

State Property Fund of Ukraine
Release
on the tender offering
with the opening price and on the principle of auction
on the sale of shares of
Private Joint-Stock Company
«Mykolaiv CHP»

1. Information on the company:

YeDRPOU code: 30083966

Full name of company: Private joint-stock company "Mykolaiv Combined Heat and Power Plant" (hereinafter - PrJSC "Mykolaiv CHP").

The general meeting of shareholders on April 13, 2017 (protocol №1 / 2017) changed the type from Public joint-stock company "Mykolaiv Combined Heat and Power Plant" to private, and full name was changed from Public joint-stock company "Mykolaiv Combined Heat and Power Plant" to Private joint-stock company "Mykolaiv Combined Heat and Power Plant", abbreviated name - from PJSC "Mykolaiv CHP" to PrJSC "Mykolaiv CHP".

Location of company: Kabotazhnyi descent str. 18, Mykolaiv City, Ukraine, 54020.

Block of shares to be consolidated (formalized) as state property, % - 0

Telephone: (0512) 58-3-59

Tel/Fax: (0512) 36-20-40

2. State Property Fund of Ukraine offers to sell shares in an amount of 249833540 shares, which is 99.912% of the share capital of PrJSC "Mykolaiv CHP".

The authorized capital of the company amounts to 62513200.00 UAH.

The nominal share price is 0.25 UAH.

3. **Starting price** of the Company's block of shares is **97 000 000 UAH**.

Auction step is 970 000 UAH.

4. Description of the company:

The main activity according to KVED (code – 35.11; 35.30): production of electricity; supply of steam, hot water and conditioned air.

Average number of employees as at 01.04.2017 – 491.

Mobilization tasks and state secrets:

Resolution of the Cabinet of Ministers of Ukraine dated 30.10.2008 № 948-0015 for PrJSC "Mykolaiv CHP" approved mobilization tasks for electricity production. There is state secret in the company.

There is no state defense order in PrJSC "Mykolaiv CHP".

Monopoly (dominant) position on the commodity markets:

according to the Law of Ukraine "On Natural Monopolies" PrJSC "Mykolaiv CHP" is the subject of natural monopoly.

Information about the buildings and the land plot area used by the Company, their use conditions:

11.4390 ha - for administrative services, industrial buildings and outbuildings used under the state act on the right of permanent use dated 02.10.1994 number 125 was issued in accordance with the Decision of Mykolaiv City Council dated 20.10.1993 № 18/4;

0.02 ha - boiler used under the state act on the right of permanent use dated 10.02.1994 number 124 was issued in accordance with the Decision of Mykolaiv City Council dated 25/05/1993 number 17/11;

16 sq. m. - premises for the installation of devices calculation of thermal energy is used under the state act on the right of permanent use dated 16.05.1995 number 452 was issued in accordance with the Decision of Mykolaiv City Council dated 09.20.1994 № 2/13;

0.28 ha - pump station №1, №2, used under the state act on the right of permanent use dated 10.02.1994 number 126 was issued in accordance with the Decision of Mykolaiv City Council dated 25.05.1993 number 17/11;

0.02 ha – heightening pumping station used under the state act on the right of permanent use dated 02.10.1994 number 123 was issued in accordance with the Decision of Mykolaiv City Council dated 25.05.1993 number 17/11.

Social amenities:

the company has a canteen for catering staff.

Information about the volume of emissions and discharges of pollutants into the environment, waste generation and disposal, state of a land plot, environmental equipment and buildings:

For 2016: - released into the atmosphere 109.889 tons.

- waste transferred to the side of 458.349 tons.

- received 2598.6 thousand cubic meters of water

- set aside wastewater 2 259.4 thousand cubic meters.

Information about the payment of environmental taxes and payments:

for 2016

thousand UAH

Indicator name	Coefficient as of 01.01.16	Charged	Payed	Coefficient as of 01.01.17
		2016		
Payment for land	39	714	700	53
Environmental tax	30	196	185	41
Rental fee for water	391	1 266	1 442	215

For the 1-st quarter of 2017

thousand UAH

Indicator name	Кт. станом на 01.01.17р.	Charged	Payed	Кт. станом на 01.04.17р
		I-st quarter of 2017		
Payment for land	53	190	439	-196
Environmental tax	41	137	151	27
Rental fee for water	215	726	842	99

Main indicators of economic activity of PrJSC "Mykolaiv CHP" for the last three years and the last reporting period:

	2014	2015	2016	For 1

				quarter 2017
Sales of products, th. UAH	177 731	244 495	275 246	207 699
Balance sheet profit, th. UAH	4 622	-3 587	-30 887	-4 299
Receivables, th. UAH	51 709	74 676	105 766	129 651
Payables, th. UAH	57 915	83 499	167 708	275 148
Profitability, %	9,7	0,1	-21,5	-18,6
Value of assets, th. UAH	117 919	132 167	193 925	283 507
Cost of equity, th. UAH	42 861	37 811	-21 609	-60 223
Net profit/ loss, th. UAH	17 231	309	-59 114	-38 602

**Information
about financial and economic condition**

No.	Indicator name	Indicator value			
		2014	2015	2016	For I quarter 2017
1.	Average number of employees, people	522	499	485	491
2.	Initial value of fixed assets, th. UAH	124 322	131 057	134 189	134 080
3.	Residual value of fixed assets, th. UAH	34 566	36 452	35 946	34 802
4.	Depreciation of fixed assets, %	72,2	72,2	73,2	74,0
5.	Net profit/ loss, th. UAH	17 231	309	-59 114	-38 602
6.	Activities profitability, %	0	0	0	0
7.	Receivables, th. UAH	0	0	9 580	0
8.	Payables, th. UAH	0	0	0	0
9.	Arrears of wages, th. UAH	42 861	37 811	-21 609	-60 223
10.	Arrears to the budget, th. UAH	177 731	244 495	275 246	207 699

5. The fixed tender conditions:

Shares purchaser should provide:

1) In Company's economic activities:

compliance with license conditions of implementation of activities in production, supply of electric and heat energy (hereinafter – products);

provision of services of centralized heating and supply of products;
operate the equipment in accordance with the requirements of industry normative documents of the Ministry of Energy and Coal Industry of Ukraine;
consumers with products in accordance with the conditions defined by contracts of supply and purchase and sales, properly proceedings with transfer of products;
timely carrying out of current payments for the fuel and energy resources consumed for production;
procurement of energy (including natural gas, fuel oil) to the extent necessary to meet obligations of delivery of heat and electric energy;
economically justified planning the production volumes of heat and electricity;
full and timely payment of taxes and fees to the budget, customs duties and other charges, a single fee for obligatory state social insurance and prevention of occurrence of the tax debt;
fulfillment of mobilization tasks set for the Company;
fulfillment of requirements of Law of Ukraine “On protection of economic competition”;
compliance with the requirements of the legislation on the protection of state secrets.

2) In Company's innovation and investment activities:

implementation of measures to technological upgrading, modernization of production, including through the introduction of advanced technology, mechanization and automation of production;
exploration of new and improving the quality of existing products and / or services;
improvement of production, work organization and management;
implementation costs on execution of complex maintenance and repair of equipment in the amount of not less than envisaged structure of tariffs for heat and electricity;
take measures to reduce specific fuel consumption for heat energy output compared with actual annual indicators over the last three years;
reconstruction with replacement of the pre-insulated pipes accounted for the balance of the company;
installation of meters thermal energy
modernization of the main equipment (boiler equipment) during five years from the date of the accounting transaction (debiting, transfer) of shares on account of State Property Fund in depository institution;
implementation and improvement of information technology;
implementation and improvement of information systems and telecommunications;
implementation of activities of reconstruction and development internal object communication networks, production bases of company using energy-efficient technologies to save energy costs;
development and improvement of monitoring, billing and commercial account of thermal energy;
implementation of the commitments on the development of the Company with the aim of improving its economic, social, financial, technological and environmental performance in accordance with the business plan submitted by the buyer.

3) In Company's social activities:

prevent a salary payment backlog to employees of the Company;
prevent layoffs in the Company initiated by purchaser or authorized body (except layoffs under paragraph 6 of Article 40 of the Labor Code of Ukraine or an action by employee for which the layoff is provided under paragraphs 3, 4, 7 and 8 of Article 40 and Article 41 of the Labor Code of Ukraine) within six months from the date of transfer of ownership of shares;

full implementation of the terms of the collective agreement until the adoption of the new one or amendments to the treaty in accordance with legislation allowing for the provisions the General Agreement on the regulation of the basic principles and norms of social and economic policy and labor relations in Ukraine and its implementation;

preservation and provision of all prescribed by the collective agreement of the company, on the date of conclusion of the agreement of purchase and sale the block of shares, labor and social benefits to workers and retirees of the company;

implementation of measures on preparation, training and advanced training of company employees at the expense of company according to its program development;

implementation of a system for control of labor protection and industrial safety in accordance with international standard OHSAS 18001: 2007 or other appropriate international standard;

incurring costs for labor protection under the Law of Ukraine "On Labour Protection", development and implementation of measures to achieve standards in safety, hygiene and working environment, improve the existing level of occupational health and preventing occupational injuries and diseases;

implementation of quotas for employment of disabled persons in accordance with the Law of Ukraine "On the Basis of Social Protection of Disabled People in Ukraine", creating conditions for them based on individual rehabilitation programs and provision of other social and economic guarantees provided by the law.

4) In Company's environmental protection activities:

compliance with the restrictions and additional environmental legislation and enforcement measures to protect the environment;

compliance with environmental legislation regarding the use of the guard in terms of air and water, protection and rational use of land and waste management;

full implementation of the recommendations of environmental audits defined in a report on holding the mandatory environmental audit of company conducted by the Scientific-production enterprise "Ekoalians" LLC, dated February 9, 2017, commissioned by the State Property Fund;

conduct full land management measures according to the Law of Ukraine "On Land Management".

5) In corporate relations and Company asset management:

proper use, maintenance and preservation of public property, including objects of civil defense, which in the process of creating companies not included in its authorized capital, but remained on the balance sheet of the company and prevent it from free use and unlawful alienation;

to a complete performance of the contract on purchase and sale of shares, voting at a general meeting of shareholders on the increase (decrease) in share capital, changes in the nominal value of shares, transformation into another economic entity should be solely upon prior consent of the State Property Fund. In the event of failure to obtain such a consent on the day of the general meeting of shareholders, a purchaser should vote against increase (decrease) in share capital, changes in the nominal value of shares, conversion to other types of companies;

prevent to a complete performance of the contract of purchase and sales of shares, a settlement of a transaction with an alienation of fixed assets of the Company without the prior consent of the State Property Fund, if the total book value, which is the subject of such transactions, exceeds 10 percent of the value of assets of the Company according to the latest annual financial statements of the Company. These conditions are not applied with transactions for the disposal of fixed assets of the Company, which is within the ordinary

activities of the Company. Disposal refers to such transactions as contract of sale, exchange, donation, donation and granting to authorized (share) capital of other businesses;

in a legislative established terms to direct of dividends on the block of shares acquired during the privatization, and which was owned by the State, before selling represented by the State Property Fund, to the State budget in accordance with the basic norm of assignments of share of net profit, approved by the Cabinet of Ministers of Ukraine, that is used as dividends payment as a result of financial and economic activity in 2016, and dividends payment as a result of financial and economic activity for the period of being in state ownership in 2017.

The term of the obligations of the purchaser on the terms that have no specified period of performance, is five years from the date of the accounting transaction (debit, transfer) in respect of shares in the Fund's account at the depository institution.

6. Information on the presence or absence of the advisor: competition is held without involving advisor.

7. The competition is a subject to the requirements of the Law of Ukraine "On State Property Privatization", the Law of Ukraine "On the sanctions", for implementation of the Resolution of Cabinet of Ministers of Ukraine dated 12.05.2015 No.271 "On conducting a transparent and competitive privatization in 2015-2017 with amendments, in accordance with the Regulations on holding tenders for selling companies' blocks of shares, approved by the Decree of the State Property Fund of Ukraine dated 10.05.2012 No.639, the Order of the Antimonopoly Committee of Ukraine dated 10.05.2012 No.282, by the Decision of the National Securities and Stock Market Commission dated 10.05.2012 No.674, registered by Ministry of Justice of Ukraine at 12.06.2012, No.940/21252 with amendments (hereinafter - Resolution).

Any party may become a purchaser of privatization in accordance with Article 8 of the Law of Ukraine "On privatization of state property" during the competition for the sale of shares of PrJSC "Mykolaiv CHP".

Becoming a party of a contest is not allowed for the legal entities and individuals identified in the third paragraph of Article 8 of the Law of Ukraine "On State Property Privatization", namely:

legal entities, with more than 25 percent of shares (parts, units) that are in possession of the State of Ukraine;

legal entities, with any number of shares (parts, units) and/or ultimate beneficial owner (controller) of which is a resident of the state that is recognized by Verkhovna Rada of Ukraine as an aggressor State, or a State recognized by Verkhovna Rada of Ukraine as an aggressor State;

public authorities;

state privatization agencies staff;

national business associations, state holding companies, state-owned corporations (companies), their subsidiaries and enterprises;

entities registered in offshore zone (the list of zones is determined by the Cabinet of Ministers of Ukraine) or countries included by FATF to the list of countries that do not cooperate in combating against laundering of proceeds in criminal way;

entities that are directly or indirectly under the control of persons that are ultimate beneficial owned (Controller) with persons specified in this paragraph or are related to the following:

legal entities or related entities, registered in the State recognized as aggressor state by the Parliament of Ukraine, or which are imposed with sanctions according to Law;

persons or related entities, with the citizenship of State recognized as aggressor state by the Parliament of Ukraine, or which are imposed with sanctions according to Law.

Entities being imposed with sanctions are not allowed to participate in the contest in accordance with the Decree of the President of Ukraine dated May 15, 2017 No. 133/2017, which enacted a Decision of the National Security and Defense Council of Ukraine dated April 28, 2017 "On the Use of Personal Special Economic and Other Restrictive Measures (Sanctions)" and the Law of Ukraine "On Sanctions".

Potential buyers - legal entities are obliged to submit to the state privatization authorities document on sharing of authorized capital among participants.

The application for participation in the tender is submitted with:

information about potential purchasers of privatization objects or entities in whose interests the state objects are being purchased, their founders, participants, including individuals - final beneficial owners (controllers) under the Law of Ukraine "On prevention and counteraction to legalization (laundering) proceeds in criminal way, terrorist financing and the financing the proliferation of weapons of mass destruction";

for individuals as potential purchasers, a certificate of Income and Charges body on the submitted declaration of property status and income (tax return) should be submitted;

for legal entities as potential purchasers, information on financial and property status and documents related to the their audit, certifying the accuracy of the information about their financial and property status should be submitted.

The responsibility for the accuracy and completeness of any presented document and the duty to prove the right to purchase the state property is laid upon the purchaser.

8. To participate in the competition, a potential purchaser, the contestant:

pays: a tender guarantee in the amount of 4850000,0 UAH and a registration fee in the amount of 340,0 UAH to the account of the State Property Fund.

Payment details for tender guarantee and a registration fee in national currency:

<p>A tender guarantee in the amount of 4 850 000,0 UAH</p>	<p>Recipient – State Property Fund of Ukraine Account No. 37316021000058 Beneficiary's Bank – State Treasury Service of Ukraine, Kyiv MFO 820172 YeDRPOU code 00032945 Purpose of payment: as a tender guarantee for participation in the tender for the sale of block of shares of PrJSC “Mykolaiv Combined Heat and Power Plant”</p>
<p>Registration fee in the amount of 340,0 UAH</p>	<p>Recipient – State Property Fund of Ukraine Account No. 37183500900028 Beneficiary's Bank – State Treasury Service of Ukraine, Kyiv MFO 820172 YeDRPOU code 00032945 Purpose of payment: as a registration fee for participation in the tender for the sale of block of shares of PrJSC “Mykolaiv Combined Heat and Power Plant”</p>

**Payment details for tender guarantee and a registration fee in foreign currency
(USD and Euros):**

<p>A tender guarantee in the amount of 4 850 000,0 UAH</p> <p>(According to exchange rate of National Bank of Ukraine on the date of the tender guarantee payment)</p>	<p>Одержувач: Фонд державного майна України</p> <p>Адреса: вул. Генерала Алмазова, 18/9, м. Київ, 01133 Україна</p> <p>Рахунок: 25206010023277</p> <p>Банк одержувача: ПАТ «Державний експортно-імпортний банк України»</p> <p>Адреса: вулиця Антоновича, 127, м. Київ, Україна</p> <p>МФО: 322313 Код ЄДРПОУ: 00032945</p> <p>Призначення платежу: як конкурсна гарантія для участі у конкурсі з продажу пакета акцій приватного акціонерного товариства «Миколаївська ТЕЦ».</p>	<p>Receiver: The State Property Fund of Ukraine</p> <p>Address: 18/9 General Almazov Street, Kyiv, 01133 Ukraine</p> <p>Account: 25206010023277</p> <p>Bank of receiver: Joint-Stock company “State Export Import Bank of Ukraine”</p> <p>Address: 127 Antonovycha Street, Kyiv, Ukraine</p> <p>MFO: 322313 SWIFT: EXBSUAUX Code YeDRPOU: 00032945</p> <p>Purpose of payment: tender guarantee for participation in the auction sale of the stake of Private Joint Stock Company “Mykolaiv CHP”</p>
<p>Registration fee in the amount of 340,0 UAH</p> <p>(According to exchange rate of National Bank of Ukraine on the date of the registration fee payment)</p>	<p>Одержувач: Фонд державного майна України</p> <p>Адреса: вул. Генерала Алмазова, 18/9, м. Київ, 01133 Україна</p> <p>Рахунок: 25206010023277</p> <p>Банк одержувача: ПАТ «Державний експортно-імпортний банк України»</p> <p>Адреса: вулиця Антоновича, 127, м. Київ, Україна</p> <p>МФО: 322313 Код ЄДРПОУ: 00032945</p>	<p>Receiver: The State Property Fund of Ukraine</p> <p>Address: 18/9 General Almazov Street, Kyiv, 01133 Ukraine</p> <p>Account: 25206010023277</p> <p>Bank of receiver: Joint-Stock company “State Export Import Bank of Ukraine”</p> <p>Address: 127 Antonovycha Street, Kyiv, Ukraine</p> <p>MFO: 322313 SWIFT: EXBSUAUX</p>

	<p>Призначення платежу: реєстраційний внесок для участі у конкурсі з продажу пакета акцій приватного акціонерного товариства «Миколаївська ТЕЦ».</p>	<p>Code YeDRPOU: 00032945</p> <p>Purpose of payment: registry fee for participation in the auction sale of the stake of Private Joint Stock Company “Mykolaiv CHP”</p>
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The potential buyer, the contestant has the right instead of paying cash contribution as tender guarantee for participation in the competition to provide a **bank guarantee** in the amount of 7 750 000 UAH (conditions of bank guarantee provided by paragraph 2 of Article 1.3 Section 1 of the Regulation);

- Submits the tender documentation, the final draft of the contract of sale of shares and a bid.

The tender documents (prepared in accordance with the list of documents with respect to provisions of the Section V of the Regulation) are to be sealed in a separate opaque package bearing the following: "Tender documents" indicating only the address of the state privatization body and the name of the contest. The package should not contain any information to identify potential purchasers.

The final draft contract on the purchase and sales is sealed in an opaque package and labelled as follows: "The final draft contract on the purchase and sales", which shall include the name and location of the state privatization body, the name of competition and the potential purchaser.

The tender offer (is issued in accordance with Annex 2 of the Regulation) and documents confirming the authority of the person signing the bid shall be submitted in a sealed opaque package bearing the following "The tender offer", which shall contain only the name, the address of state privatization body and the name of the contest. The package should not contain any information to identify a bidder.

9. The date and the end time of the tender documentation:

Acceptance of tender documentation starts with the publication date of the information notice on the competition and will be closed **on July 4, 2017 at 18.00**.

After the publication of the information notice on the competition, the potential purchasers are addressing State Property Fund of Ukraine in written and conclude a confidentiality agreement and receive a package of tender documents, containing documents in accordance with p. 6.8 of the Regulation **no later than June 26, 2017 at 18.00**.

Upon having received a tender documentation package, the potential purchaser works out and submits to the State Property Fund of Ukraine a single copy of the offer to the contract of sale of shares with clear changes and amendments (if any).

Acceptance of offers to the draft contract of purchase and sales of shares from potential purchasers will be closed **on June 26, 2017 at 18.00**.

The State Property Fund of Ukraine provides the potential purchasers with processed and approved final draft of contract of sale **no later than June 30, 2017**.

A potential purchaser submits a single copy of the final draft contract of purchase and sales with the written consent about its conditions **no later than July 4, 2017**.

Acceptance of tender documentation and the final draft contract of purchase and sales ends on **July 4, 2017 at 18.00**.

10. Address of the tender documentation and the final draft contract of sale acceptance: State Property Fund of Ukraine, 01133, Kyiv, 18/9 Henerala Almazova str., Room No.504, every day from 9.00 to 18.00, on Fridays - from 9.00 to 16.45 and on pre-holiday days - from 9.00 to 17.00.

11. Date, time and place of the commencement and completion of **the tender offers**:

Registration for the contest and submitted tender offers is conducted **on July 12, 2017 from 10.00 to 10.50** in the premises of the State Property Fund of Ukraine at the address: 01133, Kyiv, 18/9 Henerala Almazova str., Room No. 303.

12. Date, time and place of the tender:

The tender for the sale of block of shares of PrJSC “Mykolaiv CHP” will be held on July 12, 2017 at 11.00 in the premises of the State Property Fund of Ukraine at the address: 01133, Kyiv, 18/9 Henerala Almazova str., Room No. 303.

13. The time and place of acquaintance with the Company.

Getting acquainted with the Company is available at: Kabotazhnuy descent, 18, Mykolaiv City, Ukraine, 54020. For visiting the Company one should obtain a written permission from the State Property Fund of Ukraine.

14. Location, phone number and time of service of the tender organizing body.

The package of documents on the tender and permission to visit the Company can be obtained at: the Administration of Auction Sale and Exchange Activities of Department of Privatization of the State Property Fund of Ukraine, 18/9 Henerala Almazova str., Kyiv, 01133, Room No.614, every day from 9.00 to 18.00, on Fridays – - from 9.00 to 16.45 and on pre-holiday days - from 9.00 to 17.00. For enquiries, call (044) 200-33-53, 200-34-43. E-mail: zah@spfu.gov.ua, borysyuk@spfu.gov.ua.

15. Other information on the decision of the state privatization body.

Purchaser, contest participants must provide certified in the established order copy of the Antimonopoly Committee of Ukraine or the administrative board of the Antimonopoly Committee of Ukraine for permission to such acquisition or a copy of the application for merger clearance (for the purchase of shares the Company) with a mark (stamp, date, incoming number, signature) Office of the Antimonopoly Committee of Ukraine or the body of its acceptance.

Contest winner (buyer) must obtain permission from the Antimonopoly Committee of Ukraine (for the purchase of shares) and provide a copy of the State Property Fund of Ukraine in the terms established by law.

Purchaser of shares shall submit the final sale contract project consisting of, existing in the name of the purchaser, a securities account in the depository institution as well as information on depository institution to the extent necessary to draw an order on the accounting operations of shares acquired by the purchaser transfer to the state privatization body and in non-documentary form.