

SCOPE OF WORK

APPOINTMENT OF A PANEL OF SERVICE PROVIDERS TO PROVIDE TRANSACTION ADVISORY SERVICES OVER A PERIOD OF THIRTY-SIX (36) MONTHS.

1 INTRODUCTION

CEF (SOC) Ltd is a state-owned company (SOC) governed by the Central Energy Fund Act of 1977 and conduct its business as the holding company and through its subsidiaries that together constitute the CEF Group of companies. This represents an energy security of supply value chain comprising of exploration and production, coal and gas supply, liquid fuels processing, a renewables division and liquids fuels storage/infrastructure; that which is enhanced and complimented by regulatory, coal and renewable value chain components together with advisory services.

CEF's approach is to use specialist and/or independent service providers to provide various advisory services on an "as and when required" basis. It is of these reasons that CEF intends to appoint a panel of transaction service providers. These may be required for CEF or include may CEF's *partnerships, their subsidiaries and/or partners of the subsidiaries in various projects.*

2 PURPOSE

CEF intends to establish a panel of independent contractors and/or service providers to provide transactional advisory services and prepare independent opinions, evaluations, business cases and/or recommendations to acceptable standard of prospective lender(s).

3 BACKGROUND

As a SOC, CEF has a responsibility to adhere to a number of regulations in order to aid the achievement of its strategic objectives. The successful/shortlisted service providers should demonstrate knowledge and/or capability in providing the required services at fast paced with a high degree of quality.

The scope of work and/or the terms of reference invite proposals from lead transactional advisors comprising of or representing a team (or consortium) of suitably qualified and experienced **Financial, Technical and Legal** advisors to respond to this invitation. CEF reserves the right and discretion to direct the lead transaction advisors to nominate, utilise and appoint the required Lead legal firm from CEF established legal panel of attorneys which may be existing from time to time. The list of names of CEF Legal Panel of attorneys will be availed to the Transactional Advisory team for purposes of engagement for selection to jointly participate, align and work with on or for purposes of any legal work stream that may be required to be performed.

The team (or consortium) will be required to provide the following services:

Phase 1: Undertake a comprehensive feasibility, viability studies and/or preliminary due diligence (covering Financial, Technical and Legal) for different transactions, prepare business cases and provide a professional advice/opinion that will aid a “Go / No Go” decision for the CEF and/or its *partnerships, their subsidiaries and/or partnerships of the subsidiaries.*

Phase 2: If a “Go” decision is resolved, the lead transaction advisor team (or consortium) will be required to provide advisory services throughout the acquisition/investment stages until financial close. If a no “Go decision is resolved, the lead transaction team (or consortium) will be notified, and the specific work order will terminate immediately and will be paid for the work done until the termination date.

This scope of work will be divided into two (2) phases as indicated above. However, the lead transaction advisor will be required to submit a single bid, in the format prescribed in the terms of reference (as issued from time to time).

4 SCOPE OF SERVICES (SOS) / TERMS OF REFERENCES (TORS)

CEF and/or the partnerships in acquiring various assets needs to explore the feasibility and viability of those projects, procure services of transactional advisory service provider to assist it through the phases of the acquisition and/or investment project(s).

The lead transaction advisor will be required to provide:

- Assistance in reviewing and interpreting all information provided by CEF and/or the target company and request any information omitted relating to the transaction(s) or project(s)
- Assistance in evaluating, reviewing and further advice on the valuations of the asset(s) and/or investment(s)
- Present its views, opinions, and recommendation as to an optimal transaction structure, project financing and/or the capital raising
- Assistance and guidance in the preparation for Non-Binding offers (NBOs) (or Expression of Interest (EOI)) for the asset(s) or investment(s)
- Conduct and/or manage all relevant due diligence activities
- Assistance in Sale and Purchase Agreement negotiations for the asset(s) or investment(s)
- Attend all other matters reasonably incidental to the transaction including inter alia:

- o Identifying to the extend required, suitable auditors, technical/engineering experts (if applicable), legal experts, tax experts, BEE consultants and any other required service provider(s) to ensure effective and efficient implementation of the transaction / project
 - o Assisting with compiling the notification to the various regulatory bodies having jurisdiction over the transaction(s) or CEF, its subsidiaries, the target asset(s) and/or investment(s) (i.e. the Competition Commission, the Department of Minerals Resources and Energy, the National Treasury, etc.)
 - o Assisting in the determination and/or reviewing the allocation of the purchase price; and
 - o Develop relevant financial model(s)
- Review, analyse and model financial inputs during the due diligence of loans and investment application
 - Assist in preparing reports for loans and investment applications
 - Provide transaction structuring advisory services for loan and investment applications
 - Actively provide skills transfer plan to CEF staff on financial analysis and modelling, Technical and Legal.

5 TYPICAL WORK PACKAGES / DELIVERABLES

Category	Work package / Deliverables	Indicators
Transaction Advisory service	Commercial structuring of projects	Option analysis, report and recommendations
	Optimization of capital structure	Opinion analysis, report and recommendations
	Working capital management	Option analysis, report and recommendations
	Capital raising	Funding strategy or plans, list of existing partnerships, cost of the proposed capital structure
	Project financial modelling & valuations	Valuation report with Option analysis, scenario analysis and sensitivity analysis
	Acquisitions including due diligence	Due diligence report (covering financial, technical / operational, legal, and commercial).

	Project finance advice & arrangement	Process, Milestones, Opinions and submissions and/or recommendations to the EXCO and the Board.
	Transaction structuring including divestures	Option analysis
	Risk Management (including an mitigation strategies)	Risk Management strategy, contracts and exit strategies