose applications for participation:

- 1) are submitted in an unsealed or transparent envelope;
- 2) have been tampered with;
- 3) are submitted after the application / offer submission deadline;
- 4) are incomplete;
- 5) are not submitted in the prescribed form;

2. Eligibility criteria

2.1 A candidate in this procedure may be an informal or formal alliance, or an agreement between parties that offer a form of joint services in respect to this procedure. All forms of alliances and joint partnerships are allowed – consortia and associations of co-managers, as well as co-managers or lead manager with partner/s or subcontractor/s agreements.

2.2 The candidate is registered and licensed under the Bulgarian Credit Institutions Act or equivalent in the respective country of registration of the candidate.

2.3 The candidate is not listed in any international sanctions list issued by the European Union.

2.4 The candidate is not a related person within the meaning of § 1, item 1 of the additional provisions of the Conflict of Interest Prevention and Ascertainment Act¹ with the Borrower or with persons, holding managerial positions in the organisation.

2.5 The candidate has not signed any agreement with a person under art. 21 or 22 of the Conflict of Interest Prevention and Ascertainment Act.

2.6 The candidate's representative has not been deprived of the right to exercise a specific profession or activity in accordance with the laws of the country in which the offence has been committed.

2.7 The candidate representative/s has/have not been sentenced effectively for:

- 1) a criminal offence against the financial, tax or social security system, including money laundering, under Art. 253-260 of the Penal Code;
- 2) bribery under Art. 301-307 of the Penal Code;

¹ Promulgated, SG No. 94/31.10.2008, effective 1.01.2009, amended, SG No. 10/6.02.2009, amended and supplemented, SG No.26/7.04.2009, effective 31.03.2009, amended, SG No. 101/18.12.2009, effective 18.12.2009, SG No. 62/10.08.2010, effective 10.08.2010, amended and supplemented, SG No. 97/10.12.2010, effective 10.12.2010, SG No. 38/18.05.2012, effective 1.07.2012. , amended SG No.15 of 15.02.2013., amended SG No 12 of 13.02.2015

- 3) participation in an organized criminal group under Art. 321-321a of the Penal Code;
- 4) a criminal offence against property under Art.194-217 of the Penal Code;
- 5) a criminal offence against the economy under Art. 219-252 of the Penal Code;
- 6) similar offences under its respective national law.

2.8 The candidate:

- 1) has not declared bankruptcy and no bankruptcy proceedings have been initiated against him;
- 2) is not in liquidation proceedings or in a similar procedure according to the national laws and bylaws.

For proof of compliance with item 2.2 the candidate submits copies of documents (certified “True copy to the original”) of permits / licenses for a credit/lending institution issued by the respective central bank of the country of registration of the candidate.

For proof of compliance with items 2.3, the candidate submits a declaration in free text format.

For proof of compliance with items 2.4 – 2.8, the candidate submits a declaration as per Appendix № 3.

The conditions under items 2.2-2.8 must be met for each participant in the consortium/syndicate/etc. individually.

In case of participation in the procedure in the form of an alliance or an agreement between parties the eligibility criteria should be fulfilled by each party in the alliance / agreement between parties.

3. Indicative offer

The indicative offer, which is part of the application for participation, is of informative nature and is not subject to evaluation by the Borrower. The indicative offer is to present the vision of the candidate for the organization and implementation of the subject of the procedure in free text format and to provide information on:

- The Lender/ Consortium/ Contract between persons or other;
- Shares and responsibilities of the members of the consortium, if known at the time of submission of the participation application, or the vision of the candidate for their distribution;
- Subcontractors, if known at the time of submission of the participation application, or the candidate’s vision about them as well as the roles they are to perform;
- The time (number of days/weeks) required for submitting a binding and committed offer taking into consideration the time of obtaining access to the Information pack of the Borrower;
- Information needed to be included in the Information pack for the purpose of preparing a binding and committed offer;

- The amount of long-term loan;
- Indicative price parameters of the long term loan formed on the basis of a fixed interest rate or 3 month Euribor plus spread, upfront fees, agent fees and all other fees and expenses;
- Term structure of the long term loan;
- Grace period;
- Other information at the discretion of the candidate.

II. Conditions and instructions for Stage II of the procedure

Request for submission of binding and committed offers

- **Request for submission of binding and committed offers** – Following the evaluation of compliance with the eligibility criteria the Borrower will send out Requests for submission of binding and committed offers to the pre-selected candidates. In the Request for offers the Borrower will indicate the deadline for submission of binding and committed offers.
- **Non-disclosure agreement** – In order to receive the Information pack the admitted candidates are to submit to the Borrower a Non-disclosure agreement signed by an authorized representative as per Appendix № 4 to this Request for applications.
- **Information pack** – The Information pack is provided to candidates who have passed the pre-selection stage upon submission of a signed Non-disclosure agreement accompanied with a written request for receipt of the Information pack. The Information pack is provided in English to an authorized representative of the candidate in electronic copy. The information pack contains general and financial information about the Borrower, including financial forecasts and assumptions regarding the Borrower's strategic future development and historical data.
- **Due diligence** – Within a term indicated in the Request for submission of binding and committed offers candidates will be able to analyze the information provided in the Information pack, based on which to conduct due diligence of the Borrower.

Within the term for conducting due diligence candidates will have the opportunity to request and receive clarifications on the Information pack and the procedure via e-mail.

1. Submission of binding and committed offers

The submission of a binding and committed offer is considered an unconditional agreement with the terms of the procedure including but not only with the Term Sheet. The binding and committed offer contains the following documents:

- **Cover letter** as per template to be provided in the Request for binding and committed offers.

- **Technical offer** as per template to be provided in the Request for binding and committed offers.
- **Price offer** as per template to be provided in the Request for binding and committed offers – The Price offer includes the amount of the long term loan, fixed interest rates or spreads over 3 month Euribor, upfront fees, agent fees and all other fees and expenses of the loan. The offer should not contain any conditions whatsoever. In case of proposal of a floating interest rate, for the purpose of evaluating the offers, the official rate of the 3 month Euribor at the end of business day on the day before the evaluation will be used. The candidate indicates a Total price for the long term loan as per the Price offer template.
- **Copy of a document certifying the alliance / agreement between parties** (if applicable).

Offers are submitted in English and Bulgarian. Documents in languages other than English and Bulgarian must be submitted with an official translation in English and Bulgarian.

All copies of documents submitted are to bear the inscription “True copy of the original”.

Offers must be submitted in a sealed non-transparent envelope in person by the candidate or an authorized representative of the candidate, by registered mail with acknowledgement of receipt or by courier to the following address: 16 Vesletz str., Sofia, 1000, Bulgaria.

The following is to be indicated on the offer envelope:

- Name and address of the contracting authority: Bulgarian Energy Holding EAD, 16 Vesletz street, Sofia 1000, Bulgaria;
- Name, address, telephone/ fax and e-mail of the participant/ consortium;
- Subject of the procedure.

All offers are registered in the registry of Bulgarian Energy Holding EAD and each is issued a registration number with date and time of receipt.

If submitting the offer by registered mail or courier, the expenses shall be borne by the candidate. Candidates should send the offer in such a way so as to ensure its arrival to the address indicated by the Borrower before the binding and committed offer submission deadline. The risk of delay or loss of the offer is borne by the candidate. All expenses of the candidate for participation in the procedure shall be borne by the candidate.

Until the deadline for submission of binding and committed offers, bidders may change, supplement or withdraw their offers. Withdrawal of an offer terminates further participation in the procedure by the respective bidder.

The validity of binding and committed offers is 60 (sixty) days from the offer submission deadline.

The Borrower shall disqualify and reject candidates in the procedure whose offers:

- 1) are submitted in an unsealed or transparent envelope;
- 2) have been tampered with;

- 3) are submitted after the application/ offer submission deadline;
- 4) are conditional;
- 5) are incomplete;
- 6) are not submitted in the prescribed form;
- 7) are not accompanied by a document evidencing participation guarantee payment.

2. Participation guarantee

Bidders pay a participation guarantee in the form of an unconditional bank guarantee or a deposit in the amount of BGN 100 000 or the equivalent in EUR with a term of validity of 60 (sixty) days. BEH's bank account is:

BGN

Bank: Bulgarian Development Bank AD

IBAN: BG91NASB96201010284201

EUR

Bank: Bulgarian Development Bank AD

IBAN: BG73NASB96201410284201

The deadline for provision of participation guarantee is by the deadline for submission of binding and committed offers indicated in the Request for offers.

The participation guarantee is reimbursed to the bidder within 10 working days in case of disqualification/ rejection from the procedure.

In case of termination of the procedure the participation guarantee is reimbursed within 10 working days of the Termination decision by the Borrower.

The participation guarantee is reimbursed to the selected bidder within 10 working days of contract signing.

The participation guarantee is retained by the Borrower where:

- 1) a bidder withdraws their offer after the deadline for submission of offers;
- 2) the selected bidder refuses to proceed to contract signing.

3. Negotiations

Following offer evaluation the Borrower invites the selected bidder to negotiate the terms of the contract. At this stage the selected bidder presents originals or certified copies of documents from the relevant competent authorities regarding the circumstances listed in items I.2.2 – I.2.8 as well as a certificate of good corporate standing.

4. Contract signing

The contract is executed with the selected bidder within the validity of the offer. The Borrower and the selected bidder execute an agreement which includes all conditions in the Term Sheet (Appendix № 1) and the binding and committed offer of the bidder and those

conditions shall not be subject to any changes at the time of finalisation of the contract. The contract is executed in both English and Bulgarian.

The Borrower reserves the right to terminate the procedure and not proceed to contract signing at its discretion without any financial implications for the Borrower whatsoever. In the above case, the Borrower shall not be held liable for damages or loss of profit.

6. Criteria for evaluation of binding and committed offers

Offers are evaluated based on the “economically most efficient offer” criterion.

The assessment of the offers is based on qualitative (Kn) and quantitative (K) criteria. The maximum number of points per offer is 100, calculated using the following formula:

$$K_n + K = 100 \text{ pts.}$$

Kn and K comprise of the following components:

Evaluation criteria			
			Weight
1		Quantitative criteria (Kn)	40%
	1	Grace period	50%
	2	Covenants for the long term loan	50%
2		Qualitative criteria (K)	60%
	1	Total cost of the long term loan, including:	100%
		<ul style="list-style-type: none"> Fixed interest rate or 3 month Euribor + spread (up to 5 decimal points) 	
		<ul style="list-style-type: none"> Upfront fees (payable at the time of draw down) 	
		<ul style="list-style-type: none"> Agent fees (payable annually on each anniversary date) 	
		<ul style="list-style-type: none"> Other fees 	

This method of evaluation is applied by setting the best offer for a particular parameter to equal 100% of the maximum number of points for the particular parameter. The other offers receive a portion of the maximum number of points corresponding to the ratio of the particular parameter from their offer to that of the best offer.

Example: The following bidders have: Kbest, K1, K2, K3.

Kbest receives the most out of 100 points.

K1 receives points according to the following formula: $(K1 / K_{best}) * 100$.

If $K1 / K_{best} = 0.75$, the offer receives $(K1 0.75) * 100 = 75$ points.

Kbest for each criterion is defined as follows:

Criteria			
			Best offer
1		Quantitative criteria (Kn)	
	1	Grace period	Longest
	2	Covenants for the long term loan	Least restrictive

2		Qualitative criteria (K)	
	1	Total cost of the long term loan, including :	Lowest
		<ul style="list-style-type: none"> Fixed interest rate or 3 months Euribor + spread (up to 5 decimal points) 	
		<ul style="list-style-type: none"> Upfront fees (payable at the time of draw down) 	
		<ul style="list-style-type: none"> Agent Fees (payable annually on each anniversary date) Other fees 	

7. Payment terms

Advance payments are not allowed.

Upfront fees are paid at the time of the drawdown of the respective loan.

Agent fees are paid at each anniversary date.

APPENDICES:

Appendix № 1: Term Sheet

Appendix № 2: Administrative information about the candidate

Appendix № 3: Declaration for lack of circumstances

Appendix № 4: Nondisclosure agreement (NDA)