HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS

FINANCIAL REPORT FOR THE FIRST FISCAL YEAR 2016 (25.10.2016 – 31.12.2016)

SEPTEMBER 2017

Annual Consolidated and Separate Financial Statements
for the first fiscal period of 25.10.2016-31.12.2016
in accordance with International Financial Reporting Standards (IFRS)
as adopted by the European Union

It is declared that the attached Annual Financial Statements are those that have been approved by the Board of Directors of "Hellenic Corporation of Assets and Participations SA" on 08.09.2017, and as of 29.09.2017 are available on the internet, at the web site address http://www.hcap.gr .

The annual consolidated and separate financial statements, which follow on pages 36-94, were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, are truthfully depicting assets, liabilities, equity and the statement of income of the Hellenic Corporation of Assets and Participations SA, as well as of the companies included in the consolidation taken into consideration as a whole.

It is noted that the published on the website of the Corporation brief financial data and information aim to provide the reader with general financial data, but do not provide the complete picture of the Corporation's and/ or Group's financial position, results, changes in own funds and cash flows.

The Chairman of the Board of Directors	**The Chief Executive Officer and member of the Board of Directors**
George Diamantopoulos ID No M 299970	Ourania Ekaterinari ID No T 222068
The Chief Financial Officer	**The responsible for the preparation of the Financial Statements in compliance with IFRS**
Konstantinos Michailidis ECG Licence Class A' no 36154	Maria Trakadi ECG Licence Class A' no 27913 Deloitte. Deloitte Accounting Compliance & Reporting Services AE. Licence Number O.E.E 1297

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MESSAGE FOR THE COMPANY VISION & PURPOSE

Shareholder's message

The Hellenic Corporation of Assets and Participations constitutes one of the most complex reforms of recent years, aimed at gathering, jointly managing and transparently utilising a significant proportion of Greek State assets. The company was created in order not only to achieve better and sounder management of public assets, but also to overcome the weaknesses and eliminate the problems of several decades which have tainted the institution of public ownership and public enterprise.

In this connection, HCAP's objective is to be the body which will:

a) give an overall and transparent picture of the assets of the Greek State;
b) develop, in accordance with the procedures provided for in its Rules of Procedure, and implement plans to manage assets which exploit their comparative advantages;
c) be the guarantor of increasing the value of such assets, yielding financial results for the State, and providing citizens with quality services.

HCAP serves a specific public purpose – this means that demands for transparency, social effectiveness and accountability, meritocracy and demonstrable value to citizens in Greece are particularly stringent and concern every aspect of its operations.

- In the above context, HCAP is invited to provide the public interest with instruments and expertise in order to increase the value and improve the efficiency of assets managed by its subsidiaries, in a tangible and visible manner:
- by ensuring the financial sustainability of State-owned enterprises and the transparency and social accountability of their management;
- by improving the services and goods supplied by companies in terms of quality, affordability, accessibility and service, and with due regard to the social and territorial cohesion of Greece;
- by contributing infrastructures, networks and other real estate administered by HCAP to economic development, innovation and the transition to a new sustainable model of equitable development;
- by establishing a stable institutional framework which will foster social awareness and promote consultation with interested parties.

The effective and transparent management of the public assets, according to the needs of the citizens and taking into account the characteristics of the Greek economy and society, it's a difficult mission but core for the evolution of the Greek economy and the quality of life of its citizens over the next years.

HCAP BoD Chairman message

Our country is at a turning point, where it is requested to exploit its comparative advantages and its national wealth, so as to be possible to leap forward.

The Hellenic Corporation of Assets and Participations (HCAP) is requested to contribute to the national effort, by preparing a holistic, coherent national strategic plan for the exploitation of state-owned property, in the medium and long term. Our mission is the maximization of benefits for the Greek economy, the citizens and future generations. Our vision is to lead the way for a new development path for our economy.

Within this framework, the Corporation shall consider the best practices achieved in other countries, and shall adapt them in the Greek environment. The Corporation shall seek the existing opportunities and shall pursue their exploitation in the best possible way and always in the public interest.

In formulating and implementing the strategic plan, we cooperate with qualified professionals with long experience in their field. Moreover, the priority of HCAP, from the beginning of its operation, is the recruitment and co-operation with appropriate, specialized personnel, so that both the Corporation and its subsidiaries, to gradually develop the range of their activities.

Regarding State-owned Enterprises, that shall consist the portfolio of the under-establishment Public Holdings Company SA (EDIS), our mission is to promote significant reforms in their operation, in the interest of the citizens. Our primary concern is the State-owned Enterprises to be managed by qualified, moral and capable executives, acting responsibly towards society and the environment, investing in quality and innovation and maximizing the value produced. These executives will be assessed in the same way as we are being assessed, feel the same pride with us for our effort and share the same sense of responsibility towards our Country.

At the same time, we seek to build strategic alliances with leading companies in their industry, which will provide the necessary resources and know-how in order for us to make good use of the private property of the State, either its holdings in state-owned enterprises or the properties that it possesses. The benefits of these partnerships will be diffused across our economy and society. Every successful investment generates revenue for the State, new jobs, while other businesses and their employees benefit through such synergies and consumption. Hence the attraction of such funds and partnerships should be everyone's goal. Ultimately, it is a national effort that everyone should support in order to succeed.

In order for Greece to succeed.

This is the time for the country to share the same road with countries that have enviable economies, which exploit in the best possible way the wealth that they have. For the success of the attempt, the elaboration and faithful implementation of a detailed strategic plan as well as sufficient time for the required changes to mature, are necessary.

HCAP CEO message

The difficult economic environment and the challenges currently faced, require vision, long term planning, commitment, transparency and meritocracy, in order to facilitate the country's shift towards economic growth, progress and extroversion, capitalising on our competitive advantages as well as on our assets, and of course of our valuable human capital.

The Hellenic Corporation of Assets and Participations is a recently established holding company with the purpose to manage and exploit important assets belonging to the Greek State in favour of the public interest. The Corporation is working on the development of a long term strategic plan, based on the adoption of modern best practices in relation to management and exploitation, and also with the aim to add value to the Greek State's asset base and to improve the services offered to the citizens.

With regards to the company's direct subsidiaries, the HRADF will continue with the implementation of the privatization program, with the aim to contribute resources for the repayment of the sovereign debt but also with the aim to maximize benefits for the economy by attracting investors and by creating a stable and dynamic environment for investments. In relation to ETAD, the second direct subsidiary of HCAP, and following the provisions of law 4389/2016, the company's role has been enhanced since a large number of real estate property titles - previously belonging to the Greek State - have been transferred to ETAD. This real estate portfolio has significant value, which to a great extent has not been exploited up to present, thus setting as a priority the asset registry, maturity and best exploitation of the new portfolio. The exploitation of new assets will generate and contribute important revenues to the State, but will also support the upgrade of urban territories and of sustainable spatial developments, while also reinforce investments, employment and local economies in key areas of the economy, such as tourism.

In addition, through EDIS, the new subsidiary which is under establishment, the Corporation will set as a target the promotion of the required reforms for state-owned enterprises, through restructuring as may be required, as well as adoption of common corporate governance practices and of corporate social responsibility. EDIS portfolio consists of Greek State's participations in certain large Greek enterprises with particular characteristics, most of them having an important role in significant sectors of the greek economy. For these companies, the main objectives include amongst others, promotion of operational efficiencies, optimisation of their capital structure with access to different sources of funding, as well as ensuring the supply of goods and services all around the Greek territory and the provision of better and modern services to all citizens at a competitive cost. We want to have state owned enterprises that shall be managed with responsibility towards society and which shall respect the environment. We want companies that will invest in knowledge, innovation, the new digital era, that will invest in supply chain optimisation and infrastructure improvement, thus creating multiple direct and indirect benefits for an inclusive economy.

It is common belief that the required reforms and a productive reorganisation of the public sector should have already taken place, while the transformation of the state owned enterprises in accordance with best international practices is also of imperative importance for the country. At the same time, such transformation represents a great challenge for HCAP that will have to manage since changes of such magnitude, including the elimination of chronic problems, are never easy. However, such transformation is important to begin and progress, aiming towards the improvement of effectiveness, towards better services to end users and towards promoting growth, stability and competitiveness of the Greek economy which shall reinforce employment opportunities, especially for the younger people.

Shaping a comprehensive and holistic strategy is a priority for the Corporation in order to achieve its mid to long term objectives in relation to a better management and exploitation of the Greek State's assets and participations, taking into consideration the strategic guidelines provided by the sole shareholder and always through appropriate communication and consultation and by consistent and credible towards all stakeholders.

At the same time, we want to develop a new corporate culture that will be based on transparency, meritocracy and accountability. The reason is that the crisis is not only a financial one. It is also a crisis related to corporate culture and mindsets and as such, new leadership and human talent must be developed and promoted within a framework with clear goals, strong skillsets and with a high sense of responsibility. People and teams are of critical importance to HCAP towards achieving its mission, in addition to proper training and development of human capital at all levels of the holding company.

Part of the mission and to a certain extent of HCAP's success, is also to achieve to re-establish the perception and trust I the relationship between the state and the state institutions with the citizens and overall with the external environment, by building new relationships of trust and cooperation.

We want to cultivate the reputation of an organisation that applies high standards of transparency, accountability and corporate governance, while we shall pursue to build strategic alliances and create synergies with partners with significant value added potential and know-how, in order to maximize the value of Greek State's assets and participations and to materially contribute to economic stability and growth prospects of the country to the benefit of all.

A | ANNUAL REPORT OF THE BOARD OF DIRECTORS

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF THE "HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS SA" TO THE ANNUAL REGULAR GENERAL ASSEMBLY OF THE SHAREHOLDERS IN RELATION TO THE FINANCIAL STATEMENTS OF 31.12.2016

A.1 Purpose and Legal Framework of the Corporation

The ''Hellenic Corporation of Assets and Participations S.A. ("HCAP" or the "Corporation") is a holding company governed by the provisions of Law 4389/2016 as amended and in force (hereunder the "Law" or the "founding law") and in addition, the provisions of codified Law 2190/1920. The Corporation is not part of the public or the wider public sector, as currently defined. Provisions concerning public undertakings, with the meaning of Law 3429/2005 shall not apply to the Corporation, unless this is expressly provided in Law 4389/2016.

The Corporation operates in the public interest, in accordance with the rules of the private economy. It is set up to serve a specific public purpose. Its long-term vision is to enhance the value and improve the performance of its portfolio of assets under management, by assessing and promoting the best available strategies and by targeting operational efficiencies. The Corporation shall also promote reforms of public undertakings through restructuring, good corporate governance and transparency and by fostering accountable administration, social responsibility, innovation and best practices.

In order to fulfil its purpose, the Hellenic Corporation of Assets and Participations shall act in an independent and professional manner with a long-term vision in achieving its results, in accordance with its Rules of Procedure. It shall also act to guarantee full transparency, with a view to enhance the value of its portfolio and to generate and contribute resources.

(a) for the implementation of Greece's investment strategy and economic growth, and

(b) for the reduction of the financial obligations of the Hellenic Republic.

The Corporation may take any action necessary to achieve its purpose within the framework laid down by the Law.

The duration of HCAP is ninety-nine years beginning from its registration in the General Commercial Registry (GEMI) of the Secretariat-General of Commerce.

According to decision of the Board of Directors of the Corporation dated 03.03.2017, the registered seat of the Corporation is at Voulis 7 in Athens.

A.2 Direct subsidiaries of the Corporation

Upon the Corporation's acquisition of legal personality, the following legal entities, the share capital or securities of which are transferred to the Corporation or which are set up in accordance with its founding law, shall be considered as direct subsidiaries for the purposes of the Law (the 'direct subsidiaries'):

1. The **Hellenic Financial Stability Fund (''HFSF''),** for which HCAP has very limited powers, as the decisions for the accomplishment of its mission and purpose are made exclusively by the relevant bodies of HFSF. Pursuant to Law 4389/2016, the full possession and holding of the entire capital of the HFSF (as represented by securities in accordance with Article 3 of Law 3864/2010) shall be transferred by the Greek State to the Corporation for no consideration. Notwithstanding this transfer, unless expressly stated otherwise in Law 4389/2016, the provisions of Law 3864/2010 (indicating but not limited to the provisions of the corporate governance of the HFSF) shall continue to apply.

2. The **Hellenic Republic Asset Development Fund (''HRADF'')**, which exploits the assets of the State that have been assigned to it and manages the implementation of the privatization program in the country, and in specific, the implementation of the Asset Development Plan "ADP" as approved by the Board of Directors of the HRADF. The HRADF aims to maximize the development and exploitation of the assets of the ADP in infrastructure, corporations, real estate and other fields of the economy and to attract direct investments, while also promoting long term benefits for the Greek economy. The most recent Asset Development Plan for HRADF which has been approved by the HRADF BoD and also by the Governmental Economic Policy Council is dated 31.01.2017 and is available online on HRADF's website.

   Pursuant to Law 4389/2016, the full ownership, possession and holding of all shares in the HRADF shall be transferred by the Greek Government to the Corporation for no consideration.

   After taking into consideration that the purpose of HRADF has not yet been fulfilled, HCAP as the sole shareholder of HRADF, through its BoD, decided on 11.05.2017 to proceed with a General Assembly resolution (taken with the procedure of a self-convened extraordinary General Assembly Meeting of the sole shareholder of HRADF) for the extension of HRADF's duration for three (3) more years, i.e. until July 1st 2020, and also the consequent amendment of article 3 of HRADF's Statutes. The General Assembly that resolved on the above was held on May 16th 2017.

3. The **Public Properties Company (''ETAD''),** being responsible for the management and exploitation in favor of the public interest of a large real estate portfolio that has come under its property from the Greek State. The transfer of ETAD to the Corporation, with the simultaneous transfer to ETAD of the ownership of an important number of properties of the State, which the company in the past managed, redefines and enhances the role of ETAD. The portfolio of ETAD currently includes more than 71,500 property titles throughout the Greek territory and includes properties that have become under the ownership of ETAD mainly from the Ministry of Finance, from the Greek National Tourism Organization, the Olympic Assets and a list of properties from the HRADF. Pursuant to Law 4389/2016, the full ownership, possession and holding of all shares in ETAD shall be transferred by the Greek State to the Corporation for no consideration.

   In order to achieve its strategy, ETAD has to act towards maintaining a clean portfolio that can be exploited. Meanwhile, ETAD must develop the best exploitation strategies, including separately focused strategies per asset class. For this purpose, ETAD shall evaluate all available structures, methods and tools as deemed appropriate, in order to professionally manage, maintain and increase the value of its portfolio, as well as to make decisions towards the most profitable exploitation methods. Also, ETAD shall have to take into consideration the business practices employed in similar transactions internationally, the special characteristics of each asset and/or asset class to be exploited, the investment appetite and the special characteristics of potential investors, along with other material information which will all together lead to the optimal exploitation of its assets.

It should also be noted that article 196 par.6 of Law 4389/2016 provides that a working group is set up consisting of representatives from the Ministry of Finance, the competent Ministries and HCAP, through its subsidiaries ETAD and HRADF, for the tracking and flagging of real estate assets, which will be further transferred to ETAD. The aim of the working group is to identify real estate properties currently owned by the Hellenic Republic and included in the Register of Real Estate of the General Secretariat for Public Property (art.20 l. 3965/2011 A'113) which meet certain criteria that make them suitable for exploitation.

4. The **Public Holdings Company (''EDIS'')**, is being established with the purpose of holding state participations in public enterprises, to professionally manage and increase the value of such shareholdings, by implementing modern standards and policies related to corporate governance, corporate compliance, supervision and transparency of procedures. To this end, a single framework for corporate governance and reporting is adopted, with strict application of transparency, meritocracy and accountable governance. In the same context, EDIS will promote social and environmental matters, responsible entrepreneurship, as well as consultation with stakeholders, in favor of the public interest. It will also aim to increase trust among public bodies, public enterprises and citizens.

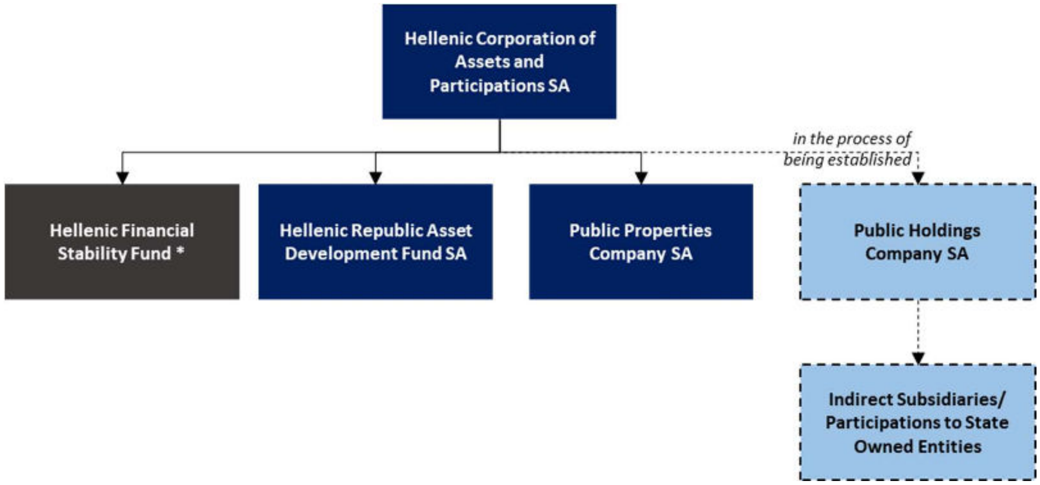
   It is noted that all public enterprises under EDIS shall be supervised in accordance with the rules of national and European legislation. They shall also support the applicable sectoral policies of the Government and they shall undertake, following assignment, the provision of Services of General Interest. The relevant procedures are provided in the Coordination Mechanism and are included in the Rules of Procedure of the Corporation.

   An important factor in the enablement of HCAP's mission is the formulation of an appropriate strategy that shall take into consideration the external environment, the particular conditions that characterize each sector but also the market as a whole, as well as the prospects and the risks. Concurrently, it shall assess and exploit the comparative advantages, by implementing changes to the direction of modern methodologies and available tools for the rationalisation and optimisation of the public enterprises' operations across sectors. The ultimate goals include the improvement of their operations as well as of the service offered to end users, the improvement of their financial performance and the long term value creation for the Hellenic Republic. Human capital development, along with investments in innovation, are also perceived as critical factors that shall contribute to the successful accomplishment of EDIS' mission.

Each of the Corporation's direct subsidiaries shall manage its own assets, independently from the others. By a decision of the General Assembly of the sole shareholder, following a proposal by the Board of Directors, and countersigned by the Supervisory Board, the Corporation may also set up other direct subsidiaries in order to fulfil its corporate purpose.

The official registration of the transfer from the Greek State to the Corporation upon the share titles of its subsidiaries, **HRADF and ETAD**, has been completed, as well as the delivery to the Corporation of the title incorporating the capital of **HFSF** according to the provisions of Law 3864/2010.

The following chart reflects HCAP's current shareholding structure. In addition, it presents HCAP's direct subsidiaries and also the companies in which the Greek State has shareholding participations and are to be transferred to EDIS upon its establishment as per the provisions of HCAP's founding law. State participation in the companies transferred to EDIS varies (i.e state being minority shareholder, or majority shareholder or sole shareholder with 100% of equity).



** NOTE: With regards to the Hellenic Financial Stability Fund (HFSF), HCAP has very limited powers as the decisions for the accomplishment of its mission and purpose are made exclusively by the relevant bodies of HFSF.*

A.3 Main corporate bodies of the Corporation

The bodies of the Corporation are the General Assembly of the sole shareholder, the Supervisory Board, the Board of Directors and the Auditors.

The supreme body of the Corporation is the **General Assembly** of the sole shareholder, which is the Greek State, as legally represented by the Minister of Finance. The General Assembly of the sole shareholder shall be the only body responsible for deciding on matters which, in accordance with the applicable legislation, fall within the exclusive competence of the General Assembly of the shareholder, with the exception of the election and revocation of the appointment of members of the Board of Directors of the Corporation, the rules regarding the remuneration of the members of the Board of Directors and the amendment of the Statutes. These are issues which shall be decided on in accordance with the provisions of the founding law 4389/2016.

The **Supervisory Board** is responsible for supervising the Board of Directors of the Corporation in order to ensure that it is operating in accordance with the provisions of the Law 4389/2016, the Statutes and the Rules of Procedure, in the interest of the Corporation and in the public interest. It consists of five (5) members with a five-year term of office which are appointed by the General Assembly of the sole shareholder, in accordance with the following:

- three (3) members selected by the sole shareholder, with the agreement of the European Commission and the European Stability Mechanism which act jointly;
- two (2) members, one of which is the Chairman of the Supervisory Board, selected by the European Commission and the European Stability Mechanism, acting jointly, with the agreement of the Minister for Finance.

With regard to the operation of the Supervisory Board, Law 4389/2016 stipulates that the Supervisory Board shall be quorate if at least four (4) members are present. Each member of the Supervisory Board shall have one (1) vote. Decisions shall be taken by the Supervisory Board if at least four (4) members vote in favour. The Supervisory Board decides on the matters provided in art. 191 paragraph 4 of Law 4389/2016. Furthermore, HCAP's Rules of Procedure include a special chapter related to the Internal Rules of the Supervisory Board.

The first Supervisory Board was appointed by order No M.A.D.K.A. 0015977 ΕΞ 2016/7.10.2016 of the Minister of Finance, published in the Government Gazette (FEK YODD 536/10.10.2016) as provided in article 210, paragraph 1 of Law 4389/2016. The first Supervisory Board consists of the following five members with a five (5) year term of office:

1. Georgios Stampoulis
2. Georgios-Spyros Tavlas
3. Olga Charitou
4. Jacques, Henri, Pierre, Catherine Le Pape - *was appointed Chairman of the Supervisory Boar*d
5. David Vegara Figueras

The **Board of Directors** of HCAP is the third main body of the Corporation and has the powers and competencies that are provided in article 192 of Law 4389/2016. In particular, the Board of Directors is responsible for the management of the Corporation and the achievement of the objects laid down in its Statutes. The Board of Directors shall decide on all issues relating to the management of the Corporation, apart from those issues which under the provisions -of the Law- fall within the competence of the Supervisory Board or of the General Assembly. With regards to the operation of the Board of Directors, Law 4389/2016 provides that the Board of Directors is entitled to act when a quorum of at least three (3) members is present. Every member of the Board of Directors shall have one vote. The Board of Directors shall take decisions by a majority of the members present. In the event of a tie the Chair's vote shall prevail.

The members of the Board of Directors are elected by the Supervisory Board in accordance with the provisions of the same law. In addition, one representative designated by agreement between the European Commission and the European Stability Mechanism shall attend the meetings of the Board of Directors of the Corporation as an observer without the right to vote.

On taking office on 10.10.2016, the Supervisory Board initiated the process of the election and appointment of HCAP's Board of Directors. The first Board of Directors of HCAP, which constituted into a body on 16.02.2017, consists of the following seven members with a four (4) year term of office:

Name	Position
George Diamantopoulos	Chairman of the Board of Directors, Non- executive Member
Ourania Aikaterinari	CEO, Executive Member
Stefanos Giourelis	Executive Director, Executive Member
Alice Gregoriadi	Non-executive Member
Themistoklis Kouvarakis	Non-executive Member
George Mathios	Non-executive Member
Marina Niforos	Non-executive Member

The brief CVs of HCAP's Board of Directors' members are presented below:

George Diamantopoulos, Non-executive Chairman of the Board of Directors
He was born in 1951. He studied at Deree College in Athens and holds a MBA degree from the University of Massachusetts at Amherst. He has extensive experience in multinational corporations of which a 4-year tenure as CEO in Jacobs Suchard (Greece) and 17 years as CEO in Kraft Foods (Greece). He has been a member of SEVT, CAOBISCO, EASE, EEDE & SDE.

Ourania Aikaterinari, CEO & Executive Member of the Boards of Directors
She was born in 1971. She studied at Aristotle University of Thessaloniki, from which she obtained a degree in Electrical Engineering. She also holds a MBA from City University, UK. She has worked in corporate & investment banking in Greece and abroad for large financial institutions such as BNP Paribas, Eurobank and Deutsche Bank. During 2010-2015, she was Deputy CEO of PPC S.A, the largest Greek utility. For the past 2 years she was a Partner at Ernst & Young (EY) in Greece.

Stefanos Giourelis, Executive Director & Executive Member of the Board of Directors
He was born in 1964. He studied at the National Technical University of Athens from where he obtained a degree in Mining Engineering & Metallurgy. He has worked for the past 25 years in Information Technology sector mainly in international sales and management positions. He worked for 19 years at Hewlett Packard for Greece, Middle East, Mediterranean and Africa based initially in Athens and afterwards in Dubai, 4 of which as a General Manager (Greece) and 8 of which as Managing Director in Greece, Africa region and GRAF (Greece & Africa) region.

Alice Gregoriadi, Non-Executive Member of the Board of Directors
She was born in 1968. She studied Marketing at Deree College in Athens. She holds an MBA degree from Manchester Business School in UK. She has worked as Project Manager, Senior Auditor, Market Manager and Head of Product Development for CitiBank in London (1994-2001); as Global Head of Service Management for ABN Amro Bank in London and in Netherlands (2001-2009); as Managing Director of European Transaction Services for JP Morgan (2010-2015); and as advisor and mentor of FinTech and InsureTech startup companies in London (2015-2017)

Themistoklis Kouvarakis, Non-Executive Member of the Board of Directors
He was born in 1956. He studied Economics at the University of Essex in the UK. He holds a MSc degree in Economics from the London School of Economics & an MBA degree from Harvard Business School. He has worked from 1988 to 2016 at the European Investment Bank in Luxembourg, specializing in infrastructure projects in several EU countries, including Greece.

George Mathios, Non-Executive Member of the Board of Directors
He was born in 1967. He is a Mechanical Engineer with an MSc degree from the University of Manchester. In addition, he holds an MSc degree from the University of Newcastle in the area of Marine Engineering and Shipping. Finally, he holds an MBA degree from Manchester Business School and a PhD holder from the Athens University of Economics and Business. He has worked for Procter & Gamble in Germany and L'Oreal Hellas (1995-2000); for Multichoice Hellas as Digital Platform Director (2000-2002); for Coca-Cola Co (2002-2007) as Southeast Europe Integrated Marketing & Communications Manager; for HSBC Bank Plc. (2007-2009) as Head of Marketing and Customer Propositions and for DIGEA S.A. as C.E.O. (2009-2015).

Marina Niforos, Non-Executive Member of the Board of Directors
She was born in 1969. She studied at the University of Cornell in USA. She holds an MBA degree from INSEAD and Post graduate degrees from the University of Pennsylvania and SAIS-Johns Hopkins University in Public Administration and International Relations respectively. She has worked in World Bank (1993-1998); as Director Corporate Strategy, for Groupe Pechiney in France (2001-2004); as Executive Director for INSEAD (2007-2010); and as CEO for the American Chamber of Commerce in France (2010-2014).

Board of Directors Committees

Pursuant to the provision of article 192 par. 2 (s) of Law 4389/2016 and the decision of the Board of Directors dated 03.03.2017, the following Committees have been established:

1. Internal Audit Committee
2. Investment Committee
3. Corporate Governance Committee

1. Internal Audit Committee

It is composed by at least three non-executive members of the Board of Directors which collectively demonstrate adequate knowledge of the Corporation's activity sector. One of them is appointed as Chair.

The Internal Audit Committee, among others:

(a) informs the Board of Directors of the Corporation of the outcome of the external audit and explains how the external audit contributed to the integrity of financial reporting and what the role of the Audit Committee was in that process.

(b) It monitors the implementation of effective procedures for the provision of financial information and submits proposals and recommendations to ensure its integrity.

(c) It monitors the effectiveness of the Corporation's internal audit, quality control, and risk management systems, and on an ad hoc basis of the internal audit division, regarding the financial reporting of the Corporation, without violating internal audit's independence.

(d) It monitors the external audit of the annual and consolidated financial statements, as well as the performance of the external audit.

(e) It reviews and monitors the independence of external auditors or auditing companies, in accordance with current regulatory and legislative framework.

The Internal Audit Committee shall have a term of office equal to this of the existing Board of Directors', whilst in the case that the Rules of Procedure require otherwise, the latter's provisions shall prevail.

2. Investment Committee

It is composed by three non-executive members of the Board of Directors which collectively demonstrate adequate knowledge on investment matters. The Investment Committee operates within the frame set by article 200 of Law 4389/2016 but also in accordance with the specifications provided in HCAP's Investment Policy which will be incorporated in its Rules of Procedure.

The Investment Committee shall have a term of office equal to this of the existing Board of Directors', whilst in the case that the Rules of Procedure require otherwise, the latter's provisions shall prevail.

3. Corporate Governance Committee

It is composed by three non-executive members of the Board of Directors. Its objective is to monitor the implementation and compliance of the corporate bodies, executives and employees of the Corporation with the corporate governance rules, transparency and oversight in accordance with the Corporation's Rules of Procedure, its corporate bodies' decisions, the applicable legislative framework and with the best practices and guidelines provided by OECD. Moreover, it submits the relevant reports to the Board of Directors in the context of the Board's obligation for quarterly reporting on compliance with the rules of corporate governance, as provided for in article 192 par.2 (j) of Law 4389/2016 and for taking appropriate measures to ensure compliance with the principles of corporate governance, transparency and supervision in accordance with the provisions of article 192 par.2 (i) of Law 4389/2016.

The Corporate Governance Committee shall have a term of office equal to this of the existing Board of Directors', whilst in the case that the Rules of Procedure require otherwise, the latter's provisions shall prevail. On 24.07.2017, the Corporate Governance Committee was renamed to Corporate Governance and Nominations Committee.

A.4 Auditors

Pursuant to Article 193 of Law 4389/2016, the General Assembly of the sole shareholder shall appoint a firm of auditors of international reputation from a list of candidate firms submitted by the Supervisory Board. The auditors shall have the functions provided in the legislation applicable to *Société Anonyme* companies.

In addition, the Audit Committee, supported by the Internal Audit, is the main contributor in the selection process. Among other things, the Audit Committee, following the approval of the Board of Directors, supports the Supervisory Board in the preparation of a list of candidate external auditors which is submitted to the General Assembly by the Supervisory Board for the final selection.

The financial year is a twelve-month period starting on January 1st and ending on December 31st of the same year.

According to the Decision of the sole shareholder, dated 23.02.2017, Grant Thorton was elected as external auditors for the statutory audit of the Corporation's financial statements and consolidated financial statements for the period 25.10.2016-31.12.2016.

A.5 Corporation's Share Capital

The Corporation's share capital amounts to EUR 40,000,000 and is divided into 40,000 common registered shares with a nominal value of EUR 1,000 each.

The Corporation's shares are non-transferable.

The Corporation's share capital is covered entirely by the Greek Government and shall be paid in cash. The share capital shall be lodged by a Decision of the Minister of Finance, in a special account held at the Bank of Greece in the name of the Corporation.

The Board of Directors of HCAP, with its decision dated 03.03.2017 certified the partial payment of the share capital, and more specifically payment of the amount of EUR 10,000,000, which corresponds to coverage of ¼ of the nominal value of the Corporation's shares, according to the provisions of article 12 of the C.L. 2190/1920.

A.6 Rules of Procedure and Corporate Governance Framework

Rules of Procedure

The General Assembly of the sole shareholder adopts the Rules of Procedure ("Rules of Procedure") which regulate the operation of the Corporation and its direct subsidiaries, apart from the HFSF, based on best international practices and OECD guidelines.

The Rules of Procedure include in particular the following:

(a) Corporate governance;

(b) Code of Conduct, conflict of interests and confidentiality obligations of the members of the Supervisory Board, the members of the Board of Directors of the Corporation and its direct subsidiaries, excluding the Financial Stability Fund, as well as the experts and other advisors who are recruited or employed;

(c) Accounting standards;

(d) Any specific duties assigned to non-executive members of the Board of Directors;

(e) Rules regarding contract award and procurement;

(f) Investment and risk management policy;

(g) Dividend policy.

Pursuant to article 189, paragraph 2 of Law 4389/2016, until the Rules of Procedure are adopted, the General Assembly of the sole shareholder, on a proposal of the Supervisory Board, may take specific decisions regulating one or more of the above matters. The Rules of Procedure of the Corporation shall be amended by decision of the General Assembly of the sole shareholder, on a proposal of the Board of Directors which shall be approved by the Supervisory Board.

Corporate Governance Framework

By "corporate governance" it is meant the way companies are managed and controlled. OECD Principles of Corporate Governance[1] are the international benchmark on corporate governance and an important source of inspiration for the Hellenic Corporate Governance Code for Listed Companies[2] based on which the HCAP Rules of Procedure were prepared. According to the above OECD Principles, corporate governance relates to the set of relationships between a company's management, its board, its shareholders and other stakeholders. It provides the structure by which the objectives of the company can be discussed and set, the key risks are identified, the means of attaining the corporate objectives are determined, their risk management is organized and management's performance in respect thereof can be monitored. The OECD Principles also stress the role of good corporate governance as a key driver of business competitiveness both in terms of internal organisational effectiveness but also in terms of lower cost of capital. Finally, it is generally accepted that a more transparent and accountable corporate sector enhances transparency and accountability of private and public organisations and institutions.

Particularly, companies that among other purposes, are serving the public interest, should comply with high standards of corporate governance and transparency rules. HCAP's corporate governance and disclosure requirements have to be at least at equivalent level of that provided by listed companies.

The purpose of the Corporate Governance Code is to promote good governance with the aim that this will support the long-term success and competitiveness of the Hellenic Corporation of Assets and

[1] *OECD (2004), Principles of Corporate Governance.*
[2] *HCGC (2013), Hellenic Corporate Governance Code for Listed Companies*

Participations and of its direct subsidiaries. Its implementation should not be viewed only as a mere compliance exercise by the Corporation or its subsidiaries, but also as a process that builds trust amongst stakeholders and adds value to the business overall. A key objective of the Code is to educate and guide all boards of the Corporation and of its direct subsidiaries on governance best practices. As such, the code aims to improve information flows within the organization and the Group, to improve information of the sole shareholder as well as participation of key stakeholders including the general public and potential investors.

HCAP's operation and organization, following the relevant decision of the General Assembly of its sole shareholder on **May 19, 2017**, is ruled by the Corporate Governance Code as provided for in art. 189 par. 1 (a) of Law 4389/2016.

As per HCAP's Rules of Procedure adopted on 19.05.2017, a Corporate Governance Statement, which consists a separate part of the Board of Directors' Annual Report, has to be included in the Corporation's reports based on the required reporting requirements.

However, given that the Corporation acquired its legal personality on 25.10.2016 whereas its Board of Directors constituted itself into a body on 16.02.2017, only a few activities corresponding to the period ending 31.12.2016 have been performed and they mostly relate to the respective activities of the sole shareholder and the Supervisory Board, but also to initial actions that took place in the context of HCAP's incorporation. As such, the first Corporate Governance Statement will be part of the First Half 2017 report. However, relevant information is included in this report, particularly where describing the "Corporate Bodies" but also hereby in this chapter which outlines the Corporate Governance framework.

Finally, it should be noted that the Board of Directors, in compliance with the provisions of Law 4389/2016, submits to the Supervisory Board quarterly reports on compliance with the rules of corporate governance.

Diversity Policy

The Corporation recognizes the importance of promoting diversity in both the Supervisory Board and the Board of Directors, but also in the composition of its top executives and its human resources, especially with regard to the gender but also other aspects, such as age, educational and professional background, residence, nationality, etc.

In terms of European legislation, two basic Directives have been adopted for combating discrimination and ensuring equal treatment in employment and workplace. In addition, many actions and initiatives have been taken in relation to encouraging diversity in the workplace that have affected enterprises in Europe, with such ompact to becoming gradually even more obvious, not only in relation to the composition of labour force but also in relation to higher corporate levels, such as the Board of Directors. In accordance with many relevant studies of EU, while the purposes and the provided benefits of the approaches and the diversity policies vary significantly, the enterprises tend to identify improvement in many sectors that concern the enterprise in its totality and not only a department of it, as well as on many levels, reinforcing values, changing culture, providing more motives and security, attracting and developingtalent, etc. In general, the systematic respect of the principle of diversity contributes to the creation of an open and productive working environment, where employees are more responsible, efficient, active, innovative, etc.

The Corporation shall try to cultivate a high level profile in relation to the promotion of diversity in the workplace and in positions of responsibility and in relation to its subsidiaries, ensuring in parallel equal treatment and opportunities as well as the education and professional training for all its employees.

ACTIVITIES OF THE CORPORATION AND THE GROUP

A.7.Activities of the Corporation and the Group for the fiscal year ending 31.12.2016

A.7.1 Condensed Financial Information

The summary financial information for HCAP and the Group for the fiscal year 2016 (25.10.2016 – 31.12.2016) is as follows:

Condensed Consolidated and Separate Statement of Financial Position

(amounts in €)	GROUP 31.12.2016	HCAP 31.12.2016
Tangible and intangible fixed assets	426.372.143	0
Participations in subsidiaries and associates	44.341.524	3
Long term receivables and prepayments	195.553.780	0
Total non-current assets	**666.267.447**	**3**
Inventory	543.006	0
Trade and Other receivables	140.267.255	16.641
Cash and cash equivalents	142.188.243	10.000.000
Total current assets	**282.998.504**	**10.016.641**
Total Assets	**949.265.951**	**10.016.644**
Equity		
Share Capital	10.000.000	10.000.000
Other Reserves	457.638.774	3
Retained Earnings	173.503	(204.442)
Total Equity	**467.812.277**	**9.795.561**
Long Term Lliabilities		
Provisions	23.507.990	0
Long term liabilities	262.363.116	0
Total	**285.871.106**	**0**
Short Term Liabilities		
Trade and Other payables	195.582.568	221.083
Total	**195.582.568**	**221.083**
Total Equity and Liabilities	**949.265.951**	**10.016.644**

Condensed Consolidated and Separate Statement of Income

(amounts €)	GROUP 25.10.2016-31.12.2016	HCAP 25.10.2016-31.12.2016
Revenue	8.297.115	0
Cost of Sales	(4.633.728)	0
Gross Profit	**3.663.387**	**0**
Administrative expenses	(2.963.311)	(208.644)
Selling & distribution expenses	(527.752)	0
Other income, expenses, provisions etc	(382.734)	(100)
Earnings before interest and financial results	**(210.410)**	**(208.744)**
Financial income	525.932	4.302
Financial expenses	(323.539)	0
Share in net profit (loss) of companies accounted for by the equity method	181.520	0
Total Profit / (loss)	**173.503**	**(204.442)**

Since HCAP acquired its legal personality on 25.10.2016, there are no comparative figures from the previous period whilst 2016 as a fiscal year is actually not a full calendar year.

HCAP

HCAP's net result for its first fiscal year (period 25.10.2016 - 31.12.2016) corresponded to a loss of € 204,4 th., because the Corporation during this period was through its founding and organisational phase and had no employees whereas its Board of Directors constituted into a body during the first quarter of the next fiscal year. The expenses related mainly to expenditure related to the corporation and formation of HCAP's initial structure and organisation, as well as for the Supervisory Board members' fees.

The basic amounts included in the Corporations's balance sheet correspond to the paid in share capital (€ 10.000.000) and the cash and cash equivalents which totalled to an equal amount because during this period no payments were effected, the liabilities which are presented reflect the relevant expenses that incurred during the said period.

The Group

In relation to the Group results and performance during the displayed period, they correspond to a net profit of € 173,5 th., which is derived from the combination of the Group companies' results as follows:

Condensed Financial Information (amounts in €)	**HCAP**	**HRADF**	**ETAD**	**Consolidation Entries**	**GROUP**
	25.10.2016 - 31.12.2016				
Revenue	0	1.227.166	7.141.855	(71.906)	8.297.115
Cost of Sales	0	(1.486.395)	(3.219.239)	71.906	(4.633.728)
Gross Profit	**0**	**(259.229)**	**3.922.616**	**0**	**3.663.387**
Administrative expenses	(208.644)	0	(2.754.667)	0	(2.963.311)
Selling & distribution expenses	0	0	(527.752)	0	(527.752)
Other income/ expenses , provisions etc	(100)	(39.280)	(343.354)	0	(382.734)
Earnings before interest and financial results	**(208.744)**	**(298.509)**	**296.843**	**0**	**(210.410)**
Financial income	4.302	25.934	495.696	0	525.932
Financial expenses	0	(1.589)	(321.950)	0	(323.539)
Share in net profit (loss) of companies accounted for by the equity method	0	0	0	181.520	181.520
Total Profit (loss)	**(204.442)**	**(274.164)**	**470.589**	**181.520**	**173.503**

With regards to HCAP's results, those are explained earlier in this section. With regards to the respective results of the subsidiaries and associate companies into the Group results these are as follows:

ETAD

With regards to ETAD, the results of which are a significant proportion of the Group results under its current structure, the revenues for the 25.10.2016 -31.12.2016 period were € 7,1 million out of which the most significant amount relates to real estate rental income. The expenses of the period (cost of sales, administrative expenses, selling and distribution expenses) relate mainly to payroll, third party fees and expenses, depreciation cost and provisions.

The financial income and expenses, relate to interest income from ETAD's cash and cash equivalents and also to income/ expenses related to past due interest (associated to delays in receivables' collection and/or liability repayments stemming from litigation cases)

HRADF

With regards to HRADF, the subsidiary revenues relates to fees calculated as a percentage upon the privatisation assets and incur in relation to the financial closing of each project. As such, these revenues cannot be allocated proportionally to the calendar months, contrary to its fixed costs.

Particularly, the revenues of the period 25.10.2016 - 31.12.2016 relate to the income recognition associated with the financial closing of the Astir Palace transaction, as well as expenses incurred for specific projects which were then recharged. The expenses for the said period relate to the combination of HRADF's fixed costs with expenses that incur for the implementation of the Asset Development Program. The result for the period was a loss equal to € 274 th. given that the respective fixed costs were higher than the realised income.

Associate Companies

Finally, the net result for the period was affected by the Group's share of profits generated by its associate companies, which was € 181,5 th.

A.7.2 Activities of the HCAP during 2016

HCAP's Statutes have been ratified by the article 204 of Law 4389/2016, whereas the Corporation acquired legal personality upon the registration of its Statutes in the General Commercial Registry (GEMI), which was effected on 25.10.2016.

During 2016, the important activities that took place can be separated in periods as follows:

- From the issuance of the Corporation's law of establishment (Law 4389/2016), dated 27.05.2016, until the appointment of the Supervisory Board on 10.10.2016.
- From the appointment of the Supervisory Board on 10.10.2016 until its legal establishment on 25.10.2016.
- From the legal establishment of the Corporation on 25.10.2016 until the constitution of the Board of Directors into a body on 16.02.2017.

More specifically:

- On **May 27, 2016 the issuance of Law 4389/2016 in the Government Gazette** is effected (Government Gazette 94/A/27.05.2016). Law 4389/2016 provides that the Corporation shall acquire legal personality upon the registration of its Statutes in the General Commercial Registry (GEMI).

- On **October 10, 2016 the Supervisory Board of the Corporation is appointed**. More particularly, as provided in article 210, paragraph 1 of Law 4389/2016, the Supervisory Board of the Corporation is appointed by the Ministry of Finance in agreement with the European Institutions. The first Supervisory Board was appointed by order No M.A.D.K.A. 0015977 ΕΞ 2016/07.10.2016 of the Minister of Finance, published in the Government Gazette on 10.10.2016 (FEK YODD 536/10.10.2016).

- On **October 25, 2016** the registration of the Corporation to the General Commercial Registry (GEMI) is effected. The Statutes of the Corporation were ratified with Article 204 of Law 4389/2016 and the Corporation **acquired legal personality** upon the registration of its Statutes in the General Commercial Registry (GEMI).

- On **November 18, 2016** according to the provision of its founding law, the General Assembly of the sole shareholder with its relevant decision drafts and adopts the "Procurement Regulation" which stipulates the terms and procedures of awarding (a) by the Corporation and (b) by EDIS after its establishment, in accordance with article 188 par.8 of Law 4389/2016, all types of procurement contracts for the provision of services and/or goods whether or not these fall under the scope of the EU Directive 2014/24, as it has been incorporated in the Greek law 4412/2016. The Procurement Regulation has been published on the HCAP website. It is noted that in accordance with its founding law, the General Assembly of the sole shareholder adopts the Rules of Procedure, which rule the operations of the Corporation and also those of its direct subsidiaries (apart from the HFSF) based on the best international practices and OECD guidelines.

- On **November 29, 2016** the Corporation acquired its Tax Registration Number (AFM) 997104555 from the Tax Registry.
- On **December 2, 2016** according to Law 4389/2016 and based on its relevant decision, the General Assembly of the sole shareholder adopts as part of the Rules of Procedure the "Travel and Expenses Policy" relating to the Supervisory Board and Board of Directors members' travel expenses as well as for those of third parties that take up the provision of services on behalf of the Corporation.
- In addition, on December 2, 2016 based on its relevant decision, the General Assembly of the sole shareholder decided upon the "Interim Remuneration Policy for the Members of the Supervisory Board" as provided in articles 189 and 194 par.7 (a) of Law 4389/2016.

With regard to 2017, the most important facts and activities after **31.12.2016** include:

- **February 9, 2017 - Appointment of the Board of Directors of the Corporation.** In accordance with article 194 par. 7 of Law 4389/2016, the Supervisory Board of the Corporation launched the selection and appointment process for the Board of Directors of the Hellenic Corporation of Assets and Participations S.A., with the support of two internationally reputable firms which were selected to support the Supervisory Board as provided by Law in the search and selection process of the executive and non-executive Board members and in the establishment of the remuneration policy, respectively. The Supervisory Board screened the profiles of candidates submitted to the appointed firm on the basis of the requisite criteria (i.e., merit and proven professional and personal records etc.). In selecting the Board of Directors, the Supervisory Board, in collaboration with the advisor, completed interviews with each of the identified candidates in order to assess their knowledge of business, the wider economic role of HCAP in the recovery of the Greek economy, as well as the role of State Owned Enterprises and public property within the context of the long-term challenges the Greek economy is facing, including structural reforms.
  - On 20.01.2017, the Supervisory Board unanimously decided on the selection of the Chairman and the two Executive Members of the Board of Directors.
  - On 09.02.2017, the Supervisory Board unanimously elected and appointed the Board of Directors of the Corporation with a term of office starting from 15.02.2017 for four years.
- **February 16, 2017 - Constitution of the Board of Directors of the Corporation.** The Board of Directors convened into the first meeting on 16.02.2017 in order to constitute itself into body and defined the powers and responsibilities of its members according to the Corporation's Statutes and the provisions of Law 4389/2016.
- **February 23, 2017 - Selection and Appointment of certified external auditor.** Pursuant to article 193 of Law 4389/2016, the General Assembly of the sole shareholder shall appoint a firm of auditors of international reputation from a list of candidates firms submitted by the Supervisory Board. According to the Decision of the sole shareholder dated 23.02.2017, on the basis of the list proposed by the Supervisory Board based on its decision dated 29.12.2016, Grant Thornton was appointed as external auditor for statutory audit of the Corporation's financial statements and consolidated financial statements for the period 25.10.2016 - 31.12.2016.
- **March 3, 2017 - Establishment of the Corporation's Board Committees.** Pursuant to the Decision of the Board of Directors dated 03.03.2017, three Board Committees were established. The composition and roles of these Committees is described in this decision of the Board of Directors. The term of office of the Committees is equal to the term of office of the members of the Board

of Directors. In case the Rules of Procedure of the Corporation shall provide otherwise, such rules will prevail. The Board Committees are the following:

(a) Internal Audit Committee, comprising from three non-executive BoD members.
The composition of the current HCAP Internal Audit Committee is:

1. Alice Gregoriadi, Chair
2. George Mathios, Member
3. Themistoklis Kouvarakis, Member

(b) Investment Committee, comprising from three non-executive BoD members.
The composition of the current HCAP Investment Committee is:

1. Themistoklis Kouvarakis, Chair
2. Marina Niforos, Member
3. George Mathios, Member

(c) Corporate Governance Committee comprising from three non-executive BoD members. On 24.07.2017 it was renamed to Corporate Governance and Nominations Committee. The composition of the current HCAP Corporate Governance and Nominations Committee is:

1. Marina Niforos, Chair
2. George Diamantopoulos, Member
3. Alice Gregoriadi, Member

- **March 3, 2017. Adoption of "the Interim Regulation on Employment Terms and Conditions".** Pursuant to the provisions of Article 192 par.2 (c) of the founding law, the Board of Directors shall approve the general terms and conditions of employment of the Corporation's personnel, including remuneration policy according to the provisions of Law 4389/2016. For this purpose, the Board Directors adopted on the basis of its decision dated 03.03.2017 the "Interim Regulation on Employment Terms and Conditions". According to the same paragraph of article 192 of Law 4389/2016, the remuneration policy must be competitive so as to attract persons with experience and equivalent qualifications and to encourage them to stay with the Corporation. This Interim Regulation includes the terms and conditions on the employment agreements of personnel of the Hellenic Corporation of Assets and Participations in accordance with the applicable regulatory framework in order to establish uniform and consolidated rules governing the employment status of the Corporation's personnel. In view of the issue of the Rules of Procedure, the Corporation has reserved the right to amend or supplement this Regulation in accordance with the institutional and legal framework regulating its operation and the Rules of Procedure.

- **March 3, 2017 - Certification of 1st installment of Share Capital.** The total Share Capital of the Corporation amounts to EUR 40,000,000. The 1st installment amounted to EUR 10,000,000 and was deposited to the Corporation's bank account held in the Bank of Greece, on 27.12.2016. The Board of Directors with its decision dated 03.03.2017 certified the partial payment of the share capital, and more specifically payment of the amount of EUR 10,000,000, which corresponds to coverage of ¼ of the nominal value of the Corporation's shares, according to the provisions of article 12 of the C.L. 2190/1920.

- **March 3, 2017 - Change of Headquarters address.** The Corporation's Headquarters were initially seated at 10 Karagiorgi Servias Str. By decision of the BoD on 03.03.2017, the Headquarters were transferred to 7 Voulis Str.

- **March 10, 2017 - HCAP Board of Directors approval of amendments on interim "Travel & Expenses Policy".** Based on the provisions of article 189 par.3 of Law 4389/2016 the Board of Directors following its relevant decision on 10.03.2017 proposed the amendment of the "Travel & Expenses Policy" that had been approved on 02.12.2016 so that it can provide for the expenses realized by BoD members, employees of the Corporation while exercising their duties as well as for those of third parties that take up the provision of services on behalf of the Corporation.

The said BoD proposal was approved by the Supervisory Board based on the decision dated 31.03.2017 and in accordance with the provisions of articles 189 par.3, 190 par.2 (g), 191 par.4 € and 192 par.2 (p) of Law 4389/2016, and also by the General Assembly of the sole shareholder on 12.06.2017.

- **11 May 2017 - Extension of the duration of HRADF.** On 11 May 2017, the Board of Directors of the Corporation, the latter being the sole shareholder of HRADF's General Assembly, decided the extension of the operation duration of the HRADF for three years, namely until 01.07.2020. The self-convened General Assembly of HRADF, in which the Corporation was represented, took place on 16.05.2017 resolving on the respective amendment of article 3 of the Statutes of HRADF and its codification. The HRADF General Assembly decided on the above on May 16, 2017.

- **19 May 2017 – Issuance of the Rules of Procedure from the General Assembly of the Corporation.** According to article 189 of Law 4389/2016 the General Assembly of the sole shareholder of the Corporation decided on 19 May 2017 the adoption of the Rules of Procedure, which include the following parts:
  (a) Strategic Plan,
  (b) Performance Auditing Framework,
  (c) Conflict of Interest,
  (d) Internal Rules of the Supervisory Board,
  (e) Remuneration & Compensation Policy for the BoD of HCAP,
  (f) Coordination Mechanism,
  (g) Corporate Governance Code,
  (h) Performance Monitoring Framework Monitoring Objectives and Reporting Framework.

- **8 June 2017 – Drafting and Approval of the Corporate Governance Report of the First Quarter.** The Board of Directors of the Corporation approved the final text of the report of the first quarter in relation to the abidance with the rules of corporate governance included in the law and the Rules of Procedure of the Corporation, in order to be submitted to the Supervisory Board in accordance with article 192 par. 2(j) Law 4389/2016. The report was submitted to the Supervisory Board on 14.06.2017.

- **8 June 2017 – Drafting of Communication and Public Affairs Policy.** The Board of Directors approved the Communication and Public Affairs Policy, which includes the basic rules and procedures in relation to communication policy. In addition, on 14 June 2017, the logo that shall be used by the Corporation was approved.

- **12 June 2017 – Amendment of the Rules of Procedure.** On 12 June 2017, the General Assembly of the sole shareholder of the Corporation, through a self-convened extraordinary meeting, approved the amendment of the Rules of Procedure of the Corporation, in accordance with articles 189 par. 3 and 190 par. 2 (g) of the Law 4389/2016. The amendment of the Rules of Procedure refers to specific parts of rephrasing of the text of the Rules of Procedure.

- **22 June 2017 – Approval of the First Quarterly Report for 2017** on actions and company financial statements of the Corporation to be submitted to the Supervisory Board and publication on the website of the Corporation in accordance with article 195 par. 2 Law 4389/2016. The Report was submitted to the Supervisory Board on 29.06.2017 and was published on the website of the Corporation on 30.06.2017.

- **28 June 2017 – Presentation before the Parliament in a public hearing.** By virtue of article 202 par. 3 of Law 4389/2016, the Chairman of the Board of Directors and the Chief Executive Officer were presented on 28 June 2017 in a public hearing before the Greek Parliament, and more particularly before the Standing Finance Committee, with item of agenda: “Presentation of Mr. George Diamantopoulos and of Mrs. Ourania Ekaterinari, Chairman and CEO correspondingly, of the Hellenic Corporation of Assets and Participations, in accordance with par. 3 of article 202 of Law 4389/2016 (A’ 94)”.

A.7.3 Activities of the Group’s subsidiaries

Hellenic Republic Asset Development Fund SA (HRADF)

HRADF – Events of the period 25.10.2016 - 31.12.2016

In relation with the operation and composition of HRADF’s Board of Directors, on 18.11.2016, the Board of HRADF accepted the resignation submitted by its Chairman, Mr. Stergios Pitsiorlas dated 07.11.2016 and resolved that until the appointment of the new Chairman, HRADF’s Board would proceed regularly with the remaining three (3) members of its board as provided in the text at the end of paragraph 1, article 3 of law 3986/2011, paragraph 8, article 18 of codified law 2190/1920 and of paragraph 4, article 16 of the HRADF Statute (FEK B’ 1456/05.06.2014 and 3423/19.12.2014). Moreover, it was resolved that the HRADF CEO would temporarily exercise the duties and responsibilities of the Chairman as these are provided for in paragraph 5 article 3 law 3986/2011, for a period of maximum six (6) months as provided in the text at the end of paragraph 5 of article 3 of law 3986/2011 and paragraph 1 of article 18 of the HRADF Statute (FEK B’ 1456/05.06.2014 and 3423/19.12.2014).

In relation to HRADF’s activities during the period 25.10.2016 - 31.12.2016 regarding the implementation of its Asset Development Plan, the following events which mainly relate to real estate properties’ exploitation, were, among others, effected as follows:

- Asteras Vouliagmenis: On 27.10.2016, Astir Palace Vouliagmenis’ shares were transferred to Jermyn Street Real Estate Fund IV LP, following the preceded contribution of the right of full ownership of HRADF’s properties to Astir Palace Vouliagmenis and a concurrent share capital increase.
- E-auctions: In November 2016, three real estate properties were sold for a total consideration of € 707,690, namely the former Magistrate court in Sintiki at Serres (€ 132 th), the former Magistrate court at Limni Evoias (€ 171 th) and the Katsani Mansion in Lesvos island (€ 405 th).
- Real Estate properties abroad: In November 2016, the selling contract sign off for a real estate property in Rome (€ 6,405,000) was effected, and similarly another selling contract for a real estate property in Armenia was signed.

HRADF – Important events after 31.12.2016

With regards to the implementation of the Asset Development Plan and the relevant HRADF activities that took place after 31.12.2016 the following are, among others, presented:

Regional Airports

The Concession Commencement Date was on 11.04.2017 after the fulfilment of all of the Condition Precedents, the lump-sum payment of the consideration and the smooth delivery of the use of the airports. It is noted that the FRAPORT AG-SLENTEL Ltd Consortium was declared as the preferred investor on 25.11.2017 with the right to use 2 groups of regional airports (Cluster A includes the regional airports of: Thessaloniki, Corfu Kefalonia, Aktio, Zakynthos, Kavala and Chania and Cluster B includes respectively those of: Rhodes, Samos, Skiathos, Lesvos, Mykonos, Santorini and Kos) as part of an international open tender process conducted by HRADF, and its bid was a lump-sum consideration of €1.234 billion and €22.9 million annual guaranteed payable fee, adjusted annually to inflation, along with a fluctuating variable fee, estimated annually at 28.6% of the airports' EBITDA. The aggregate amount of the aforementioned revenues is expected to exceed €10 billion. Further to the above lump-sum and annual (fixed and variable) consideration, the Greek State expects additional cumulative tax, social and other benefits, amounting to approximately €4.6 billion. The private investor has been granted the right to use, operate, develop and run the airports for a period of 40 years. Ownership of any infrastructure and facilities to be constructed will devolve to the Greek State and will be returned to it upon expiry of the concession.

Public Power Corporation (PPC)

On 16.06.2017, ADMIE’s full ownership unbundling was completed and included the sale of 25% of ADMIE to a company whose sole shareholder is the Greek State (DES ADMIE SA), the sale of 24% of ADMIE to State Grid, as well as the listing to the Stock Exchange of the Holding Company (ADMIE Holding SA) which owns 51% of ADMIE, through the distribution of ADMIE’s shares to PPC’s shareholders.

In this context, on 24.07.2017 the transfer of the Greek State’s and HRADF’s owned shares in ADMIE Holding were transferred to DES ADMIE.

DESFA

On 16.03.2017, upon implementation of decision no. 51/01.03.2017 issued by the Government Economic Policy Council, the HRADF Board of Directors decided to terminate the previous tender for the sale of 66% of its stake in DESFA. In addition, it decided the following:

- to launch a new international tender for the sale 31% of its stake in DESFA, owned by HRADF (along with a 35% stake owned by Hellenic Petroleum), with the remaining 34% being transferred to the Greek State (this international tender is in progress and specifically, during its first phase related to the invitation to submit an Expression of Interest, interest was expressed by six investment schemes), and
- to launch an Open International Tender for the provision of financial advisory services for the sale of its 66% stake in DESFA, which has been completed.

Thessaloniki Port Authority

On 19.06.2017, the Board of Directors of HRADF unanimously declared the consortium comprising of Deutsche Invest Equity Partners GmbH, Belterra Investments Ltd. and Terminal Link SAS as the Preferred Investor for the acquisition of the 67% of the shares of Thessaloniki Port Authority SA, in accordance with the terms of the tender process, having considered all the required documents on time submitted by the Highest Bidder.

TRAINOSE – EESSTY (ROSCO)

On 18.01.2017, a Share Purchase Agreement was signed between HRADF and Ferrovie Dello Stato Italiane S.p.A. with regard to the sale of 100% of the shares of TRAINOSE. On 16.06.2017, by virtue of its relevant decision the European Commission (folder SA32544[2011/C]) concluded on the compatibility of the write off of €748,6 million of TRAINOSE’s debt to OSE. Moreover, it was decided to extend the deadline for the submission of binding offers for EESSTY (ROSCO) until 03.11.2017.

Athens International Airport (AIA)

On 09.05.2017, the Greek State approved the agreement of AIA’s shareholders based on which HRADF is authorized to proceed with the sale of 30% of AIA’s shares (waiver agreement), as well as the new Shareholders Agreement and the modifications of AIA’s statute which shall regulate the corporate governance after the sale of 30% of AIA shares.

On 30.05.2017 AIA's improved financial offer of € 600 mln (including the corresponding VAT) was approved by the HRADF's Board of Directors. The net proceeds for the privatization program are € 483.87 mln.

ELLINIKO S.A.

On 26.05.2017, the decision made by the Governmental Council for the Economy was published (FEK B΄ 1862/26.05.2017), by which the draft Memorandum of Understanding and Cooperation between the competent Ministry and the company ELLINIKO SA, while on 09.06.2017, following the close cooperation among the Ministry of Culture and the investors, the articles and terms in relation to the treatment of archaeological and other findings in the area of the Metropolitan Pole of Hellinikon - Agios Kosmas were agreed.

Moreover, the submission of photo interpretation report of the Hellinikon - Agios Kosmas Metropolitan Pole was submitted by the company ELLINIKO SA to the competent authorities in Attica as a response to the forestry characterization issues dated 11.05.2017.

On 15.06.2017, the Submission of the Integrated Development Plan (IDP) of the Metropolitan Pole of Hellinikon - Agios Kosmas by ELLINIKO SA was effected as per the requirements of law 4062/12. In addition, on 19.07.2017, the Strategic Environmental Impact Study (SEIS) of the IDP was brought to public consultation with all interested parties. Said consultation was completed on 09.08.2017.

E-auctions

Eight properties were sold through e-auctions, namely:

- 09.02.2017 - Moschato (consideration € 1.800.000);
- 28.04.2017 - Mykonos (consideration € 16.901.123);
- 04.05.2017 – Saint Mamas (consideration € 831.000);
- 31.07.2017 – four properties in Neos Marmaras (consideration € 3.100.700); and
- 30.06.2017 - property XEY9 (consideration € 640.000).

In addition, on 30.06.2017, HRADF signed the long term rental contract of property XEY8 for a monthly rent of € 28.530,34 for 30 years, whereas the tender for the sale of 3 properties at Koytsoynari (Lasithi Crete) was sterile.

Moreover, HRADF launched the tender procedures for the exploitation of "Castello Bibelli" at Kato Korakiana, in Corfu, whilst on 20.07.2017 launched a Request for Proposals for the independent valuation of the property.

HRADF – Events after 31.12.2016 related to HRADF's operation

- On 05.05.2017 HRADF's Board of Directors during its meeting was reconstituted into a body, due to the imminent elapsing six-month period, during which the CEO of HRADF, Mr. Antonis Leoussis, was acting temporarily as the Chairman of the Board. Mrs. Lila Tsitsogiannopoulou was elected as Chair of the Board.
- On 16.05.2017, by decision of the extrarordinary General Meeting of HRADF Shareholders, its operation was extended by three years, i.e. from 1 July 2017 to 1 July 2020.
- On 28.08.2017, by decision of HCAP's extraordinary General Assembly, with HCAP being HRADF's sole shareholder, the amendment and codification of HRADF's statute relating to its adjustment to the provisions of law 4389/2016 (article 210 par.4 law 4389/2016) was made.

Other

HRADF Asset Development Plan

On 26.04.2016, HRADF's Board of Directors approved the updated Asset Development Plan (ADP) which on 25.05.2016 was approved by the Government Council for Economic Policy and it was uploaded on the HRADF website.

On 31.01.2017, HRADF's Board of Directors approved the updated Asset Development Plan (ADP) which on 17.05.2017 was approved by the Government Council for Economic Policy which is also uploaded on the HRADF website.

Privatisation program proceeds

Finally, the proceeds from the ADP implementation until 31.12.2016 were as follows:

Year End	Annual Proceeds (€ mln.)	Cumulative proceeds since 2011 (€ mln.)
2011	1.165,7	
2012	5,2	1.170,9
2013	1.040,4	2.211,3
2014	419,6	2.630,9
2015	289,1	2.920,0
2016	498,0	3.418,0

Transfer of properties to ETAD

By virtue of art. 196 law 4389/2016, on 27.05.2016 ownership and possession of specific properties were transferred automatically from HRADF to ETAD without consideration.

Public Properties Company S.A. (ETAD)

ETAD today – History and legislative changes that affected ETAD in 2016

ETAD is today the biggest company that manages and utilizes the private real estate of the State and constitutes 100% subsidiary of the Hellenic Corporation of Assets and Participations (HCAP S.A.) following the issuance of L. 4389/2016.

Purpose of ETAD is to utilize in favor of public interest, in every proper way, the real estate that comes to its ownership, the real estate the management of which has been undertaken from other legal entities of public law and from legal entities of private law that belong to the broader public sector, as well as from public enterprises, the share capital of which belongs, directly or indirectly to the Greek State.

ETAD, as it has been formed following the merge of four big management and utilization real estate companies – Greek National Tourism Organization, the Olympic Assets, Greek Public Real Estate Company and Coastal Front of Attica condenses the Greek experience in the management of the real estate of the State.

In addition, by virtue of l. 4389/2016, the role of ETAD has been significantly upgraded, since from now on it does not constitute only the management arm of the State in relation to the private real estate property of the State, but also undertakes the ownership and possession of the real estate of its portfolio, aiming at utilizing and creating resources as a subsidiary of HCAP, while it is provided the possibility to undertake the management and utilization of real estate of other institutions as well.

Also, by virtue of article 196 of l. 4389/2016 and following the Ministerial Decision dated 09.06.2017 (no. 2/43535/0004) a special working group has been established for the identification of additional real estate that are mature and capable to be utilized and today belong to other Ministries, in order to be granted to ETAD for utilization.

Key developments, projects and actions of ETAD during the financial year 2016

The most important point for ETAD, not only for year 2016 but for its mission and strategy in the future, was the issuance of l. 4389/2016, by virtue of which comes to ETAD from the Ministry of Finance, EOT and HRADF, the ownership of the real estate that up to date only managed, apart from the real estate of common use/ benefit, those of special character and environmental and urban planning restrictions and only a few that remain to HRADF. Thus ETAD becomes from now on, not only the most important management and utilization company of the private real estate of the State, but also a company with large prospects in terms of creation of value and income, but also in terms of enhancing investments and economy, and on regional level. Also, by virtue of the same law, ETAD became subsidiary of HCAP.

In the above framework, in 2016, in view of the establishment of HCAP and in the frame of its main strategy, ETAD was active mainly in relation to:

(a) The **management** of the real estate portfolio (conclusion of new lease agreements, remediation of lease agreements and concession agreements, rationalization of the operation of branches, legal and urban planning maturity of the real estate, etc).
(b) The **provision of advisory services** to HRADF, conducting electronic competitions for the sale of real estate of HRADF via electronic competitions platform of ETAD (e-publicrealestate.gr).
(c) The **development of real estate** through co-financed projects. More specifically, in the frame of ESPA Program, in 2016 (up to the beginning of 2017) were officially completed with the issuance of the respective completion decisions from the Special Management Service, projects of total value 30.642.909,67 Euros. In parallel, studies that were conducted and financed during the Period 2007-2013, make mature the execution of new assignments for the upgrading of the real estate, within the new Period 2014-2020.

In detail:

1. Projects that have been completed

Project	Region	OPS Code	Total budget
Restoration and pointing out of Achilios Group in Corfu	Ionian Islands	364913	€ 1.163.711,36
Restoration and pointing out of Caves and building establishments of Diros, Laconia	Peloponnese	374912	€ 1.290.551,44
Environmental Upgrading, protection of natural environment and management – movement of visitors in the area of the real estate of ETAD at Paliouri of Chalkidiki.	Central Macedonia	364850	€ 116.506,41
Eco tourist Park of Fanari, Rodopi – Modernization of basic network of infrastructure and development of new tourist establishments	East Macedonia and Thrace	364073	€ 146.122,80
Lighting of Spinaloga Fortress	Crete	296049	€ 1.072.908,33
Modernisation of the lifts of the Ski Resort of Parnassos – A' Phase	Mainland Greece	374464	€ 26.853.109,33

2. Projects that were included in ESPA 2014-2020

Phase B' of the project "Modernisation of the Lifts of the Ski Resort of Parnassos" (Code OPS 5003658) was included in December 2016 in the Business Program "Competitiveness, Entrepreneurship and Innovation 2014-2020", with total budget 1.690.211 Euros.

3. Projects for inclusion in ESPA 2014-2020

Up to date, the following invitations have been issued, with potential beneficiary ETAD, for the submission of financing proposal of the projects in ESPA 2014-2020:

- **"OXE_2 Completed investment "Cultural Journey of Egnatia"** (code AMΘ32) of the Special Management Service B. P. Region of East Macedonia & Thrace that concerns the project "Eco tourist Park of Phanouri, Rodopi. Modernization of basic network of infrastructure and development of new tourist establishments" with suggested total budget 2.360.000 Euros.
- **"Modernization of the existing establishments and infrastructure networks of Lake Kaiafa area"** (code 058) of the Special Management Service B.P. that concerns the project "Competitiveness, Entrepreneurship and Innovation" that concerns modernization interventions of the existing establishments and infrastructure networks of the area of Lake Kaiafa with suggested total budget 5.000.000 Euros.
- **"Restoration and pointing out of the Caves and Building Establishments of Diros, Laconia-B' Phase"** (code 063) of the Special Management Service B.P. that concerns the project "Competitiveness, Entrepreneurship and Innovation" that concerns the restoration and pointing out of Alepotripa and Vlihada Caves and the building establishments of Diros Caves, Laconia, with suggested total budget 8.500.000 Euros.

In relation to the property titles of the Ministry of Finance that come into the ownership of ETAD and the portfolio status, there are many issues today which must be solved (for example lack of complete or updated information, long-term occupation of land, treatment of public property as commonwealth at the local General Urban Plans, etc) in order ETAD to be able to proceed quickly and effectively to the planning of the exploitation of such a large portfolio.

On this basis, it is important the recording and formation of a complete registry of the property owned and/ or managed, after receiving the necessary data from the relevant competent public authorities, so that their proper registering and categorization can be implemented. Main objective is the systematization of a process of continuous production of mature and suitable for utilisation real estate/ clusters of real estate, with investment interest, via specific procedures of updating/ capturing the status, and with acceleration actions of the maturity and consolidation process that will boost revenues.

While the above actions are implemented, purpose of the board of ETAD is to proceed with the prompt utilisation of the most mature real estate, i.e. those that are legally and urbanly mature or those that are at their final steps of maturity. For this purpose has been established a special working committee, with scope of work the enlargement of the Registry, the prioritarisation based on maturity and the categorisation of the real estates under a and b priority, in order the utilization processes to initiate, by grouping real estate with common characteristics (clustering) based on commerciality criteria, aiming at the creation of added value at the portfolio.

In order to enhance the revenues, the actions that ETAD's Board is already considering are listed below:

(a) The **exploitation of special categories of real estate**, while resolving chronic pathogens of the portfolio
(b) the **settlement of the huge problem of the «occupied» real estate**
(c) **new tenders for long-term leasing**

ETAD for 2017 implements the following actions:

1. Restoration and modernization of the operation of its branches (touristic business units), with emphasis on standardization of procedures and controls, as well as on the quality of the provided services.
2. Implementation of approved co-financed projects (ESPA etc) and promotion of the new program of proposed projects for inclusion, based on the absorption of funds and the pointing out and restoration of mainly tourist real estates and units of national importance, by giving value at regional level through the strengthening of tourism and other sectors of the economy. Already, following the invitation no.058 entitled: “Modernization of existing establishments and infrastructure networks of the area of Lake Kaiafa”, on 27.07.2017, ETAD submitted application for funding in the Business Program “Competitiveness, Entrepreneurship and Innovation”, with total budget €4.999.725,00, and the decision to be included in the project is expected.
3. Implementation of the lease programme (of seasonal or three-year duration), mainly of the old seashores, all over Greece, in view of the tourist season 2017, with parallel checks and autopsies, in order to avoid cases of infringement of property and arbitrary use by third parties of the previous years.
4. Continuation and enhancement of the portal www.e-publicrealestate.gr, both by providing to HRADF real estate advisory services and for the promotion and utilisation of the properties of its extended portfolio.

Finally, ETAD, facing the challenge of the adjustement of its organisational and operational model that it’s important to be optimized in order to respond to its new role, pursuant to the provisions of L.4389/2016, has as a priority the promotion of restructuring actions that are important in order to support the implementation of its strategy as well as to improve its operational and financial efficiency.

A.8 Important Milestones for 2017 for HCAP

Structure, organization and staffing of the Corporation

During the period from the establishment of the Board of Directors in February 2017, until the end of June 2017, the Corporation, as a newly established company, has been taking the necessary actions in order to form its structure and operations (for example, in relation to the completion of its establishment procedure and initiation of its works, ie. EFKA, DOY, headquarters change, etc.), including its staffing, always in accordance with the provisions of its founding law and the Rules of Procedure, but also taking into account its strategic orientation and mission. The formation of the appropriate structure, organization and human resources is a critical factor for the Corporation to be able to function, set and implement its objectives in line with its strategic plan, for the drafting of which the strategic guidelines provided by the sole shareholder shall be taken into account.

In terms of staffing, the Corporation is in the process of planning its future needs and determining its organizational chart. The company aims to attract and select candidates with the appropriate skills and knowledge, whilst significant weight is applied towards education, training and development of its human capital, through also cultivating a working environment based on strong teams' creation and a spirit of collaboration, with the support, as may be required, of specialized expertise coming from external consultants with international experience and as per the provisions described in HCAP's Procurement Regulation.

In this context of organisation and staffing of the Corporation, in accordance with the provisions of its founding law, the Corporation has, among other things, proceeded with:

- The selection and appointment of the CFO, following a call for candidates for the position of the Chief Financial Officer, published on the Corporation's website on 11.03.2017. The selection was made by decision of the Board of Directors dated **12 April 2017** (according to article 192 par. 2b of Law 4389/2016, the Corporation's BoD appoints and recalls the Chief Financial Officer of the Corporation), which also approved the terms of his employment contract.
- Similarly, on 11.03.2017 a call for candidates for the position of Director of Internal Audit was published on the Corporation's website, and the selection was made by the decision of the Board of Directors dated **26 May 2017**, which also approved the terms of his employment contract.
- In addition, following the adoption of the Corporate Governance Code, as a part of the Corporation's Rules of Procedure, the Board of Directors appointed by its decision of **May 11, 2017,** the Corporate Secretary of the Board of Directors, with the duties and responsibilities provided by the Code of Corporate Governance of the Corporation.
- Similarly, the Board of Directors' decision of **15 May 2017** approved the employment contract of the Corporate Secretary of the Supervisory Board, which was appointed by decision of the Supervisory Board and assumed the duties and responsibilities stipulated in the Corporate Governance Code adopted by the Corporation.

Establishment and promotion of a consistent corporate governance framework which shall apply to the HCAP direct subsidiaries as well

The enterprises that from their nature have as a purpose the serving of the public interest have to conform and abide with high standards of corporate governance and transparency and to apply qualitative accounting and auditing standards and compliance procedures. In relation to the applicable Corporate Governance Code, which is included in the Rules of Procedure of the Corporation, the aim is such Code to be effective in the direct subsidiaries of the Corporation as well.

For this purpose, the Corporation already reviews the best way for the transmission and monitoring of information among the shareholder and the Management/ executives of the Corporation and its subsidiaries, as well as the way for the flow of information that has to be provided in relation to the public and the other key stakeholders.

In this frame, the Corporation is also in contact and cooperation with the legal departments of the direct subsidiaries, aiming at the streamlining of the statutes of the direct subsidiaries with the Corporate Governance Code of the Corporation and the rest relevant parts of the Rules of Procedure, in order for the direct subsidiaries to adopt in their rules of procedure the values and main principles of the Rules of Procedure of the holding company, and more specifically, in relation to corporate governance, transparency, disclosure requirements and reportings, internal audit, etc.

Evaluation of the Boards of Directors of HCAP's direct subsidiaries

Pursuant to art. 188 par. 9 of Law 4389/2016, HCAP's Board of Directors is required to proceed to the assessment of the Management Boards of its direct subsidiaries, excluding the HFSF.

A. In this context, **regarding HRADF**, HCAP has proceeded with the assessment of HRADF's Board of Directors, by taking into account the competencies that must characterize its members collectively but also given the complicated demands that emerge from the current environment in the context of attracting investments, and also considering the strategic role of HRADF in relation to the optimal implementation of the Asset Development Plan.
More specifically:

- **On April 12, 2017,** the Board of Directors decided to launch the HRADF Board of Directors evaluation procedure by selecting an external consultant with international experience to assist the Corporation in the evaluation process, applying international best practices.

- In parallel, **on 20 June 2017**, HCAP published a call for the expression of interest for the filling of executive and non-executive members' positions in HRADF's Board of Directors. The candidacies submitted are being examined with the support of an external consultant qualified with international experience in similar projects, and whose selection was made on the basis of the tendering procedures provided in HCAP's Procurement Regulation.

B. **With regard to the second direct subsidiary of HCAP, ETAD,** and in accordance with article 189 par. 9 Law 4389/2016

- On May 11, 2017, the Board of Directors decided to launch the evaluation process of the ETAD Board of Directors following the election through a tender procedure of an external consultant with international experience in order to support the Corporation in the evaluation process by applying international best practices.

Establishment of EDIS

In accordance with Law 4389/2016, the Public Holdings Company SA ("EDIS") is being established as a direct subsidiary of the Corporation with a purpose to hold and manage the participations of the State in state-owned enterprises.

Under the same roof have been placed participations in state-owned enterprises that are active in important sectors of the national economy (power, water supply and sewage, infrastructure, transportation, services, etc.) that can positively affect in many aspects the Greek economy (for example in relation to investments, formation of fixed capital, employment, access to financing and in general competitiveness and extroversion of the Greek economy).

The Statutes of EDIS have been ratified with the provision of article 205 of Law 4389/2016. EDIS acquires legal personality upon the registration of its Statutes to GEMI when appointing the first Board of Directors. The Corporation as the sole shareholder of EDIS is working on a text of Rules of Procedure which shall govern the operation of EDIS, since should be utilized all current standards and policies in relation to corporate governance, corporate compliance, the supervision and transparency of procedures, in accordance with the Rules of Procedure adopted at Group level with a purpose to introduce a uniform framework of corporate governance rules and reporting.

The Corporation and EDIS shall agree objectives with the managements of such enterprises in accordance with their shareholder rights under the Corporate Governance Code that applies to their operation and the legislative framework on Societe Anonymes and in accordance with the Rules of Procedure and the Coordination Mechanism that the former includes. Such objectives for the activities of each public enterprise shall be consistent with:

- Shared values (high level of quality of services and goods offered, high level of safety, high level of financial sustainability, equal treatment, promotion of universal access, affordability, accessibility and facilitation of the users in the whole Greek territory, etc)
- The sectorial policy of Greece for the sectors of the economy in which the state-owned enterprises are active
- Existing legislation and regulatory framework (Greek and European)
- The role and activities of the state-owned enterprises
- HCAP's Strategic Plan
- HCAP's Investment Policy
- HCAP's and EDIS' Rules of Procedure, including the Coordination Mechanism

In addition:

(a) State-owned enterprises are expected to consistently increase their long-term value, and to ensure their financial sustainability, operational optimization and their development over time.

(b) State-owned enterprises have to apply tools and methodologies on how to best manage the available resources, taking into account the cost of capital as well as ability to access funding through different sources.

(c) State-owned enterprises have to earn, over time, rates of return, taking into account the conditions of the economy and of the sector, under which they operate, including public policy objectives and market conditions, consistent with those achieved by well-regarded and comparable private and, where appropriate, state-owned enterprises.

The Corporation, as a sole shareholder of EDIS, which is in the process of incorporation, and aiming at the selection and appointment of the first Board of Directors of EDIS, with four-year term of office, is in the process of search, evaluation, selection and posting of executive and non-executive members in the first Board of Directors of EDIS, including the posts of the Chief Executive Officer, the Executive Director and the Independent non-executive Members of the Board of Directors. The Board of Directors of EDIS must have collectively sufficient and diverse experience to deliver successful outcome within the mission of EDIS. The members of the Board of Directors to be selected apart from the formal qualifications and abilities must have a strong professional track record and an excellent reputation in their professional field of activity, ethics and independence, as well as understanding in relation to the broader role of public-sector enterprises/ utilities that are active in the Greek current environment and are facing important challenges.

In this frame, on **12 July 2017**, the Corporation published an invitation for the expression of interest for the staffing of the Board of Directors of the under incorporation EDIS in relation to the executive and non-executive posts. The candidacies shall be examined with the support of an external consultant qualified with international experience in similar projects, and whose selection was made on the basis of the tendering procedures provided for in HCAP's Procurement Regulation.

Strategic Plan

An important part of HCAP's mission and of its success going forward is the determination of a strategy towards the optimal exploitation of the public property that has become part of its portfolio. For this purpose and in accordance with its founding law, HCAP is responsible for the formation of its Strategic Plan.

The strategic plan of HCAP and its direct subsidiaries (excluding HFSF and HRADF in relation to assets included in its Asset Development Plan) is prepared by HCAP, in line with the high level Ministerial Guidance to be provided by the sole Shareholder, as represented by the Minister of Finance. The Ministerial Guidance of the sole shareholder shall include among others, the Government's priorities regarding public and development policy as well as the safeguarding of public interest that HCAP should take into account in carrying out its purpose. More specifically, HCAP's strategic plan has to specify the basic ways for achieving its goals; including the strategy for better management and profitability of both its whole portfolio and of its different parts, as well as the operational improvement of the companies comprising its portfolio and the long-term financial value creation.

HCAP's strategic plan has to be approved by its sole shareholder.

Investment Policy

In addition, the investment decisions of the Corporation and its direct subsidiaries are taken in accordance with the Investment Policy, which is part of the Corporation's Rules of Procedure, and which includes the following general principles.

1. As Investments that help support the development of the Greek economy shall be understood to be principally investments in significant sectors from the point of view of government policy, including investments in research and innovation programmes, which are priority areas under the European Structural and Investment Funds, as well as significant partnerships between the public and private sector that take place either pursuant to Law 3389/2005 or on the basis of specific legislation. The General Assembly of the Corporation's sole shareholder shall approve the specific sectors in which investments are prioritised to support the development of the Greek economy.

2. Investments in the assets of the Corporation or its direct subsidiaries shall contribute towards exploiting these assets and increasing the revenue obtained from them. These investments may include improvements or preparation costs for the sale or other use of the immovable property, updating the network of public undertakings or awarding management contracts with regard to companies subject to restructuring.

In addition, the Investment Policy shall also include the procedure for determining the percentage limits of each investment category. The Rules of Procedure shall further stipulate the procedure to be followed by the Corporation to select investments.

Investments that strengthen the development of the Greek economy may be made provided that the Investment Committee anticipates that they will:

(a) create a return for the Corporation; or

(b) have a positive effect on the development of the Greek economy; and in any case provided that they are in line with the Investment Policy; And

(c) finally, Investments may be made in the assets of the Corporation or its subsidiaries provided the Investment Committee anticipates that they will create a return for the Corporation in line with the Investment Policy.

A.9 Risks and uncertainties

FINANCIAL RISKS

Cash and cash equivalents comprise the main financial instruments used by the Corporation and its subsidiaries, for the purposes of financing their operations. Other financial instruments exist at Group subsidiaries, such as trade receivables and trade payables which incur directly from their business operations. The policy followed by the group subsidiaries during the 25.10.2016-31.12.2016 period was to not engage into trading of financial instruments.

The group based on its current corporate structure is exposed to a limited spectrum of financial risks. The usual risks which the Corporation theoretically faces include the market risk (foreign currency risk, interest rate risk, market prices' risk), the credit risk and the liquidity risk.

Risk management is focused mainly into identifying and assessing financial risks as well as into preserving adequate liquidity.

A) Market Risk

i) **Foreign currency risk** as the result of performing transactions and maintaining balances in a foreign currency. The Group's functional currency is the Euro. Foreign currency risk arises from performing transactions and maintaining balances in a foreign currency. The Group has no operations outside Greece and by nature of its activities it is not materially exposed in foreign currency risk provided that the vast majority of its subsidiaries' transactions occur in Euro. The Group examines and assesses in a periodical basis, separately and collectively its exposure to the risk of foreign currency and shall utilize the appropriate financial instruments if required to address it.

ii) Price risk as a result of the fluctuations of the Consumer Price Index. The Group is not exposed to significant risk from the potential fluctuations of the Consumer Price Index, apart from:

- its subsidiaries' exposure to the risk of real estate market value fluctuations, and
- the limited exposure of its subsidiaries whose revenue is partially stemming from renting contracts, that could have their pricing terms affected.

iii) Cash flow and fair value interest rate risk. Cash flow and fair value interest rate risk concerns the risk related to the variations of a financial instrument's fair value as a result from interest rate fluctuations, as well as the risk of having the Group's and/or the Corporation's cash flows/ income and outflows/expenses affected by changes in interest rates.

Based on the Group's current structure, there is limited exposure in such risks as:

- The Corporation and its subsidiaries include interest bearing assets in their balance sheets such as short term investments in fixed term deposits as well as sight deposits which in their majority have variable interest rates or short term maturity dates, and as a result the risk of fluctuations in their fair value is limited. In parallel, any interest rates variation may affect the level of income and interest, however, a potential relevant variation is not expected to result in material changes regarding the Corporation's and Group's financial results.
- Although the Group has liabilities coming from loans inherited by ex KED, which was absorbed by the Group's subsidiary ETAD, there are respective receivables from the Greek State which has guaranteed for them and proceeds with their repayment since 2011. As such, the Group's exposure to such risk is limited.

(B) Credit Risk

Credit risk stems from a possibly delayed repayment of the existing and contingent liabilities of the Group's counterparties, comprising mostly out of commercial and other receivables, but also from cash and cash equivalents.

Commercial receivables come from large customer base. A part of the commercial receivables is secured against credit risk with performance bonds / letters of guarantee provided by financial institutions

Moreover, large proportion of the receivables relates either to receivables from the Greek State or to receivables that are mirrored with specific liabilities to the Greek State. Management estimates that the appropriate provisions are recognized for losses related to the impairment of receivables as a result of specific credit risk.

(C) Liquidity Risk

Liquidity risk relates to the risk that the Corporation and/or the Group may not have sufficient liquidity/ funds available to enable them to fulfill their financial obligations and to finance their activities. The effective management of liquidity risk includes among others the preservation of cash adequacy, the proper working capital and cash flow management and the existence of possibility of financing if required. The Corporation and the Group consider that under the current existing structure and available resources, they have limited exposure to the aforementioned risk, based on the preservation of sufficient liquidity levels (cash and cash equivalents) and the appropriate working capital and cash flow management.

STRATEGIC AND OPERATIONAL RISKS

Risk of not fulfilling regulatory requirements

Risk related to the implementation of the Corporation's regulatory obligations relates to the uncertainty that the Corporation may not fulfil its obligations as they have been described in the relevant legislation or its future amendments. The effective management of this specific risk includes the adequate coordination between the Corporation and its sole shareholder, as well as, goal setting and efficient monitoring of its strategic directions. The Corporation designs policies and procedures and has oversight mechanisms in order to address this specific risk.

Communication Risk

Communication risk relates to the uncertainty for the Corporation regarding maintaining constructive communication with its stakeholders and being compliant with the respective regulatory disclosure obligations. The effective management of this specific risk includes the establishment of internal structures for the timely, clear and transparent flow of information towards the interested parties along with the protection of confidential information.

A.10 Transactions with related parties

Transactions with Related Parties

The related parties in accordance with the provisions of IAS 24 are summarized as follows:

Related Party	Party relationship	Consolidation method	Participation percentage
ETAD	Subsidiary	Full consolidation	100%
HRADF	Subsidiary	Full consolidation	100%
HFSF	Subsidiary	Not consolidated	100%
GREEK STATE	Shareholder	-	-
MARINA ZEAS S.A.	Associate	Equity method	25%
LAMDA FLISVOS MARINA S.A.	Associate	Equity method	22,77%
ELLINIKO KAZINO PARNITHAS	Associate	Equity method	49%

The transactions and balances among them are as follows:

i) Transactions and balances among Subsidiaries

HRADF - ETAD	**25.10.2016-31.12.2016**
Income/Expense from the provision of services	71.907
ETAD receivables/ HRADF liabilities from the provision of services	110.976
HRADF receivables/ ETAD liabilities from the provision of services	24.070

ii) Transactions and balances among Subsidiaries and Associates

ELLINIKO KAZINO PARNITHAS S.A.	**25.10.2016-31.12.2016**
ETAD receivables (dividends)	56.940
ETAD liabilities	2.635
ETAD revenues from dividends	170.943

LAMDA FLISVOS MARINA S.A.	**25.10.2016-31.12.2016**
ETAD liabilities/ rental advances collected	205.655
ETAD rental revenues	1.100.000

MARINA ZEAS S.A.	**25.10.2016-31.12.2016**
ETAD liabilities / rental advances collected	376.044
ETAD revenues from rents	198.972
ETAD dividend revenues	8.027

Transactions with the members of the boards of directors of the Group

For HCAP in 2016 there were no fees for the Board of Directors since it constituted into a body in 2017.

At a Group level, the remuneration of the board members of the consolidated subsidiaries ETAD and HRADF for the 25.10.2016 - 31.12.2016 period was equal to € 83.199.

Transactions with members of the Supervisory Board

The Supervisory Board was appointed on 10.10.2016 whilst on 31.12.2016 it consisted of the following people:

- Georgios Stampoulis
- Georgios – Spyros Tavlas
- Olga Charitou
- Jacques, Henri, Pierre, Catherine Le Pape
- David Vegara Figueras

The total gross remuneration of all Supervisory Board members for the fiscal year 2016 was € 100.000 (net amount € 78.063) whereas the outstanding relevant balance as at 31.12.2016 was € 78.063.

A.11 Other

Acquisition and possession of treasury shares

The Corporation and its subsidiaries do not own treasury shares.

Restrictions on the transfer of shares of the Corporation

The Corporation's shares are non-transferable. Pursuant to Law 4389/2016, article 187 par.2, the shares of the Corporation and its direct subsidiaries as well as the securities representing the capital of the Hellenic Financial Stability Fund under Law 3864/2010 (Government Gazette, A' 119) are res extra commercium, within the meaning of Article 966 of the Civil Code.

Branches

The Corporation operates no branches.

Research and development activities

Due to the nature of the Corporation's business and of its established subsidiaries, no Research and Development activities were performed during the 25.20.2016-31.12.2016 period.

Procedure for the appointment and replacement of members of the Board of Directors, as well as for the amendment of the Articles of Association, if different from the provisions of the Codified Law. 2190/1920:

According to article 191 of Law 4389/2016, the Supervisory Board:

(a) shall elect and appoint the members of the Corporation's Board of Directors in accordance with the conditions referred in article 192 of Law 4389/2016; and

(b) shall revoke the appointment of the members of the Corporation 's Board of Directors.

Also, the Supervisory Board shall endorse the proposal of the Board of Directors to the General Meeting of the sole shareholder for any amendment of the Corporation's Articles of Association

Competence of the Board of Directors or certain members of the Board of Directors for the issuance of new shares or the purchase of own shares according to art. 16 of the Cod. Law 2190/1920:

Pursuant to articles 191 and 192 of Law 4389/2016, the Supervisory Board shall endorse the proposal of the Board of Directors to the General Meeting of the sole shareholder for any increase in the share capital of the Corporation.

Athens 8 September 2017

The Chairman of the Board of Directors	**The Chief Executive Officer and member of the Board of Directors**
George Diamantopoulos ID No M 299970	Ourania Ekaterinari ID No ID No T 222068

The members of the Board of Directors

Stefanos Giourelis **Alice Gregoriadi** **Themistoklis Kouvarakis**

George Mathios **Marina Niforos**

B | INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Shareholders of

HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS S.A.

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Company HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS S.A., which comprise the separate and consolidated statement of financial position as at December 31, 2016, separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and methods and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards that have been adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing incorporated into the Greek Legislation (Government Gazette /B΄/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The following issues have arisen from our audit:

1. In the course of our audit, we were not in position to verify - either through confirmation letters or by means of other audit evidence – liabilities towards the Greek State of the direct

subsidiary company “PUBLIC PROPERTIES COMPANY S.A.” (PPCo S.A.) recorded in the State Funds Management Account amounting to approximately € 20,2 million, referring to the balances of the company “Hellenic Public Real Estate Corporation S.A.”, acquired within FY 2011. Consequently, we express reservations regarding the total amount of the aforementioned liabilities. The alternative procedures that have been applied provide reasonable assurance only about the transactions performed within FY 2016.

2. The tax authorities have not inspected the tax obligations of the companies acquired by the direct subsidiary company PPCo S.A., namely: a. “Olympic Properties S.A. “ for FYs 2009 – 2010, b. “Hellenic Public Real Estate Corporation S.A.” for FYs 2008 - 2011, c. “Attica Coastline S.A.” for FYs 1.1.2015-21.3.2015. Consequently, the tax obligations of the acquired companies for the aforementioned FYs have not been finalized. The direct subsidiary company PPCo S.A. has not proceeded with estimates of additional taxes and surcharges that might be imposed under the future tax inspection and has made no relative provision for the above contingent liability. In the course of our audit, we were not in position to obtain reasonable assurance about the estimate of the potentially required provision.

3. The direct subsidiary company PPCo S.A. has not proceeded with estimates of the Unified Real Estate Ownership Tax to be paid for FY 2015, regarding the self-owned real estate property not leased to third parties. The liability of the direct subsidiary in respect of the aforementioned tax for FY 2015 arises from the provisions of Law 4223/2013 as effective prior to the amendments stated in Law 4474/2010. In the course of our audit, we were not in position to obtain reasonable assurance about the estimate of the potentially required provision.

Qualified Opinion

In our opinion, apart from the potential effects of the matters described in the paragraph “Basis for Qualified Opinion” the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS S.A., and its subsidiaries as at December 31, 2016, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Emphasis of Matters

We draw your attention to the following matters:

1. Note 6.1.c to the financial statements recording information about third parties litigations in respect of the direct subsidiary PPCo S.A., regarding which no provisions have been accounted, since it is estimated that the outcome is uncertain or it will be beneficial for the direct subsidiary.
2. Note 3.a.2.II to the financial statements describing the recognition procedure applied by the direct subsidiary PPCo S.A. regarding the real estate property items falling within the provisions of Article 196, Law 4389/2016, which do not meet the recognition criteria according to the provisions of the International Financial Reporting Standards as at 31/12/2016, as well as the actions scheduled by the Management of the subsidiary as far as the aforementioned matter is concerned.
3. Note 6.4 to the financial statements making reference to the provisions of Par. 1, Article 68, Law 4484/2017, under which management and operation of communal, other than transaction-specific segments of coastal zones of the real estate property, that were or are designated as "Tourist Public Estates" is transferred from PPCo S.A. to the General Secretariat of Public Property of the Ministry of Finance, as well as the estimate of the Management of

the subsidiary regarding the financial impact of the aforementioned settlement on the following FYs.

Our opinion is not qualified in respect of these matters.

<u>Report on Other Legal and Regulatory Requirements</u>

Taking into consideration the fact that under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, the management has the responsibility for the preparation of the Board of Directors' Report, the following is to be noted:

a) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Articles 43a and 107^{A}, CL 2190/1920, and its content corresponds to the accompanying separate and consolidated financial statements for the year ended as at 31/12/2016.

b) Based on the knowledge we acquired during our audit, we have not identified any material misstatements in the Board of Directors' Report in relation to the Company HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS S.A. and its environment.

Athens, 8 September 2017

The Certified Public Accountant

Panagiotis Christopoulos

SOEL Reg. Num. 28481

Grant Thornton
An instinct for growth™

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

C | CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For clarification purposes it is noted that as decimal separator throughout the report is used the symbol (**,**) and as thousand separator it is used the symbol (**.**) according to the Greek practices.

Consolidated and Separate Statement of Financial Position

(amounts in €)	Note	GROUP 31.12.2016	COMPANY 31.12.2016
Assets			
Non-Current Assets			
Tangible assets	5.1	55.525.640	0
Investment properties	5.2	370.653.544	0
Intangible assets	5.3	192.959	0
Participations in subsidiaries	5.4	1	3
Participations in associates	5.5	44.341.523	0
Other non-current receivables	5.6	185.787.823	0
Rental prepayments	5.7	9.765.957	0
Total		**666.267.447**	**3**
Current Assets			
Inventories	5.8	543.006	0
Customers and Trade receivables	5.9	98.175.549	0
Other receivables	5.10	42.091.706	16.641
Cash and cash equivalents	5.11	142.188.243	10.000.000
Total		**282.998.504**	**10.016.641**
Total Assets		**949.265.951**	**10.016.644**
Equity			
Share capital	5.12	10.000.000	10.000.000
Other reserves	5.13	457.638.774	3
Retained earnings/(accumulated losses)	5.14	173.503	(204.442)
Total Equity		**467.812.277**	**9.795.561**
Non-current liabilities			
Defined benefit obligation	5.15	1.742.243	0
Other provisions	5.16	21.765.747	0
Pre-collected rentals	5.17	13.162.480	0
Other non-current liabilities	5.18	249.200.636	0
Total		**285.871.106**	**0**
Current Liabilities			
Suppliers and other payables	5.20	192.904.498	221.083
Dividends payable	5.21	2.053.839	0
Income tax payable	5.19	0	0
Deferred income	5.22	624.231	0
Total		**195.582.568**	**221.083**
Total Equity and Liabilities		**949.265.951**	**10.016.644**

Notes on pages *40 – 94* consist an integral part of the financial statements

Consolidated and Separate Income Statement

(amounts in €)	Σημ.	GROUP 25.10.2016-31.12.2016	COMPANY 25.10.2016-31.12.2016
Sales	5.23	8.297.115	0
Cost of sales	5.24	(4.633.728)	0
Gross profit		**3.663.387**	**0**
Other operating income	5.25	170.436	0
Administrative expenses	5.24	(2.963.311)	(208.644)
Distribution expenses	5.24	(527.752)	0
Other provisions	5.26	(430.025)	0
Other operating expenses	5.27	(123.145)	(100)
Earnings/(loss) before interest, tax and financial results		**(210.410)**	**(208.744)**
Financial income	5.28	525.932	4.302
Financial expenses	5.29	(323.539)	0
Share of profits of associates	5.5 & 5.30	181.520	0
Earnings before tax		**173.503**	**(204.442)**
Income tax	5.19	0	0
Net result from continuing operations		**173.503**	**(204.442)**
Attributable to:			
Owners of the parent company		**173.503**	**(204.442)**

Consolidated and Separate Statement of Comprehensive Income

(amounts in €)		GROUP 25.10.2016 - 31.12.2016	COMPANY 25.10.2016-31.12.2016
Net result		**173.503**	**(204.442)**
Other comprehensive income (net of income tax) – Items that will not be reclassified subsequently to the income statement			
Remeasurement of defined benefit obligation	5.15	(54.243)	0
Share of remeasurement of defined benefit obligation of associates	5.5	(4.605)	0
Total comprehensive income		**114.655**	**(204.442)**
Attributable to:			
Owners of the parent company		**114.655**	**(204.442)**

Notes on pages *40 – 94* consist an integral part of the financial statements

Statement of Changes in Equity of the Group

(amounts in €)	Not.	Share Capital (Not.5.12)	Reserves (Not.5.13)	Retained Earnings (Not.5.14)	Total	Non - controlling interests	Total Equity
Balance at 25.10.2016		**0**	**0**	**0**	**0**	**0**	**0**
Authorized share capital	5.12	40.000.000	0	0	40.000.000	0	40.000.000
Unpaid share capital	5.12	(30.000.000)	0	0	(30.000.000)	0	(30.000.000)
Equity of subsidiaries on 25.10.2016	5.13	0	457.697.622	0	457.697.622	0	457.697.622
Transactions with Shareholders		**10.000.000**	**457.697.622**	**0**	**467.697.622**	**0**	**467.697.622**
Net result		0	0	173.503	173.503	0	173.503
Net other comprehensive income		0	(58.848)	0	(58.848)	0	(58.848)
Total comprehensive income		**0**	**(58.848)**	**173.503**	**114.655**	**0**	**114.655**
Balance at 31.12.2016		**10.000.000**	**457.638.774**	**173.503**	**467.812.277**	**0**	**467.812.277**

Statement of Changes in Equity of the Company

(amounts in €)	Share Capital (Not.5.12)	Reserves	Retained Earnings (Not.5.14)	Total Equity
Balance at 25.10.2016	**0**	**0**	**0**	**0**
Authorized share capital	40.000.000	0	0	40.000.000
Unpaid share capital	(30.000.000)	0	0	(30.000.000)
Transactions with owners	0	3	0	3
Share Capital	**10.000.000**	**3**	**0**	**10.000.003**
Net result	0	0	(204.442)	(204.442)
Net other comprehensive income	0	0	0	0
Total comprehensive income	**0**	**0**	**(204.442)**	**(204.442)**
Balance at 31.12.2016	**10.000.000**	**3**	**(204.442)**	**9.795.561**

Notes on pages *40 – 94* consist an integral part of the financial statements

Consolidated and Separate Statement of Cash Flows

(amounts in €)	Not.	GROUP 25.10.2016-31.12.2016	COMPANY 25.10.2016-31.12.2016
Cash flows from operating activities			
Net result before tax		**173.503**	**(204.442)**
Adjustments for:			
Depreciation and amortisation	5.1 & 5.3	511.830	0
Rental prepayments expense (amortization)	5.7	20.346	0
Rental prepayments income (amortization)	5.17	(99.811)	0
Unrealized Exchange differences		13.485	0
Defined benefit obligation expenses less payments		84.075	0
Other Provisions	5.27	430.025	0
Share in net result of companies accounted for by the equity method	5.30	(181.520)	0
Interest and similar income	5.28	(525.932)	(4.302)
Interest and similar expenses	5.29	323.539	0
Cash flows from operating activities before working capital changes		**749.540**	**(208.744)**
(Increase) / Decrease in inventories		214.095	0
(Increase) / Decrease in trade receivables		(9.658.049)	(12.339)
Increase / (Decrease) in liabilities (excluding banks)		23.899.566	221.083
Net Cash flows from operating activities (a)		**15.205.152**	**0**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles	5.1 & 5.3	(1.542.164)	0
Interest income received		554.666	0
Net Cash flow from investing activities (b)		**(987.498)**	**0**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	5.12	10.000.000	10.000.000
Interest and similar expenses paid		(11.217)	0
Net Cash flow from financing activities (c)		**9.988.783**	**10.000.000**
Net (decrease) / increase in cash and cash equivalents (a) + (b) + (c)		**24.206.437**	**10.000.000**
Net cash and cash equivalents at the beginning of the period		**0**	**0**
Net cash and cash equivalents of subsidiaries at acquisition date		**117.981.806**	**0**
Net cash and cash equivalents at the end of the period	5.13	**142.188.243**	**10.000.000**

Notes on pages *40 – 94* consist an integral part of the financial statements

Notes to the financial statement

1. General information

The Financial Statements include the annual financial statements of the Company under the name “Hellenic Corporation of Assets and Participations” (“HCAP” or “Company”) and the Consolidated Financial Statements of the Company and its subsidiaries (the “Group").

The Articles of Association of the Hellenic Corporation of Assets and Participations was approved by article 204 of its establishing Law 4389/2016 and the Company acquired legal personality on 25.10.2016 with its registration in the General Commercial Registry (GEMI).

The purpose of the Company, in accordance with its its establishing Law 4389/2016, is to manage, develop and exploit the private assets/holdings of the Greek State transferred to it in favor of the public interest as further specified in the provisions of the founding Law 4389/2016 (the "Law"). The Company is established to serve a specific public purpose and in particular to increase the value of its portfolio and to contribute resources: (a) for the implementation of Greece's investment strategy and realisation of investments that will contribute to the development of the Greek economy; (b) for the reduction of the financial obligations of the Hellenic Republic, in accordance with Law 4336/2015 (A’ 94).

In order to fulfil its purpose, the Company: (a) manages its assets with a view to their long-term increase of their value, in accordance with its Rules of Procedure, with guarantees of full transparency according to the rules of the private economy, (b) promotes reforms of State enterprises, through, among others, restructuring, optimal corporate governance and transparency, as well as through the promotion of responsible management, social responsibility, sustainability, innovation and best corporate practices and is able to perform any operation or action, that is referred in the Law and the Articles of Association.

The duration of HCAP is set to ninety-nine years.

The Company's shares are non-transferable. In view of the fact that the operation of the Company and of its direct subsidiaries, as defined in article 188 of Law 4389/2016, serves a special public purpose, the shares of the Company, the shares of its direct subsidiaries, as well as the titles that incorporate the capital of Hellenic Financial Stability Fund of Law 3864/2010 (A'119) ("HFSF") are non-tradable transactions according to the regulations of article 966 of the Civil Code.

Upon the Company's acquisition of legal personality, the following legal entities, the share capital (or securities incorporating their capital) of which is transferred to the Company or which are set up in accordance with its founding law, shall be considered as direct subsidiaries for the purposes of the Law (the 'direct subsidiaries'):

1. The **Hellenic Financial Stability Fund (’’HFSF’’),** for which HCAP has very limited powers, as the decisions for the accomplishment of its mission and purpose are made exclusively by the relevant bodies of HFSF. Pursuant to Law 4389/2016, the full possession and holding of the entire capital of the HFSF (as represented by securities in accordance with article 3 of Law 3864/2010) shall be transferred by the Greek State to the Company at no consideration. Notwithstanding this transfer, unless expressly stated otherwise in Law 4389/2016, the provisions of Law 3864/2010 (indicating but not limited to the provisions of the corporate governance of the HFSF) shall continue to apply.
2. The **Hellenic Republic Asset Development Fund (’’HRADF’’)**, which leverages the assets of the State that have been assigned to it and promotes the implementation of privatisations in the country. Pursuant to Law 4389/2016, the full ownership, possession

and holding of all shares in the HRADF shall be transferred by the Greek Government to the Corporation for no consideration.

3. The **Public Properties Company (''ETAD''),** has as purpose to manage and exploit a large real estate portfolio that has come under its property from the Greek State. Pursuant to Law 4389/2016, the full ownership, possession and holding of all shares in ETAD shall be transferred by the Greek State to the Company for no consideration.

4. The **Public Holdings Company (''EDIS'')**, which is under establishment, pursuant to Law 4389/2016 will hold the State's participations in public corporations that operate in various sectors.

Each of the Company's direct subsidiaries shall manage its own assets, independently from the others. By a decision of the General Assembly of the sole shareholder, following a proposal by the Board of Directors, and countersigned by the Supervisory Board, the Company may also set up other direct subsidiaries in order to fulfil its corporate purpose.

The official registration of the transfer from the Greek State to Hellenic Corporation of Assets and Participations S.A. of the share titles of its subsidiaries, HRADF and ETAD, has been completed, as well as the delivery to the Company of the title incorporating the capital of HFSF according to the provisions of Law 4389/2016.

Also, the Group, through its direct subsidiary ETAD SA has the following associate companies:

a) Marina Zeas Real Estate S.A.

b) Lamda Flisvos Marina S.A.

c) Casino of Parnitha S.A.

The main corporate bodies of the Company are the General Assembly of the sole shareholder, the Supervisory Board, the Board of Directors and the Auditors.

It is noted, that the Company's activities during the year 2016, from the date it acquired legal personality (25.10.2016), until the end of the year 2016, were limited, as the appointment of the Board of Directors and its establishment into a body took place after the end of the fiscal year (on 09.02.2017 and on 16.02.2017 respectively) and consequently the activities for the year 2016 mainly concern actions of the shareholder and of the Supervisory board, which were mainly related to the establishment of the Company.

2. Summary of significant accounting policies

2.1. Basis of financial statements preparation

The basic accounting principles that were applied for the preparation of the financial statements are as described below.

The Group financial statements are prepared by the Management in compliance with the International Financial Reporting Standards (IFRS) and the Interpretations (as issued by the IFRS Interpretations Committee) as they have been adopted by the European Union.

The preparation of the financial statements in compliance with IFRS require the use of certain accounting estimates and assumptions. Additionally, it requires the use of judgement by the Management on the application process of the Group Accounting Principles. The estimates and assumptions are based on the best available knowledge of Management in relation with the current circumstances.

The areas that require a higher degree of judgement or present complexity and the areas that estimates and assumptions are significant for the preparation of the financial statements, are presented in the paragraph (3) below.

The financial statements have been prepared base on the principle of the historic cost (except for the investment in properties that are measured at fair value) and the Group's going concern principle. There are not any standards early adopted prior to their initial application date.

2.2. Standards issued but not yet effective and not early adopted by Group/Company

IFRS 9 Financial Instruments: Classification and Measurement

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Management is in the process of the assessment of the effect of the standard in the financial statements.

IFRS 15 Revenue from Contracts with Customers

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. Management is in the process of the assessment of the effect of the standard IFRS 15 in the financial statements.

IFRS 15: Revenue from Contracts with Customers (Clarifications)

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly a) the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, b) of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and c) of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. Management is in the process of the assessment of the effect of the standard in the financial statements.

IFRS 16: Leases

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. Management is in the process of the assessment of the effect of the standard in the financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management is in the process of the assessment of the effect of the standard in the financial statements.

IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)

The Amendments apply for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. These amendments have not yet been endorsed by the EU. Management is in the process of the assessment of the effect of the standard in the financial statements (under the existing structure of the Group, there is no impact as it does not recognize deferred taxation, but will be reviewed after the establishment of EDIS and the introduction of additional companies as indirect subsidiaries).

IAS 7: Disclosure Initiative (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These Amendments have not yet been endorsed by the EU. Management is in the process of the assessment of the effect of the standard in the financial statements**.**

IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The Amendments provide requirements on the accounting for a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, b) for share-based payment transactions with a net settlement feature for withholding tax obligations and c) for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. Management is in the process of the assessment of the effect of the standard in the financial statements.

IAS 40: Transfers to Investment Property (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. Management is in the process of the assessment of the effect of the standard in the financial statements.

IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. Management is in the process of the assessment of the effect of the Interpretation in the financial statements (based on the current structure and transactions/balances of the Group, is not expected that there will be any material effect, as the exposure of the Group in foreign currency is not material).

IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments

The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. Management is in the process of the assessment of the effect of the Interpretation in the financial statements.

Annual Improvements to IFRSs 2014 – 2016 Cycle

The IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Discosure of interest in other entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. Management is in the process of the assessment of the effect of the standard in the financial statements unless it is referred otherwise below.

- **IFRS 1 First-time Adoption of International Financial Reporting Standards**

  This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.

- **IAS 28 Investments in Associates and Joint Ventures**

  The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- **IFRS 12 Disclosure of Interests in Other Entities**

  The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

2.3. Investments (participations) in subsidiaries in the Company Financial Statements

Investments in subsidiaries in the separate financial statements of the Company are recognised at acquisition cost less any impairment losses. More specifically, according to article 188(1) of Law 4389/2016, it is stipulated that as of the establishment of HCAP's legal status, the following legal entities (the share capital or the corresponding share titles of which are transferred to the company or established according to the provisions of the relevant law) are considered direct subsidiaries of HCAP:

a) The Hellenic Financial Stability Fund.

b) The Hellenic Republic Asset Development Fund, established by virtue of Law 3986/2011 (A' 152) ("HRADF").

c) Public Property Company SA, established by virtue of Law 2636/1988 (A' 198) ("ETAD").

d) Public Holding Company S.A. ("PHC"), established by virtue of article 197(1) of Law 4389/2016.

Given that the said equity participations were acquired by HCAP by virtue of the said provision, the acquisition cost is zero and these participations have been recognised at acquisition cost and in the Financial Statements are presented at a symbolic amount of EUR 1 per direct subsidiary.

2.4. Consolidation

a) Subsidiaries

Subsidiaries are companies controlled by the Group. The Group controls a company when it is exposed to or has rights to variable returns from its involvement wth the company and has the ability to affect those returns through its power over the company. Subsidiaries are consolidated using the full consolidation method as of the day the Group acquires control and their consolidation ends on the day the Group ceases to have such control.

Where the acquisition of subsidiaries does not qualify as capital contribution by the shareholder or does not involve business combinations under common control, it is accounted for using the acquisition method. The acquisition price for a subsidiary is determined as the sum of the fair values of the assets being transferred, the liabilities undertaken towards former shareholders and the equity participation instruments issued by the Group. The acquisition price also includes the fair value of assets or liabilities arising from an agreement of contingent consideration. The distinct recognisable assets being acquired and the liabilities and contingent liabilities assumed in a business combination are initially measured at the fair value as of the acquisition date. The Group recognises any existing non-controlling interest in the subsidiary either at fair value or at the value of the share of the non-controlling interest in the acquired company's net assets. The difference between the acquisition price and the corresponding fair value of the net assets in the acquired subsidiary is shown as goodwill. In case the acquisition price is lower that the Group's interest in the net assets of the acquired company, the difference is directly recognised in profit or loss.

Where a business combination is achieved in stages until control is obtained, the current value of the Group's participation in the acquired company is remeasured at its fair value as of the acquisition date. The profit or loss resulting from such remeasurement is recognised in the income statement.

Following the acquisition of control, when the ownership interest in a subsidiary changes as a result of transactions with non-controlling interest without any change in the control retained by the Group, the difference between consideration paid and the portion of the carrying amount of net assets held by the subsidiary acquired or transferred to a non-controlling participation is directly recognised in equity.

When the acquisition of subsidiaries is considered capital contribution of the shareholder, the Group applies the common control transactions method. A business combination involving financial entities or companies under common control is a business combination in which all combined entities or companies are ultimately controlled by the same party(ies) before or after their combination and such control is not temporary.

There is currently no specific guidance as regards the accounting treatment of business combinations under common control according to IFRS. Due to the lack of specific guidelines, the parties involved in transactions under common control should select the appropriate accounting policy according to the hierarchy described in paragraphs 10 to 12 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Since the said hierarchy allows for accounting policies of other accounting standardisation bodies to be taken into consideration, guidance on business combinations under common control provided both by UK GAAP and US GAAP may be useful in certain cases - such guidance leads to a result which is similar to the pooing of interests.

According to the pooling of interests method, the assets and liabilities of the two entities under common control are simply added together. Contrary to the acquisition method, the assets and liabilities of the acquired company are not adjusted to their fair value but are retained at their carrying amount. The pooling of interests method simply adds the values of assets and liabilities as shown in the balance sheets of the two entities. Finally, no goodwill is calculated in the consolidated balance sheet when using the pooling of interests method.

In the parent company's financial statements these specific investments are recognised at acquisition cost.

Intra-company transactions, intra-company balances and unrealised profit and loss resulting from transactions between Group companies are eliminated on consolidation. The accounting policies of the subsidiaries have been adjusted as necessary, for the purpose of ensuring consistency with the policies adopted by the Group.

The financial statements of the subsidiaries used for consolidation purposes are prepared for the same date and reference period and the same accounting principles as those adopted by the Parent Company are used.

b) Associates

Associates are the companies on which the Group has significant influence but does not control their operation; the Group may participate in the company's financial and business policy decision-making process without, however, exercising any control or common control on such policies. Significant influence is initially presumed in the case of a direct or indirect interest corresponding to more than 20% and up to 50% of the voting rights, unless it is undisputedly documented that this is not the case. Any potential exercisable or convertible voting rights are taken into consideration in order to document any significant influence by the Group. significant influence may also exist when the participation percentage exceeds 50% or is lower than 20% of the voting rights, in cases where it can be clearly shown that the Group exercises significant influence (and ownership of voting rights does not constitute control when it exceeds 50%).

Associates are accounted in the consolidated financial statements with the use of the Equity Method of Accounting.

The "participations in associates" account also includes any goodwill resulting from the acquisition.

The Group's share in post-acquisition profit or loss of associates is recognised in profit & loss, while its share in other post-acquisition comprehensive income is recognised in the statement of other comprehensive income. Changes in profit & loss affect the carrying amount of investments in associates. In case the Group's share in the losses of an associate exceeds the value of the investment, losses are not recognised any more unless payments have been made or further commitments have been undertaken on behalf of such associate. Any unrealised profit from transactions between the Group and its associates is deleted by the percentage of the Group's participation in such transactions. Any unrealised loss is deleted, unless the transaction provides impairment indications for the transferred asset.

The accounting policies of associates are in line with those adopted by the Group.

c) Acquired equity interests in Public Property Company S.A., Hellenic Republic Asset Development Fund S.A. and Hellenic Financial Stability Fund S.A.

According to article 188 of Law 4389/2016, it was specified that as of the establishment of the Company's legal status, the following legal entities (the share capital or the corresponding share titles of which are transferred to the Company or created according to the provisions of Law 4389/2016) are considered direct subsidiaries of the Company ("direct subsidiaries"):

(α) The Hellenic Financial Stability Fund.
(β) The Hellenic Republic Asset Development Fund, established by virtue of Law 3986/2011 (A' 152) ("HRADF").
(γ) Public Property Company SA, established by virtue of Law 2636/1988 (A' 198) (“ETAD”).
(δ) Public Holding Company S.A. ("PHC"), established by virtue of par. 8 of Law 4389/2016.

The following accounting treatment was applied to the said acquisitions:

According to IFRS 3 "Business Combinations", the business combination of entities under common control are exempted from this Standard. A business combination involving financial entities or companies under common control is a business combination in which all combined entities or companies are ultimately controlled by the same party(ies) before or after their combination and such control is not temporary.

Since HCAP, ETAD and HRADF are under the common control of the same end shareholder, the transfer of ETAD and HRADF shares to HCAP S.A. involves a business combination of entities under common control which is exempted from the provisions of IFRS 3. Due to lack of specific IFRS deadlines (whereby business combinations under common control are exempted from the IFRS provisions), in accordance with the provisions of paragraphs 10 to 12 of IAS 8, the Group should use its own judgement and apply an accounting policy that provides information which is relevant to the financial decision-making needs of the financial statements users and is reliable, by applying the hierarchy described in paragraphs 10 to 12 of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors". The Group recognises, measures, presents and discloses such business combination using the pooling of interests method.

In the case of Hellenic Financial Stability Fund SA, the Group considered the facts and circumstances relating to the ownership of instruments incorporating the Fund’s capital and the provisions of Law 4390/2016 pertaining to the rights and the relationship of HCAP and HFSF and determined that, on the basis of such facts and circumstances and the relevant IFRS provisions, it does not exercise control or substantial influence on HFSF.

The Group further filed an enquiry by citing the actual facts to the Accounting Standards Board (ASB) of the Hellenic Accounting and Auditing Standards Oversight Board (HAASOB); in its reply, the latter stated that the following apply:

A. According to par. 7 of IFRS 10, an entity (investor) controls another entity (investee) when the following cumulatively apply:
   1. The investor has power over the investee;
   2. The investor has exposure or rights to variable returns from its investment with the investee;
   3. The investor has the ability to use its power over the investee to affect the amount of the investor’s returns.

B. According to paragraph 6 of IAS 28, the existence of significant influence by an entity (investor) on another entity (investee) is usually evidenced in one or more of the following ways:
   1. representation on the board of directors or equivalent governing body of the investee;
   2. participation in the policy-making process, including participation in decisions about dividends or other distributions;
   3. material transactions with the investee;
   4. interchange of managerial personnel; or
   5. provision of essential technical information.

Γ. According to the actual facts included in the relevant enquiry, no control or material influence by HCAP to HFSF is evidenced.

On the basis of the above, the Company did not consolidate the HFSF Financial Statements neither with the total consolidation nor with the equity method of accounting. The Company’s participation in HFSF is included in other participation in its Separate Financial Statements and has been recognised at acquisition cost (null).

As regards Public Holding Company S.A., it has not acquired a legal status as of reference date of the Group's Financial Statements (31/12/2016) and has thus not been recognised in the Consolidated Financial Statements.

2.5. Investment property

Real estate held for long-term lease are shown as investment property in the Statement of Financial Position. Investment properties include:

- owned land plots and buildings;
- Particular administration, management, operation and utilisation rights on land plots and buildings;

In summary, the investment properties portfolio managed or owned by ETAD, the Group's subsidiary, includes the following:

i. Leased and Assigned Real Estate or Tourist Units;

ii. Unoccupied land plots, tourist estates, marinas, buildings, bath, hotel and other facilities;

iii. Sea shores;

iv. Real estate burdened by planning, legal and/or other liens.

Real estate investments were initially recognised at cost, including the relevant direct acquisition costs. Following initial recognition, investment properties are measured at "fair value". As regards investments in real estate transferred according to Law 4389/2016, initial recognition was at fair value and the difference between cost and fair value was directly recognised in equity, since it involved a transaction with the shareholder.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Valuation of the fair value of real estate investments is based on Valuation Reports prepared by a company specialising in the valuation field (the "Valuator").

When there is no organised-active market to determine the Market-Fair Value due to the specialised nature of tangible assets or the lack of comparable data, such assets are valued at Depreciated Replacement Cost by taking any existing and measurable impairment into consideration which results in from the loss of value due to normal, operating and financial depreciation.

In cases where in the organised-active market the Valuator did not identify any similar properties in the same location and condition as the property being valuated, the Valuator valuated and adjusted, by priority, figures and facts of properties of a different nature and in a different condition and location or took into consideration the prices of similar properties in less active markets prior to applying the discounted cash flow estimates where the latter were supported by lease agreements or external evidence which, however, reflected current market estimates as regards cash flow uncertainty, quantity and the selection of time.

Moreover, in each valuation and depending on the type of property or asset under valuation, it is necessary to consider all three value approaches to such extent as feasible, since one of or several such approaches may apply. The selection of the appropriate approach and the reliability of application as regards valuation methods and procedures depend on the Valuator's judgement.

Subsequent expenses are added to the property's carrying amount only when it is likely that any future economic benefits relating to the said property will flow the Group and that the relevant costs can be measured in a reliable manner. Repair and maintenance costs are charged to the results of the period in which they occur. “Fair value” changes are accounted for in profit & loss.

In case an investment property becomes an owner-occupied asset, it is reclassified as in Property plant & equipment and “fair value” as of the reclassification date is recognised as deemed cost for accounting purposes.

In case an asset is reclassified from Property, plant & equipment to investment property as a result of a change in its use, any difference between its carrying amount and its “fair value” as of its reclassification date is recognised in profit & loss. However, in case the gain from its "fair value” valuation reverses a prior impairment loss, such gain shall be recognised in the income statement (profit or loss statement).

Investment property do not include administration and utilisation rights not meeting the IAS 40 criteria.

2.6. Own use tangible assets

All tangible assets excluding those included in the “investment property” accounts are shown in the Statement of Financial Position at historic cost less any accumulated depreciations and impairments. Historic cost includes all expenses directly attributed to the acquisition of the assets.

Subsequent expenses are accounted for as an increase of the tangible assets' carrying amount or as a separate fixed asset only to the extent where future economic benefits are expected to flow to the Group and their cost can be reliably measured. Repair and maintenance costs is accounted for in profit & loss of the period in which they occur. Depreciation of fixed assets, excluding land plots which are not depreciated, is calculated on the basis of the straight line depreciation method during the expected useful life of the assets as follows:

- Buildings and technical facilities: 10 to 90 years
- Transportation equipment: 5 to 10 years
- Other fixtures and equipment: 4 to 10 years

Residual values and useful lives of tangible assets are reviewed and adjusted accordingly at the end of each fiscal period.

The carrying amount of an asset is lowered to its recoverable value when its carrying amount exceeds its estimated recoverable value.

The profit or loss resulting from an asset sale is determined as the difference between the asset’s actual sale price and its carrying amount and is accounted for in profit & loss.

2.7. Intangible assets

(A) Operation licences

Depreciation is calculated using the straight line method. The acquisition cost of the Vouliagmeni Coast licence is allocated on the basis of its useful life, i.e. 5 years.

(b) Software

The value on the basis of which acquired software is capitalised is equal to its purchase and operation cost. Cost is depreciated using the straight line method in five (5) years. Software development and maintenance expenses are accounted for as expenses when they occur.

2.8. Leases

Where the Group is the lessee:

(I) Operating lease - Leases where material property risks and benefits are retained by the lessor are classified as operating leases. Operating lease payments, including any advance payments (net of any incentives offered by the lessor) are proportionately recognised in profit & loss using the straight line method during the lease term.

(ii) Financial lease - Asset leases where the Company substantially retains all property risks and benefits are classified as financial leases. Financial leases are capitalised at the inception of the lease at the fair value of leased assets or the present value of minimum leases, whichever is lower. The Group does not have any financial leases.

Where the Group is the lessor:

Operating lease - Operating lease revenues, including any advance payments received, are recognised in profit & loss using the straight line method, in proportion to the lease term.

Financial lease - Where the risks and benefits of leased assets are transferred to the lessee or where the lessee has assumed a written contractual obligation to purchase the asset at a specific price upon the end of the lease term, such assets are accounted for as receivables from Financial Leases. Financial statements show the net lease investment, comprising the gross investment in the lease discounted using the interest rate implicit in the lease. The difference between the gross lease investment and the net investment represents the unearned future interest income. Income from financial leases is recognised during the lease term using the a method which produces a constant periodic rate of interest on the remaining balance of the lease liability.

The Company and the Group make provisions for impairment of receivables where there are reasonable grounds that not all its receivables shall be collected in accordance with contractual payment terms. The provision amount is equal to the difference between the receivable’s carrying value for and its estimated recoverable value. Recoverable value is the present value of future cash flows of doubtful contracts, including any collateral and security discounted using the effective interest rate of the contract. When a receivable is considered uncollectible, it is written off and charged to the existing provision. Subsequent revivals of written-off receivables are recognised in profit & loss of the period by reversing the receivable’s impairment provision. In case the amount of the recognised impairment provision is considered overvalued, it is lowered and the period’s profit & loss account is equally increased. The Group does not have any financial leases.

2.9. Impairment of non-financial assets

According to IFRS, the recoverable amount of a non-financial asset should be estimated when impairment indications exist. Impairment loss is recognised when the carrying amount exceeds the recoverable value. The recoverable amount is the higher of the fair value less sales cost and the value in use (present value of expected future cash flows) which are expected to be derived from the asset's continued use until the asset is withdrawn at the end of its useful life.

The Group regularly reviews - as specified in IFRS (financial statements' preparation date) its assets for potential impairment indications. Where the carrying amount is higher than the recoverable value it is impaired (through the profit & loss account) so at to become equal to the recoverable value.

2.10. Inventories

Inventories are valued at the lower of their acquisition cost and net realisable value. Inventories cost is determined with the weighted average cost method for a period of one year. Net realisable value is the expected selling price in a normal business transaction, less selling expenses.

Adequate provisions are made for obsolete inventories. Inventories devaluations at net realisable value are accounted for in profit & loss, in the period in which they occur.

2.11. Trade receivables

Trade receivables are initially recognised at transaction value and are subsequently measured at amortized cost using the effective interest rate method, unless the effect of discounting is immaterial, as well as with any impairment allowance.

Trade and third-party receivables are reviewed in terms of collectability on a regular basis. When there is a clear indication that the Group is not in a position to collect all amounts owed, according to contractual terms, an impairment allowance is made. The allowance amount is the difference between the receivables' carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. Any resulting impairment losses are recorded as expenses directly in profit & loss, under "Other operating provisions".

2.12. Financial Instruments

2.12.1. Financial assets

2.12.1.1. Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as a) financial assets at fair value through profit & loss; b) loans and receivables; c) held-to-maturity investments and d) available-for-sale financial assets. The Group determines the category in which financial assets are classified upon initial recognition.

Financial assets are initially recognised at fair value plus directly charged transaction costs, except investments at fair value through profit & loss.

The management classifies financial assets on the basis of their nature and purpose. Financial assets are classified as financial assets at fair value through profit & loss when the Group's documented investment strategy is to manage financial investments at fair value, since the Group manages the relevant liabilities on the same basis. According to the Group's investment strategy, available-for-sale and held-to-maturity investments are used when the relevant liability (including financing by shareholders) will not be subject to a transaction and are accounted for at amortized cost.

Financial asset purchases or sales requiring delivery of assets within a period specified by regulations or standard rules of the relevant market are recognised on the transaction date, i.e. the date on which the Group commits to purchase or sell the asset.

2.12.1.2. Subsequent measurement

Measurement of financial assets subsequent to initial recognition depends on the asset category. The Group's financial assets include cash and short-term sight deposits, trade receivables and other receivables. Receivables are non-derivative financial assets of fixed and identifiable cash flows which are not traded in an active market. Such financial assets are initially recognised at cost, which is equal to the fair value of the amount paid for obtaining the asset. Furthermore, all transaction costs directly attributable to such purchase are included in the asset's cost. Following initial recognition, receivables are valued at amortized cost using the effective interest rate method, less any impairment loss.

Amortized cost includes any unamortized original discount or premium, as well as fees or expenses which are considered an integral part of the effective interest rate. The amortization resulting from the application of the effective interest rate method is included in the financial income of profit & loss. Gains and losses are recognised in profit & loss when financial assets are derecognised or impaired or amortized.

The Group's receivables are derived from commercial activities, are interest-free and presented at nominal value less the required provisions for doubtful receivables.

2.12.1.3. Derecognition of financial assets

A financial asset is derecognised when:

- The contractual rights on the financial asset's cash flows expire.
- The Group has transferred the contractual rights on the financial asset's cash flow or has assumed a contractual obligation committed to pay the cash flows to one or several recipients without material delay; and either (a) all risks and benefits of the asset have been substantially transferred, or (b) not all risks and benefits of the asset have been substantially transferred or retained but control on such asset has been transferred.

When the Group has transferred the contractual rights on the financial asset's cash flows or has assumed a contractual obligation to pay the cash flows and has not transferred or substantially retained all the asset's risks and rewards, nor has it transferred control on the asset, such asset is recognised to the extent the Group remains involved in it. Continuation of such involvement in the form of a collateralized borrowing on the financial asset being transferred is measured at the lower of the asset's carrying amount and the highest amount the Group may be required to pay. In this case, the Group also recognises an associated liability. The asset being transferred and the associated liability are measured on a basis reflecting rights and obligations retained by the Group.

2.12.2. Financial liabilities

2.12.2.1. Initial recognition and measurement

Financial liabilities within the scope of IAS 39 comprise a) financial liabilities at fair value through profit & loss; b) loans and receivables or c) financial derivatives. The Group determines the classification of financial liabilities at their initial recognition.

Financial liabilities are recognised at fair value plus any directly attributable transaction costs in the case of loans.

2.12.2.2. Subsequent measurement

Measurement of financial liabilities subsequent to initial recognition depends on the category in which they have been classified. The Group's financial liabilities include loans, trade and other payables.

Subsequent to initial recognition, loans are measured at amortized cost using the effective interest rate method. Gains and losses are recognised in profit & loss when liabilities are derecognised and during amortization using the effective interest rate method. Amortized cost is determined by calculating any discount or premium at origination, as well as any fees or expenses which are an integral part of the effective interest rate. Such amortization is included in financial expenses in profit & loss. Trade and other payables are interest-free.

2.12.2.3. Derecognition of financial liabilities

Recognition of a financial liability ceases when the liability is paid, i.e. when the obligation specified in the contract is met, cancelled or expired. When an existing financial liability is exchanged with another liability towards the same lender with substantially different terms or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the initial liability and recognition of a new liability. The difference between the corresponding carrying amounts is recognised in profit & loss.

2.13. Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits and short-term (up to 3 months), liquid and zero-risk investments.

2.14. Share capital

The value of the issued registered shares is accounted for as Share Capital in Equity. Capital increase expenses are presented net of tax and are presented as deducted from Equity, as a reduction of the issue proceeds. The unpaid capital is deducted directly in Equity.

2.15. Government grants

The Group initially recognises government grants when the following criteria cumulatively apply:

(α) there is reasonable assurance that the company has or is going to comply with any conditions attached to the grant, and

(β) there is reasonable assurance that the grant will be received.

Grants are accounted for at fair value as long-term liabilities. More specifically, grants received by the Group from the Greek State for fixed investments are accounted for as long-term liabilities. Grants are depreciated gradually, based on the depreciation rates of the corresponding fixed assets. Depreciation is accounted for as income of the period in the Group's profit & loss under "Other operating income".

2.16. Employee benefits

Regular (short-term) benefits: Employee benefits (excluding termination benefits) in money and in kind are recognised as an expense on an accrual basis. Any unpaid amounts are recognised as liabilities and, in case the amount already paid exceeds the benefits amount, the Group recognises such excess amount as an asset (prepaid expense) only to the extent prepayment will lead to reduced future payments or repayments.

Post-employment benefits: Post-employment benefits include defined contribution plans and defined benefit plans.

- **Defined contribution plan**

Under the defined contribution plan, the company's (legal) obligation is limited to the amount it agrees to contribute to the body (insurance fund) which manages contributions and provides benefits (pensions, medical care etc.).

The accrued cost of defined contribution plans is recognised as an expense in the relevant period.

- **Defined benefit plan**

According to the Greek labour law, employees are entitled to compensation upon termination of service; the amount of such compensation depends on their salary/wage level, past service in the Group and the reason of their termination (dismissal or retirement). In the case of resignation or justified dismissal, such right does not exist. The amount payable upon retirement rises to 40% of the amount payable in case of unjustifiable dismissal. This plan is a defined benefit plan for the employer and is not financed.

This obligation is determined by an independent actuary based on the projected unit credit method. A defined benefit plan specifies payable benefits on the basis of various parameters including age, years of past service, salary.

Provisions for the period are included in the relevant staff cost in profit and loss and comprise current service cost and the relevant financial cost. The resulting actuarial gain or loss is recognised in the period's statement of other comprehensive income.

Any costs resulting from individual events such as settlements and curtailments, are directly recognised in profit & loss.

The past service cost is recognised in the income statemet (profit or loss) in the period of a plan amendment.

2.17. Current and Deferred Income Tax

Pursuant to article 206 of Law 4389/2016, the Company and its direct subsidiaries (excluding HFSF and HRADF, for which the special provisions of their incorporation laws remain in force) all enjoy the administrative, financial, tax, court, substantive and procedural legal benefits and exemptions of the Greek State, except VAT. In addition, pursuant to article 10 of Law 4474/2017, the tax exemptions specified in article 206 of Law 4389/2016 (A’ 94) as regards exclusively the exemption from income tax resulting from HCAP’s activities apply to the tax years commencing on 1 January 2016 onwards. As of the enactment of Law 4474/2017, tax exemptions specified in article 206 of Law 4398/2016 also apply to any transaction made pursuant to article 201 of Law 4389/2016 and the introductory item of article 13(5) of Law 2636/1998 (A' 198) as replaced by article 212 of Law 4389/2016 by the Hellenic Corporation of Assets and Participations S.A. and its direct subsidiaries, when the latter are subject to tax, excluding HFSF and HRADF.

Pursuant to paragraphs 11 and 13 of article 2 of law 3986/2016 (HRADF's founding law), HRADF is exempted from income tax. More specifically, the provisions of the said law specify the following:

"Par 11: The transfer of assets to the Fund pursuant to par. 5 and the transcription of the Fund's Board of Directors specified in par. 6 are exempted from any tax, duty, contribution, fee or right in favour of the State or any other third party, including income tax for income of any type generated from the Fund's activities, capital raising tax, start-up tax, duty, contribution or right in favour of the State or any Legal Entity of the Private Law, Insurance Organisation or third party, rights of public notaries, attorneys, bailiffs and fees or registrar fees and State fees of any type."

"Par. 13: The Fund and its directly or indirectly wholly-owned companies enjoy all the administrative, financial, tax, court, substantive and procedural legal benefits and exemptions of the Greek State, while the provisions of article 18 of legal decree dated 22.4/16.5/1926 and article 22 of Law 1539/1938 (A' 488) shall apply to the temporary resolution of any disputes arising from the challenging of their owned properties".

An explicit provision has also been added to article 46(e) of Law 4172/2013 (Government Gazette Issue A 167/23.07.2013) as follows: "The following are exempted from income tax: A) .....; b) .....; d) ..... e) Hellenic Republic Asset Development Fund S.A. pursuant to its governing laws" which applies to the tax years commencing from 1 January 2014 onwards in accordance with article 72(1) of the said law.

Based on the above and its existing structure, the Group does not recognise any current and deferred tax. Any provision for income tax refers to a provision for unaudited years of companies which had been absorbed by the Group's direct subsidiaries in the past.

2.18. Provisions

Provisions for contingent liabilities are recognised when the Group has a present obligation (legal or constructive) as a result of a past event (the obligating event), when an outflow of resources is likely to be required in order to settle the obligation and when the obligation value can be estimated reliably.

Where there are several similar obligations, the likelihood of a required outflow for settlement of the obligation is determined by taking all obligations into account.

A provision is recognised in case the likelihood of a resources outflow regarding an obligation included in the relevant obligations category exceeds 50%.

Where the Group has a contractual obligation, as a lessee, to restore the leased property to an agreed condition prior to its delivery to the lessor, a provision is made for this cost.

Provisions are valued, at the Financial Statements date, at the present value of the costs which, in the Management's best estimate, will be required for settlement of the present obligation. The discount rate for the determination of the present value reflects current market estimates as regards time value of money and the risks involved in the specific obligation.

Contingent liabilities for which outflow of resources is not likely are disclosed unless they are immaterial. Contingent assets are not recognised in the financial statements but are disclosed when the inflow of future economic benefits is likely.

2.19. Revenue recognition

Revenue includes the fair value of sales of goods and rendering of services, net of Value Added Tax, discounts and rebates. When the Group offers incentives to its clients, the relevant cost is recognised as a reduction of revenue.

Revenue is recognised as follows:

(a) Revenue from leases

Operating lease collections, including any advances (net of any incentives offered by the lessor) are proportionately recognised in profit & loss using the straight line method during the lease term. When the Group offers incentives to its clients, the relevant cost is recognised using the straight line method as a reduction of revenue during the lease term.

(b) Rendering of services

Revenue from rendering of services is accounted for in the period during which services are rendered, according to the completion stage of the service rendered and provided that future economic benefits for the Group are expected.

Recognition of HRADF revenue

Revenue accounting for the utilisation of assets is regulated by Ministerial Decision dated 19 January 2012 (Government Gazette Issue B' 396/22.02.2012) as amended and in force at the reference date, by virtue of decision no. 2/78782/0025/26.08.2013 of the Minister of Finance (Government Gazette Issue no. 2159/30.08.2013) and PEMU's (Privatisation & Equity Management Unit) decision no. 0009449 ΕΞ 2016 of the Minister of Finance (Government Gazette Issue no. 1603/07.06.2016).

HRADF acts as an agent carrying out collections from the utilisation of assets on behalf of the State and denationalisation revenue is thus not considered revenue of HRADF or the Group.

A percentage of the price from utilisation of assets, now amounting to 0.5% (PEMU's decision no. 0009449 ΕΞ 2016 of the Minister of Finance - Government Gazette Issue no. 1603/07.06.2016) and the re-invoicing to the Greek State of direct expenses relating to the utilisation of assets that have been invoiced to HRADF, are considered the operating revenues of HRADF and the Group.

Consultants' fees concerning specific assets that have been transferred to HRADF for utilisation, but their utilisation was not possible, will also be deducted from the price of utilisation.

(c) Sale of goods

Sales of goods are recognised when the Group delivers goods to customers, goods are accepted by such customers and the collection of the receivable is reasonably secured. Group revenues from sales of goods refer to sales of commodities.

(d) Interest revenue

Revenue from interest is recognised at an accrual basis using the effective interest rate method. Where a financial asset or a group of similar financial assets is impaired, interest revenue is recognised using the interest rate that discounts future cash flows, for the purpose of calculating the impairment loss.

(e) Dividend revenue

Dividend revenue is accounted in profit & loss results of the periods when the shareholder's right to receive payment is finalised.

2.20. Dividend payable

Dividend payable to the Group's shareholder is recognised as a liability in the Financial Statements, in the period when payment is approved by the shareholders.

2.21. Offsetting financial instruments

Asset and liability financial instruments are offset and the net amount is presented in the Statement of Financial Position only where there is a legally enforceable right to set off the amount recognised, and, at the same time, the intention is to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.22. Securities, Real Estate, Rights transferred to HRADF

The securities of companies, as well as the real estate, rights, etc. that have been transferred to HRADF, are not recognised (accounted for) in the Group's financial statements, considering that risks and benefits are retained by the Greek State and are not transferred to HRADF.

HRADF acts as an agent and therefore, acquiring the assets does not increase its profit & loss or its equity, nor does the utilisation or transfer of such assets increase its profit & loss or net assets, with the sole exception of the revenue collected as a percentage of the price of utilisation of the assets, intended to cover its operating expenses. Any cash inflow from transfer and utilisation of the assets, will be balanced with equal-in-amount cash outflows to the Greek State.

Given that HRADF mediates in the sale of assets on behalf of the Greek State, the assets transferred to it are separately tracked in distinct informative accounts. These assets are transferred to the Fund without any consideration in return, according to law 3986/2011.

3. Significant accounting estimates and judgements

The Management of the Group's Companies makes estimates, assumptions and judgements in order to select the most appropriate accounting policies in relation to the future outcome of events and transactions. Such estimates, assumptions and judgements are reassessed periodically so that they reflect the conditions of the ending fiscal period and always reflect the risks prevailing each time. Despite the fact that such estimates are based on Management's perception of current events and their knowledge of any future Group activities, because of the scope and complexity of the Group's activities, the actual results may differ from such estimates. Especially in estimating the fair value of investment property, the assumptions used in the ending fiscal period, may differ considerably in a subsequent period, depending on the developments in the National Economy, thus leading to materially different fair values of investments properties. The main evaluation estimates, assumptions and judgements which refer to conditions the development of which could affect the items in the financial statements in the upcoming 12 months, and which are important in the preparation of such financial statements, are:

3.a. Estimates on properties and particular rights

3.a.1. ETAD properties and particular rights on properties prior to the passing of law 4389/2016:

Until law 4389/2016 was passed, the real estate investments of Subsidiary company ETAD, included properties owned by the company, as well as particular administration, management and utilisation rights on properties.

The particular administration, management and utilisation rights largely fall into three categories, i.e. properties of the GNTO (Greek National Tourism Organisation), Olympic venues, and properties of the Greek State under the management of the former KED (State Property Company).

ETAD has opted to present these particular rights in its balance sheet, in the following assets category:

- As investment property relating to rights on properties leased out to third parties and meeting the conditions of IAS 40, without distinguishing between land and building value.

- As advance payments on future rent amounts, in the case of rights on properties operated and used by ETAD. The company presented these in the non-current assets which are depreciated using the straight line method during the entire term of ETAD, with the expense charged in the income statement.

- Regarding the rights on properties managed by the former KED, these were not recognised as investment property, since, according to estimations, they are materially different in nature to the rest, given that the risks and rewards associated with the management of such properties had not been transferred to KED and, by extension, the directly-owned subsidiary ETAD S.A.

3.a.2. ETAD properties and particular rights on properties after the passing of law 4389/2016:

On 27.05.2016, Law 4389/2016 was passed. Article 196 of the said law stipulated, among others, that ownership and possession of all immovable assets that belong to the Greek State and the Greek National Tourism Organization and are managed by ETAD in accordance with the provisions in force, shall be automatically transferred to ETAD without any consideration in return, with the exception of some properties that were not included in the provisions of the law. Moreover, the same law stipulates that ownership and possession of all HRADF immovable property, with the exception of the property listed in Annex C of the law, shall be also transferred from the HRADF to ETAD, without any consideration in return. The ETAD Board of Directors is responsible for the decision to file each asset transferred to ETAD in the appropriate cadastral lists, pursuant to paragraphs 4 to 7 of article 196 of the said law. The extract of each ETAD Board of Directors' resolution, containing a description of the transferred asset, ETAD's rights on the asset, as well as all the data required by law for filing purposes, including a reference to the provision of this law pursuant to which the transfer was effected, shall constitute the title for filing the transfer of the ETAD assets to the appropriate cadastral lists or land registries, as the case may be.

Regarding the above, of ETAD's management made a breakdown of the portfolio and proceeded to the following actions:

<u>I. Properties and rights meeting the IFRS criteria and recognised in the financial statements:</u>

After reviewing the portfolio, ETAD found that part of the transferred properties/rights meets the IFRS recognition criteria, and:

- Recognised as properties held under full ownership, those properties meeting the conditions of article 196, paragraph 4 of Law 4389/16 and the IFRS provisions. These include properties which, until the above law was passed, were considered as particular administration, management and utilisation rights, and as administration rights on specific properties of the former KED, which had not been recognised in the financial statements as mentioned above.
- Regarding the particular rights on properties, that the company considers that on 31/12/2016 came under the exclusions of article 196, and that they meet the asset recognition criteria, the company continued to recognise them as rights. According to legal estimations, these particular rights befit the concept of usufruct, are contractual rights and therefore inferior to the property right of usufruct, according to which, use and utilisation of a tangible asset owned by another party, shall not exceed 8/10 of the asset's value under full ownership. Given that ETAD SA is not yet 20 years old and pursuant to the above opinion, Management estimates that the value of the particular administration, management, operation and utilisation rights on said properties, cannot exceed 80% of their Market Value under full ownership.

As a result of the above process, in 2016, the company finalised the full identification, recording, valuation and filing of 640 properties which, prior to law 4389/16 were not recognised in its financial statements, and which were filed at their fair value. Since the benefit for ETAD from the free acquisition of the right to full ownership of these properties from the Greek State, was the result of a transaction with the shareholder, it was recorded directly in ETAD's equity.

II. I. Properties and rights not meeting the IFRS criteria and not recognised in the financial statements:

As regards the remaining part of the property portfolio, ETAD management took into account the fact that the provisions of the above law stipulate that a portfolio of properties will be transferred to ETAD without any consideration in return, however, for a part of this portfolio there are considerable ambiguities and uncertainties, since:

- The above law did not include a detailed breakdown of the transferred properties, apart from a general reference to properties managed by ETAD.
- For some of the properties in the portfolio, there is uncertainty regarding whether they can be transferred to ETAD, either because they partially or fully fall under the exceptions stipulated by the law, or because there are other technical or legal impediments, and also regarding in which of the properties the impediments can be remedied.
- The fact that a considerable part of data has not been delivered to ETAD, regarding the immovable assets the ownership and possession of which have been transferred to ETAD pursuant to the above law, that would enable ETAD to be knowledgeable of all the individual aspects, attributes, quality, legal and technical characteristics of such properties.
- Trial pilot transcriptions of several properties revealed cases where incompatibilities create problems in the transcription process, or cases where transcription will be made possible through appropriate legislative interventions.

As regards the accounting treatment of this part of the portfolio of properties, management took into account the provisions of the International Financial Reporting Standards on asset recognition, stating that:

- Based on the IFRS Conceptual Framework, an asset shall be recognised in the financial statements, if it meets all the following criteria:
  i. It is a resource controlled by the entity as a result of past events (Conceptual Framework, para. 4.4.a);
  ii. From this resource, future economic benefits are expected to flow to the entity (Conceptual Framework, para. 4.4.a and 4.38.a),

iii. The value of the resource can be measured with reliability (Conceptual Framework, para. 4.38.b).

- Moreover, in IAS 40, para. 16, the specific criteria laid down for the recognition of investment property, are the same with the criteria cited above.
- According to the IFRS Conceptual Framework, para. 4.42, an asset that, at a particular point in time, fails to meet the IFRS recognition criteria, may qualify for recognition at a later date as a result of subsequent circumstances or events.

As regards meeting the above criteria, ETAD's management estimated that:

- For an undetermined number of properties, it is not certain whether ETAD will exercise control, since these fall, either partially or fully, under the exceptions of the law, or there are technical or legal impediments that need to be resolved with an as yet unknown outcome, while for certain properties, their existence is uncertain due to lack of data. Furthermore, the transfer of ownership procedures have not been completed at the cadastre or land registry.
- Due to the above and to a lack of data regarding their quality, legal and technical characteristics, it is uncertain whether there will be any future inflow of economic benefits for the company.
- As a result of the above, the value of the potential above resources cannot be measured with reliability.

Consequently, ETAD management deemed that, based on facts and circumstances and pursuant to the IFRS requirements as analysed, the above part of the portfolio does not meet the asset recognition criteria laid down by the IFRS, and has not yet recognised said assets at the balance sheet date.

Specific actions have been planned in order to review whether these properties can be recognised.

Following actions undertaken by ETAD's management, the Ministry of Finance issued decision no. 2/9655/0004 of 17.03 2017 to establish, set up and appoint the members of a Work Group tasked with providing ETAD with all the data on properties transferred to ETAD, while, in turn, ETAD has also set up a similar work group to process all the data received and take any further action needed to confirm their existence, record quality characteristics of property data, and finalise whether such property is transferred to ETAD partly or in full, so as to eliminate any vagueness and uncertainty regarding ETAD's ownership of said properties.

Based on the above preparatory work, ETAD will gradually identify the property titles, comprehend and record property data and attributes, file their transfer to ETAD in the competent cadastre or land registries, as the case may be, and also proceed with the valuation and accounting for all the properties for which uncertainties have been lifted.

Due to the number of properties, the issues mentioned above and the number of legal and technical impediments with a large number of titles, it will take a considerable amount of time to complete this process. However, the company's management deems that this work will have been completed by end 2017 for a considerable number of properties.

The above properties will be recognised at their fair value as will be determined by a certified valuator, based on available data.

Given that these are transferred to the company by the state without any consideration in return, any benefit resulting between acquisition cost and fair value on the date of recognition, is directly transferred to the company's equity. Following the first recognition, properties will be valued according to the provisions of IAS 40, as investment properties, at fair value. Any profit or loss resulting from a fair value change in a subsequent measurement in each reference period, is recognised in profit & loss of said reference period.

The valuation of ETAD properties was conducted based on the independent Valuator's report. For more information regarding valuation standards and key judgements and assumptions used, please refer to Note 5.2.

B) Useful life of tangible fixed assets

Tangible assets depreciate according to their residual useful life. Residual useful lives are reviewed regularly in order to determine whether they are still relevant. The actual useful lives of fixed assets may become differentiated by factors such as technological innovation and the maintenance programmes. See Note 2.6 and Note 5.1.

c) Impairment of doubtful receivables and equity interests in associated companies

The adequacy of provisions for the impairment of receivables is reviewed periodically, taking into account data from the Legal Departments of its subsidiaries, resulting following the processing of historical data and the recent developments of cases managed. See Note 5.9.

Moreover, at the end of each financial statements preparation period, the company conducts an assessment whether there are any objective indications that the carrying amount of equity interests has been impaired as a result of one or more events occurring after the initial recognition of said asset, whether this event affects future cash flows and whether the impact can be measured reliably. If there are objective indications of an impairment, the Group conducts an impairment review, comparing the carrying amount of equity interests with their recoverable value. See Note 5.4 and Note 5.5.

d) Income tax of prior years

Based on IAS 12, the income tax provision is calculated by estimating the tax that will be paid to the tax authorities, and includes the current income tax for each year, any provision for additional tax that may arise following possible future tax audits as well as recognition of future tax credits. The income tax final assessment may differ from the relevant amounts recorded in the financial statements. See Note 5.19.

Note that the Company and its direct subsidiaries enjoy all the administrative, financial, tax, judicial, substantive and procedural law privileges and exemptions, except VAT see note 5.19. Especially for ETAD, income tax exemptions apply for tax years starting on 01 January 2016.

The income tax provisions of the ETAD direct subsidiary, concern pending tax cases of companies absorbed by ETAD. See Note 5.16.

e) Provisions for legal cases

The Group periodically reviews the adequacy of provisions for currently pending legal cases, taking into account data from the Legal Departments of the Group's subsidiaries, resulting following the processing of historical data and the recent developments of cases managed. See Note 5.16 and Note 6.1.

4. Financial Risk Management

Cash and cash equivalents are the main financial instruments for the Company and its subsidiaries, for the main purpose of financing their operations. Group's subsidiaries also have at their disposal other financial instruments, such as trade receivables and liabilities, directly resulting from their operations.

As is currently structured, the Group is exposed to a limited spectrum of financial risks. The usual risks to which it is, in theory, exposed, are the market risks (foreign exchange risk, interest rate risk, market price risk) credit risk and liquidity risk.

Risk management focused mainly on recognising and assessing financial risks and on a policy of maintaining adequate liquidity.

(A) Market risks

i) Foreign Exchange risk

Foreign exchange risk ensues because of transactions undertaking in foreign currency. The Group does not operate abroad. The Group's functional currency is Euro. Due to the nature of its operations, the Group is essentially not exposed to foreign exchange risk, as the bulk of transactions is carried out in Euro. Foreign exchange risk is limited and occurs only occasionally, mainly when there are consultant fees that must be paid, as well as expenses for projects denominated in foreign currency. The Group periodically checks and evaluates its exposure to foreign exchange risk, separately and cumulatively, and, if needed, will use financial derivatives to manage it. Assets and liabilities have initially been recognised in Euro (€), being the functional currency of the Group.

ii) Prices risk as a result of changes to the Consumer Price Index.

The Group is not exposed to any major risk from fluctuations of the Consumer Price Index, except:

- the subsidiaries' exposure to the risk of property price fluctuations, and
- the subsidiaries' limited exposure when part of their revenue comes from lease contracts, the prices of which could be affected.

iii) Cash flow risk and risk of changes to the fair value due to changes in interest rates

The cash flow risk and the risk of changes to the fair value due to changes in interest rates concerns the risk of change in the fair value of a financial instrument as a result of changing interest rates, as well as the risk of the impact that interest rate changes will have on cash inflow/revenue and outflow/expenses of both the Company and the Group.

As is currently structured, the Group has limited exposure to the above risks, since:

- The Assets of both the Company and its subsidiaries include interest-bearing assets, such as short-term investments in time deposits and current bank accounts, with variable rates or short-term maturities, and as a result, there is reduced risk of a change in the fair value of these instruments. Meanwhile, any interest rate fluctuation can affect the amount of interest revenue, but it is not expected to cause any material change to the Company's or the Group's income statement.
- Although the Group has liabilities from loans of the former KED that was merged with the Group's subsidiary, ETAD, there are respective receivables against the Greek State for these, as the Greek State has guaranteed the loans and is paying them off; consequently, the Group's exposure to the risk is reduced.

(B) Credit risk

Credit risk is the possible non-timely payment of counterparties' existing and contigent liabilities towards the Group, and are mostly made up of trade and other receivables, as well as cash and cash equivalents.

Trade receivables come from a broad customer base. A large part of receivables from customers is secured against credit risk, through good performance letters of guarantee issued by banks.

Furthermore, many of the receivables are either receivables from the Greek State, or receivables matched against liabilities towards the Greek State. According to Management estimates, appropriate provisions are recognised for losses resulting from the impairment of receivables due to specific credit risks.

The Group's assets exposed to credit risk at the end of the reporting period, are broken down as follows:

Financial assets	**31.12.2016**
Trade and other receivables	
Within the following year	98,175,548.
1-5 years	185,787,823.
Other receivables	42,091,706.
Cash and cash equivalents	142,188,243.
Net Carrying Amount	**468,243,320.**

The captions "Long-term receivables (1-5 years)" and "Other receivables" include the amounts of € 126 mil. and € 40 mil. respectively, pertaining to guaranteed receivables of the former KED from the Greek State for payment of amortisation instalments of loans taken with the State's guarantees, as well as a guaranteed receivable from the Greek State for payment of a liability to the National Bank of Greece. These amounts are correlated with the respective liabilities.

"Other long-term receivables" includes the amount of €57.3 mil. which is matched with respective long-term liabilities, and is broken down as follows:

- € 25.6 mil. concerning a liability (price balance) to the Greek State for the granting of rights to use radio-frequencies via the Hellenic Telecommunications & Post Commission.
- € 18 mil. which is part of the sale price of the 33% of the share capital of OPAP S.A., which will be paid in 6 instalments of €3 mil. each.
- € 10 mil. which is part of the sale price of the shares in "Nea Kerkyra Property Investments S.A."
- € 3.7 mil. from payments of the prices for properties sold via the online platform.

Moreover, financial receivables (receivables from customers) include receivables against the Greek State amounting to a total of € 6.3 mil.

Finally, the Group's management sets limits to the allowable exposure to risk with each financial institution.

(C) Liquidity risk

The cash flow risk is the risk of the Company or the Group not having adequate liquidity to meet their financial obligations and to finance their operation. Effective management of the liquidity risk includes, among others, maintaining adequate cash levels, proper management of working capital and cash flows, and being able to secure financing if need be. Both Company and Group assess that, under the current structure and the resources available, they have reduced exposure to that risk, as they rely on maintaining adequate liquidity (cash and cash equivalents) and properly managing working capital and cash flows. The aged analysis of Group's financial liabilities as at 31.12.2016, is presented below:

Financial liabilities	**Note**	**31.12.2016**
Within the following year (Suppliers and Other Liabilities)	5.20.	192,904,498
Other ling-term liabilities	5.18.	249,200,636
Total		**442,105,134**

Specifically, € 25.3 mil. in current liabilities and € 109 mil. in long-term liabilities concern loans taken out by the former KED, guaranteed by the Greek State, to perform projects on behalf of the Greek State. For these loans, there are respective receivables from the Greek State, and therefore, the liquidity risk therefrom is considerably reduced.

Moreover, € 57.3 mil. in long-term liabilities, concerns a liability linked to a respective receivable, pursuant to the previous paragraph (4.B).

5. Notes related to line items of the financial statements

As decimal separator it is used the symbol (**,**) and as thousand separator it is used the symbol (**.**) according to the Greek practices.

5.1. Tangible assets

The movement of tangible assets at 2016 is presented below:

Tangible assets movement schedule

GROUP *(amounts in €)*	**Buildings – Technical installations**	**Machinery equipment**	**Vehicles, furniture & other equipment**	**Fixed assets under construction**	**Total**
Cost					
Book value of subsidiaries at 25/10/2016	69.939.515	3.223.800	11.055.702	373.767	84.592.783
Additions	73.211	1.584	54.403	1.389.306	1.518.504
Balance at 31.12.2016	**70.012.726**	**3.225.384**	**11.110.105**	**1.763.073**	**86.111.287**
Accumulated depreciation					
Book value of subsidiaries at 25/10/2016	(22.821.530)	(1.257.593)	(6.022.202)	0	(30.101.325)
Depreciation expense	(391.176)	(33.967)	(59.179)	0	(484.322)
Balance at 31.12.2016	**(23.212.706)**	**(1.291.560)**	**(6.081.381)**	**0**	**(30.585.647)**
Net book value at					
25.10.2016	**47.117.985**	**1.966.207**	**5.033.500**	**373.767**	**54.491.458**
31.12.2016	**46.800.020**	**1.933.824**	**5.028.724**	**1.763.073**	**55.525.640**

Depreciation expense is allocated in the period's income statement as following:

(amounts in €)	**Cost of sales**	**Administrative expenses**	**Distribution expenses**	**Total**
25.10.2016 – 31.12.2016	453.977	20.763	9.582	**484.322**

The Parent company HCAP did not possess any tangible assets in 2016.

Below are presented the Group's fixed assets under construction.

Tangible assets under construction

Description of tangible asset under construction	**Amounts in €**
Construction of floating piers at Alimos marina	361.767
Services for wind electricity production park licensing	12.000
Upgrade of ski lifts of Parnassos ski center	1.389.306
Total	**1.763.073**

5.2. Investment properties

Income from leases of properties that was recognized in the period 25.10.2016 – 31.12.2016 amounts to € 5,6 million. The movement of investments properties for the period 25.10.2016 – 31.12.2016 is presented below:

(amounts in €)		GROUP		
Period 25.10.2016 – 31.12.2016	**Investment Properties Ownership**	**Investment Properties Special rights**	**Investment Properties from KED**	**Total**
Opening balance 25.10.2016	**0**	**0**	**0**	**0**
Subsidiaries opening at 25.10.2016	257.004.877	52.688.366	60.960.300	370.653.544
Closing balance 31.12.2016	**257.004.877**	**52.688.366**	**60.960.300**	**370.653.544**

The inputs to valuation techniques used to measure fair value of investment properties have been categorised in Level 3 of fair value hierarchy. The valuation of investment properties at 31.12.2016, is based on a report performed by independent Valuer.

The scope of the Valuer's project, did not include the legal or technical audit of the tangible and intangible assets of the Group that are under examination – appraisal and assessment, neither the audit of the urban properties and land measurement and audit of the properties. The Valuer implemented the International Valuation Standards – IVS and considered the directions and codes of the Royal Institute of Chartered Surveyors – RICS of Great Britain and of the European Group of Valuers Associations – TEGOVA.

The properties that are included in the report of the independent Valuer are the following:

- 35 properties owned by the direct subsidiary "ETAD SA", including a property of the former company "Olympic Properties SA".
- 621 leased properties of the former Public Real Estate Company (KED), the ownership of which passed to the direct subsidiary "ETAD SA" according to Law 4389/2016.
- 31 properties in which the direct subsidiary "ETAD SA" holds the right of ownership and the right of management (seaside land)
- 217 properties for which the direct subsidiary "ETAD SA "has the management, administration and exploitation including 10 properties of the former company "Olympic Properties SA" (concern former Olympic Games installations) and 5 properties for which the concession right belongs to HRADF SA.

The main valuation methods used have as follows:

1. The market value approach for property of the Group, where there is an observable active market. In cases that there was no comparable data for similar property in the near and wider area of the specific properties, a base price for the whole Country was established. This price was based on data and prices resulting from a market survey carried out, adjusted using appropriate rates.
2. The cost approach was applied for the valuation of the specialized building facilities, infrastructure and land improvements of the individual properties of the Group, if they were not leased or there was no organized and active market for the sale of corresponding properties.

3. The income approach, which was used to determine the fair value of the property of the Group that was leased. In the application of the approach, the discounted cash flow method was used, projecting the future rentals and by calculating the Residual Value of the property at the end of the lease period, either using the cost approach or where applicable, the Potential Commercial Rental Approach.

For the valuation of the Group's special rights, which are reflected in Investment Properties, the Commercial Value of the respective properties under a full ownership was initially calculated and then the value of the respective right that corresponds to the specific properties, was determined by applying the Usufruct Concept, based on which the long-term use and management of an asset which is owned by another legal entity, should not exceed the 8/10 of the full ownership fair value.

The most significant assumptions used for the valuation of investment properties are:

1. Any legal or judicial / administrative commitments been taken into account when assessing the ETAD's property, either on a stand-alone basis (exclusion of future development/exploitation) or a risk factor of future development/exploitation.

2. Leased assets were valuated using the Income Approach and specifically the method of Discounted Cash-flows, based on the future rentals. To those future rental revenues, a bad debt factor ranging from 0% to 25% was applied with the main assumption the realized payments paterns of the rentals up to the assessment date and other factors that to the judgement of the Valuer are correlated to the possibility of their normal payment in the future. The Residual Value of the property was also calculated at the end of the period, using the method of capitalization of the rental revenues at the first year after the contractual lease period's end. The values that occurred by the above were calculated at their present value with discount factors that depending on the nature of the property were mainly within the range of 11% – 18%. If at December 31, 2016 the discount rate that was used in the analysis of discounted cash-flows was different from the management's assumptions by +/- 10% then the book value of the investment properties account would be higher by 3,8 million Euro or lower by 3,9 million Euro.

3. The calculation of the rentals increase rate was based on the existing lease agreements. The following assumption was made for the Consumers Price Index (CPI), according to the forecasts of Bank of Greece.

Year	CPI
2017	0,0 %
2018	0,7%
2019+	1,0%

4. For the ETAD portfolio of properties or for parts of its properties, which have been granted for free to third parties under a specific time agreement and the company intends to take back after the end of the agreement, the Valuer assigned them a Fair Value, which was calculated by applying the Approximation of Cost and Market of the land and buildings, at their condition as it was at the valuation date, adjusted for the time until the end of the respective agreements.

5. For the calculation of the Fair Value of land with gross size over 50.000 m2 for which there was lack of comparative sales data near the respective territories, the management of ETAD SA by applying the Market Approach, used the Base Price for the total Country that had formed in the prior years and decreased it by 1,27%. It is reminded that the Base Price was based on data of the market research made by the Valuer for property of other form and nature, on data that collected from professionals that are active in sales of respective size land over the Country, as well as data that was obtained by

the Valuer's database. These prices were then adjusted by applying factors based on special criteria that included:

• Location / Commercial value of the area.

• Ease of access.

• Neighbor property.

• View.

• Uniqueness.

• Land formation.

• Size.

• Frontage and Feature

• Terms of building and allowed usage terms.

• Special commitments.

If as at December 31, 2016 the base value used was different by +/- 10% compared to the assumptions of management, the carrying amount of the investment properties would have been estimated higher or lower by 0,7 million Euro.

6. To the properties that are inside A' archeological zone, ETAD did not assign value and the properties of B' archeological zone were valued based on the Market Approach and then applied on the values discount rates in a range from 0% to 10%.

7. The properties that include parts of forest land were valued at the possible sale price, at 10% of the fair value of the rest land. To the exclusively forest lands the value given was nil, as they cannot be subject to transaction.

8. For the properties portfolio of ETAD SA or for parts of its fully owned properties, which according to the data that the company provided to the Valuer concern areas regulated as "Natura" areas (as the properties are in non-construction zones) or "Ramsar" areas, the Valuer did not assess any value, as due to the respective regulations, they are in essence properties of totally protected nature, where no kind of construction is allowed. It is noted, however, that in a case of ETAD property where a part of it is protected, per above rules, and another next to it is free of restrictions and there is the right of transferring construction rights from the restricted area to the free one, then to these non-construction allowed properties value was assigned by the Valuer. If in any property of ETAD with restrictions to construction such as forests, archaeological areas, "Natura" and "Ramsar" areas and other similar, was ascertained that there were building installations, those installations were valued by the Method of Cost and their fair value was calculated with the method of Replacement Cost.

9. For the leased Coasts that ETAD holds to its assets portfolio, the fair value was determined by applying the Income Approach, taking into account the data of the active lease agreements until their expiration date and then extending them until year 2027, namely for 11 years in total. For the non-leased Coasts of the company's portfolio in touristic areas, there is the assumption that they are rentable and determined their fair value by calculating the present value of possible rentals that would be received until 2027. The amount of the possible rentals was assessed by examining respective lease agreements of ETAD of the last five years, as well as from data received by third parties such as local authorities (Municipalities) that lease coasts and beaches for the installation of beach umbrellas and sunbeds. At Coasts that even if they are included in the company's asset portfolio, do not seem rentable or able to be developed in the foreseeable future, e.g. for health and safety reasons or if they are in rocky areas without ability of easy access to the coast etc. no value has been assessed.

The commercial cooperation agreements of ETAD with the lessees range for periods of 1 – 5 years, 5 – 12 years and 12 years and above. The commercial cooperation agreements include basic fixed consideration and variable consideration which is calculated by factors such as the revenue of the lessee, prior year profits, the number of visitors and the cash inflows of the lessees. The future minimum non-cancelable inflows of the basic fixed consideration are analyzed as follows:

(amounts € mil.)	**TOTAL**
Within next year (2017)	33,1
From 2 years until 5 years (2018-2021)	107,5
From 6 years and over (2022 and on)	536,7

During the reporting period there were no write-offs of any special rights on the investment properties of the direct subsidiary "ETAD SA".

5.3. Intangible assets

Below is presented the movement schedule of the intangible assets of the Group.

GROUP	**Software**	**Licenses**	**Total**
Cost			
Opening balance at 25.10.2016	**0**	**0**	**0**
Subsidiaries Opening at 25.10.2016	1.846.329	**616.927**	2.463.256
Additions	11.200	12.458	23.658
Total balance at 31.12.2016	**1.857.529**	**629.385**	**2.486.914**
Accumulated amortization			
Opening balance at 25.10.2016	0	0	0
Subsidiaries opening at 25.10.2016	(1.691.908)	(574.539)	(2.266.447)
Amortization expense	(9.308)	(18.200)	(27.508)
Total balance at 31.12.2016	**(1.701.216)**	**(592.739)**	**(2.293.955)**
Net book value at			
25.10.2016	**154.421**	**42.388**	**196.809**
31.12.2016	**156.313**	**36.646**	**192.959**

Amortization expense is allocated in the period's income statement as following:

	Cost of Sales	**Administration Expenses**	**Distribution Expenses**	**Total**
25.10.2016 – 31.12.2016	27.508	0	0	**27.508**

The Company did not possess any intangible assets in 2016.

There are not any intangible assets forfeited as guarantee for covering liabilities. Licenses concern mainly the operational licenses of the canteens that operate at Coast of Vouliagmeni.

5.4 Participations in Subsidiaries

According to article 188 par. 1 of law 4389/2016, by the date that the Company acquires legal form the following legal entities for the purposes of law 4389/2016 are considered as direct subsidiaries of the Company (“direct subsidiaries”):

a. Hellenic Financial Stability Fund (“HFSF”).

b. Hellenic Republic Asset Development Fund SA (“HRADF SA”).

c. Public Properties Company (“ETAD SA”)

d. Public Holdings Company SA (“EDIS SA”)

Shares or securities incorporating the equity of the subsidiaries (other than EDIS that were not formed by the reporting date of the financial statements) were transferred to the Company for no consideration.

The parent Company recognized its participation in the direct subsidiaries “HFSF”, “HRADF” and “ETAD”in its Separate Financial Statements and reflects them in the statement of financial position at cost with symbolic value of € 1. Until the reporting date the company “EDIS SA” has not acquired legal identity, therefore it is not recognized in the financial statements.

The direct subsidiary Hellenic Financial Stability Fund is not included in the consolidation because the parent Company has no control or significant influence as described earlier in Note 2.4.

The direct subsidiaries “ETAD SA” and “HRADF SA” are consolidated with the full consolidation method.

5.5 Participations in associates

The parent Company has significant influence through its direct subsidiary “ETAD SA” to the following associate companies:

Associate Companies	**Participation % of “ETAD SA**
Marina ZEAS SA	25,00%
Lamda Flisvos Marina SA	22,77%
Casino of Parnitha SA	49,00%

The carrying amount of the associate companies after applying the Equity Method has as follows:

	GROUP			
(Amounts in €)	**Marina Zeas SA**	**Lamda Flisvos Marina SA**	**Casino of Parnitha SA**	**Total**
Opening 25.10.2016	**3.268.422**	**994.072**	**39.902.116**	**44.164.610**
Group proportion of Profit / (Loss) for the period 25.10.2016-31.12.2016	73.801	37.881	69.838	181.520
Group proportion of other comprehensive income for the period 25.10.2016-31.12.2016	0	0	(4.605)	(4.605)
31/12/2016	**3.342.223**	**1.031.953**	**39.967.350**	**44.341.523**

Investment in associates are reviewed for impairment by the Group on a yearly basis or whenever there is an indication of impairment of their carrying ammount compared to their recoverable amount. The direct subsidiary ETAD participates to the associate companies since their incorporation.

Condensed financial information at 31.12.2016

Summarized financial information by associate	MARINA ZEAS SA	Lamda Flisvos Marina SA	Casino of Parnitha SA
Assets	20.716.612	33.658.268	96.041.500
Liabilities	7.347.933	28.633.474	14.475.717
Revenue	4.193.819	11.803.579	87.659.629
Profit/(Loss) in 2016*	1.771.222	998.175	855.165
Total other comprehensive income before* tax	0	0	(56.385)

* Note that the above figures refer to the whole period 01.01.2016 - 31.12.2016.

Proportion of the Group's ownership interest in the assocoates' profit & loss and other comprehensive income

Associate	Participation	Year 31.12.2016	Year 31.12.2015
Marina Zeas SA	25,00%	442.806	73.801
Lamda Flisvos Marina SA	22,77%	227.284	37.881
Casino of Parnitha SA	49,00%	391.402	65.233
Total		**1.061.492**	**176.915**

No significant restrictions exist for capital transfers from the associates to the Group.

5.6. Other non-current receivables

	Group 31.12.2016	Company 31.12.2016
Non-current receivables from Greek State (ΚΕΔ)-18.13	126.786.667	0
Non-current receivables from Greek State (ΚΕΔ)-18.17	119.804	0
Non-current receivables from sale of assets	57.341.360	0
Guarantees	2.064.590	0
Other non-current recevables (Carpenissi Ski Center)	200.000	0
Non-current receivables from leases	1.334.491	0
Provisions for douptful receivables	(2.059.089)	0
Total	**185.787.823**	**0**

Non-current receivables from grants by the Greek State are coming from the former company KED SA and concern receivables for the repayment of loans that were received with the guarantee of the Greek State. These amounts are presented also as liabilities for bond and other loans and their analysis is at Note 5.18 of the financial statements.

Other non-current receivables from sale of assets, mainly relate to non-current receivables from sale of assets of Greek State. The amount matches with an equal liability presented in the account "Other non-current liabilities" which is analyzed in paragraph 5.18 below.

Non-current receivables from lessees related to settlements made for overdure receivables related to prior years lease rentals.

There was no movement between 25.10.2016 and 31.12.2016 in the provision for douptful receivables which remained the same at the start and end of the period.

5.7. Lease advances

The movement of the special rights that appear in the consolidated statement of financial position as lease advances has as follows (there is no corresponding amount for the Company).

Cost value	**Lease advances / Special Rights**
Opening from subsidiaries at 25.10.2016	9.786.303
Cost of next year	(20.346)
Balance at 31.12.2016	**9.765.957**

Net book value at 31.12.2016 is analyzed by right of management and exploitation of asset as following:

Rights	Cost value	Amortized Cost 25.10.2016	Net value 25.10.2016	Depreciation 25.10.2016-31.12.2016	Net value at 25.10.2016
Camping Epanomis Thessalonikis	132.062	132.062	0	0	0
Camping Fanari Kommotinis Rodopi	410.858	67.763	343.095	713	342.382
Camping Asprovalta Thessalonikis	1.164.226	1.164.226	0	0	0
Camping Cryopigis Chalkidiki	99.780	99.780	0	0	0
Camping kalandras Chalkidiki	369.773	330.945	38.828	81	38.747
Camping Kammena Vourla Fthiotida	3.348.496	3.348.496	0	0	0
Coast-Camping Thermaikou Thessaloniki	466.618	466.618	0	0	0
Spring waters Thermopilon Fthiotidas	1.170.946	1.170.946	0	0	0
Spring waters Aithipsos Evia	7.213.500	7.213.500	0	0	0
Spring waters Cythnou Kyclades	334.556	334.556	0	0	0
Spring waters Caiafa Ilias	519.442	85.672	433.770	902	432.868
Spring waters Loutrakiou Korinthia	343.360	343.360	0	0	0
Spring waters Nigrita Serres	29.347	4.840	24.507	51	24.456
Spring waters Ipatis Fthiotida	460.748	460.748	0	0	0
Coast Vouliagmeni Attikis	1.319.483	1.319.483	0	0	0
Marina Alimou Attikis	28.079.237	28.079.237	0	0	0
Marina Vouliagmenis Attikis	5.652.238	932.228	4.720.010	9.813	4.710.197
Marina Thessalonikis Thessaloniki	1.482.025	1.482.025	0	0	0
Ski center Parnassou Viotias	248.717	248.717	0	0	0
Xenia-Golf Afantou Rhodes Dodekanissa	11.920.763	11.920.763	0	0	0
Museum Achillio Corfu	2.429.934	400.771	2.029.163	4.219	2.024.944
Camping Paliouri Chalkidiki	4.087.198	1.919.072	2.168.126	4.508	2.163.618
Cave Dirou Lakonias	119.240	90.436	28.804	59	28.745
Exhibition Center Hellinicou	273.789	273.789	0	0	0
Total	**71.676.336**	**61.890.033**	**9.786.303**	**20.346**	**9.765.957**

5.8. Inventories

Below is presented the analysis of the inventories of Group and parent Company at 31.12.2016.

	Group 31.12.2016	Company 31.12.2016
Merchandise	115.145	0
Raw materials and other consumables	455.040	0
Less: Provisions for impairment of inventories for the period	(27.179)	0
Total	**543.006**	**0**

The value of inventories recognized in the Cost of Sales in 2016 amounts to 249.249 Euro (Not. 5.24).

5.9. Customers and other trade receivables

Customers and other trade receivables analysis for the Group and the parent Company is as following:

	GROUP 31.12.2016	COMPANY 31.12.2016
Trade receivables (a)	85.743.113	0
Customers (Receivables from sales of assets) (b)	87.836.718	0
Greek State – Management fees receivables (c)	41.119.940	0
Customers (Expenses on behalf of Greek State) (d)	6.292.529	0
Receivables from corporations of Greek State	349.349	0
Customers of closed units	802.565	0
Bad debtors	20.888.789	0
Receivables in checks	2.830.964	0
Overdue receivables in checks	1.634.503	0
Notes receivable	1.252.569	0
Less: Provisions for bad debt	(150.575.490)	0
Total	**98.175.549**	**0**

a. The account "Trade Receivables from Third parties" amounts to € 85.7 million and mainly concerns lease receivables of the direct subsidiary ETAD SA.

b. The account "Customers (Receivables from sales of assets)" is related to current receivables from exploitation of HRADF's assets and specifically:

- € 46,9 mil. concern receivable for the rights for radiofrequencies usage through the National Commission of Telecommunications and Postals.
- € 3 mil. Is part of the sale of the 33% of the share capital of "OPAP SA".
- € 2 mil. is part of the consideration for the Xenia and the Camping of Paliouri.
- € 11 mil. relates to the distribution of tax-free reserves of prior years 2012 – 2013.
- € 3 mil. is part of the consideration from the sale of shares of the company "Investment Property of New Corfu SA".
- € 20,3 mil. is part of the consideration from the sale of the right of ODIE (horse racing organization) and
- € 1,6 mil. relates to consideration for the sale of properties that were sold through internet platform.

c. The account " Greek State – Management fees receivables" is related to receivables amounting to approximately 41 million Euro of former "KED SA" from Tax Authorities for income related to management of Greek State's property (leases, long-term leases, sales). For these receivables, a bad debt provision of approximately 38 million is recorded.

   By the law 973/1979 which is related to the operations of former "KED SA" which has been merged with the direct subsidiary ETAD SA within 2011, former KED SA and subsequently ETAD is responsible for the management of properties owned by the Greek State. For these services ETAD SA was entitled with a 25% fee of the income from property management (after Law 4389/2016, ETAD accounts for 100% of the rent in its revenues). The income from the lease and sale of the properties owned by the Greek State is collected by the relevant Public Fiscal Service (D.O.Y.) of each geographic area in the Greek territory in which the land properties are located, in accordance to the provisions of the above mentioned law. ETAD sends to the Public Fiscal Service the lists of receivables by debtor since D.O.Y. is responsible for the collection of those receivables on behalf of the company. The company periodically collects the received amounts through wire transfers in bulk.

   However, ETAD does not receive analytical breakdown for the collections that were transferred through cash payment orders, neither for the offsets that were taking place between Public Fiscal Service and the lessees and buyers of property. Due to this fact, until 2012, could not monitor those receivable balances by debtor. As a consequence of this fact (no monitoring of the balance by debtor) there was no estimation regarding the collectability of those receivables.

   From 2013 onwards, ETAD receives, at the end of each year, a detailed printout of debts and receipts per tenant.

   Due to the above, the subsidiary ETAD established a cumulative provision of € 38 million, which covers the above balances for the probability that they will not be recovered. Moreover, the management of ETAD SA has taken steps to enable it to obtain a more detailed picture of the receivables in order to increase their probability of collection.

d. The account "Customers (Expenses on behalf of Greek State)" relates to receivables of HRADF from Greek State for third party fees and expenses, as their invoices have been issued in charge of the Greek State. These receivables will be offset with part of the proceeds from the exploitation of the assets of Greek State.

The provision for doubtful debts did not show any movement from the beginning of the financial year (25.10.2016) until 31.12.2016 as the carrying amount of the cumulative provision establsished was considered sufficient.

5.10. Other receivables

The account is consisted of the receivables below:

(Amounts in €)	Group 31.12.2016	Company 31.12.2016
Greek State – Other receivables (a)	40.238.778	0
Greek State – Advanced and withheld tax (b)	2.489.717	12.337
Various debtors (c)	6.475.062	2
Advances to personnel	309.806	0
Deposits and Consignments Office	262.835	0
Loans to personnel	239.110	0
Debit balances of creditors	1.733.751	0
Other various debtors	525.263	0
Accounts for management of advances and credits	772	0
Bad debtors	7.525	0
Disputed receivables from Greek State	2.988.835	0
Dividends receivable	878.349	0
Fixed advances	3.333	0
Accountables of divisions	22.606	0
Deferred expenses	3.880.575	0
Accrued income	710.951	4.302
V.A.T. receivable	5.779.672	0
Related party receivables (Note 6.3)	56.940	0
Minus: Provisions (d)	(24.512.175)	0
Σύνολο	**42.091.706**	**16.641**

There are no significant differences between book values and fair values.

a) The balance of the account "Greek State – Other receivables" amounting to approximately € 40.2 million, includes mainly the following:

- A receivable of € 4,6 million that concerns advance of a Group company, for special duty of L.3220/2004, for the acquisition of property of ownership or management of Greek Organization of Tourism (EOT). The company until today has not acquired the ownership of any asset of EOT. This fact, combined with the end of the relative regulation of paragraph 1 article 49 L.3220/2004 and its replacement with the regulation of paragraph 3 article 17 of L.3986/2011 (where there is no prediction of any return for the acquisition by the company "ETA" of the ownership of EOT properties), leads to the right to claim back the relative paid advance. Given that the receivable is from the Greek State, the company proposed a regulatory solution which examined by the supervisory ministers in order to settle the matter. The whole amount of the receivable is covered through a doubtful receivable provision.
- A balance of € 25,6 million coming from the absorbed by ETAD entity KED SA, and relates to the current portion of KED receivable from the Greek State for the repayment of state-guaranteed loans. This amount is mirrored with the respective liability at the account "Suppliers and other trade receivables" (Note 5.20).

b) The balance of the account "Greek State – Advanced and withheld taxes" mainly includes receivable of a subsidiary for the return of a prior year's income tax advance payment amounting to € 2,2 million.

c) The account "Various Debtors" includes receivables of approximately € 2,9 million from "OSK SA", which concern advances given, based on contract for the completion of projects by the latter, on behalf of the Greek State that ETAD SA has undertaken.

d) Provisions for impairment (provision for doubtful other receivables) did not show any movement between the opening balance sheet date (25.10.2016) and 31.12.2016 as the carrying amount of the established provisions was assessed as sufficient.

5.11. Cash & cash equivalents

The balance of Cash & cash equivalents is analyzed as follows:

	Group 31.12.2016	Company 31.12.2016
Cash in hands	264.124	0
Time bank deposits	94.467.551	0
Bank deposits	47.456.568	10.000.000
Total	**142.188.243**	**10.000.000**

Cash & cash equivalents represent cash in hands, cash in current bank accounts of the Group which are available upon demand and time deposits.

5.12. Share Capital

The Share Capital of the parent Company at 31.12.2016 amounts to 40 million Euro, divided to forty thousand (40.000) nominal shares of nominal value of one thousand Euro (€1.000) each. Share capital is fully covered by the Greek State.

Share Capital	
Opening balance at 25.10.2016	**0**
Authorized capital	40.000.000
Unpaid capital	(30.000.000)
Paid in capital	**10.000.000**

Parent company shares cannot be transferred. Considering that the operations of the parent Company and its direct subsidiaries as it is referred to article 188 are serving a special public purpose, Company shares, shares of its direct subsidiaries as well as the titles that consist the capital of Hellenic Financial Stability Fund of L. 3864/2010 (A' 119) ("HFSF"), consist items that are not subject to transactions by the meaning of the regulation of article 966 of the Civil Code.

The parent Company's share capital could be increased by decision of the General Assembly of the sole shareholder, after suggestion of the Board of Directors that will be supported by the Supervisory Board. The parent Company's share capital is deposited by decision of the Minister of Finance in the Company's bank account in Bank of Greece.

At 31.12.2016 the amount of 30.000.000 Euro was unpaid capital.

5.13. Other reserves

Balances of other reserves are as following:

GROUP	31.12.2016
Reserves of HRADF	19.451.328
Reserves of ETAD	420.911.224
Reserves of consolidation of associates	17.335.070
Subtotal	**457.697.622**
Reserve of IAS 19	(54.243)
Share of other comprehensive income of associates	(4.605)
Total	**457.638.774**

According to article 188 par. 1 of law 4389/2016, by the date that the Company acquires legal form the following legal entities share capital or relative titles that consist it are transferred to the parent Company:

a. Hellenic Financial Stability Fund (“HFSF”).

b. Hellenic Republic Asset Development Fund SA (“HRADF SA”) - L.3986/2011 (A’ 152)

c. Public Properties Company (“ETAD SA”) - L. 2636/1998 (A΄ 198)

d. Public Holdings Company SA (“EDIS SA”) – Art. 8 L.4389

As well:

- HCAP recognized these participations in the company's financial statements at cost (which was zero), and
- The Group has decided to recognize in the financial statements the assets and liabilities of these companies at their carrying amount at the date of their first consolidation, resulting in a consolidation difference (a form of negative goodwill arising from a transaction with the shareholder) equal to the net assets of those companies on the day of the first consolidation (in addition to the difference in the book value of the related associates due to the fact that in the standalone financial statements of the subsidiary are depicted in the acquisition cost and in the consolidated financial statements are accounted for using the equity method). This difference was transferred to the Group's net assets.

Below are presented the condensed financial statements of these subsidiaries at the acquisition date:

(amounts in €)	ETAD 25.10.2016	HRADF 25.10.2016
Assets		
Non-current assets		
Tangible assets	54.324.211	167.247
Investment properties	370.653.544	0
Intangible assets	154.618	42.191
Participations in associates	26.829.540	0
Other non-current receivables	140.424.022	71.396.610
Prepaid rentals	9.786.303	0
Total	**602.172.238**	**71.606.048**
Current assets		
Inventories	757.101	0
Customers and other trade receivables	5.339.951	74.865.302
Other receivables and prepaid expenses	34.435.311	4.140.203
Cash and cash equivalents	90.183.445	27.798.361
Total	**130.715.808**	**106.803.866**
Total Assets	**732.888.046**	**178.409.914**
Equity		
Share capital	309.050.000	30.000.000
Other reserves	284.550.208	0
Retained earnings	(172.688.984)	(10.548.672)
Total Equity	**420.911.224**	**19.451.328**
Non-current liabilities		
Accrued pension and retirement obligations	1.547.143	129.782
Other provisions	19.557.800	0
Pre-collected rentals	13.262.290	0
Other non-current liabilities	191.751.210	71.364.960
Total	**226.118.443**	**71.494.742**
Current Liabilities		
Trade and other payables	82.893.195	87.463.844
Dividends payable	2.053.839	0
Deferred income	911.345	0
Total	**85.858.379**	**87.463.844**
Total Equity and liabilities	**732.888.046**	**178.409.914**

5.14. Retained earnings

The retained earnings refer to the results of the first financial year (25.10.2016-31.12.2016) for the Company and the Group and are analyzed as follows::

	GROUP 31.12.2016	COMPANY 31.12.2016
Retained Earnings	173.503	(204.442)
Total	**173.503**	**(204.442)**

5.15. Accrued pension and retirement obligations

The Group and the Company recognize as personnel retirement benefit obligation, the present value of the legal commitments that has undertaken for the payment of the retirement allowance to the employees that get retired. The respective liability is calculated with actuarial studies. Specifically, the relative studies concerned the assessment and calculation of the actuarial factors that are required by the International Reporting Standards (IAS 19) and are mandatory to be presented to the Statement of Financial Position and the Statement of Comprehensive Income of each company.

The Accrued pension and retirement liability that is recognised in Group's the financial statements concerns the direct subsidiaries "ETAD SA" (about 92% of the total) and "HRADF SA (about 8% of the total) as the parent Company did not have personnel at 2016.

The main factors of the actuarial studies of direct subsidiaries are the following:

Actuarial assumptions	**31.12.2016**
Discount Rate	2,00%
Future salary increases	2,00%
Expected average remaining working life (years)	16,33
Average yearly rate of inflation increase	2,00%
Personnel turnover	0,00%

The effect in period's results is analysed as follows:

	GROUP	COMPANY
Amounts recognized in the income statement	**31.12.2016**	**31.12.2016**
Current employment costs	16.59	0
Financial Cost	30.984	0
Expense recognized in the income statement	**47.574**	**0**
Total Expense recognized in the income statement	**47.574**	**0**
Other Comprehensive Income (OCI)		
Net actuarial gain recognized in the period	54.243	0
Total amount recognized in OCI	**54.243**	**0**

The liability of the Group is analyzed as follows:

Movements of net liability in Balance Sheet	**31.12.2016**	**31.12.2016**
Net liability at the beginning of the year	1.676.925	0
Total amount recognized in OCI	54.243	0
Benefits paid	-36.5	0
Total expense recognized in the income statement	47.574	0
Net liability at the end of the year	**1.742.243**	**0**

For "ETAD SA" the years of service for the calculation of the accrued pension and retirement obligations is as follows:

Date of Valuation	**Average Year of Service**
31.12.2016	20,19

The number of personnel of the Group companies at the end of the period is up to 382 employees.

5.16. Other provisions

	GROUP	**COMPANY**
	31.12.2016	**31.12.2016**
Other operating provisions	21.765.747	0
Total	**21.765.747**	**0**

The above provisions mainly concern the contingent liabilities from third party demands against the Group companies in pending legal cases.

5.17. Pre-collected rentals

The Pre-collected rentals refer to advance payments of lessees paid in a one-off amount in previous years to the direct subsidiary ETAD SA and are recognized using the straight-line method in the income statement in subsequent years.

GROUP	**31.12.2016**	**25.10.2016**
Pre-collected rentals	13.162.480	13.262.290

Below is presented the movement of pre-collected rental

	Pre-collected rentals
Opening 25.10.2016	**13.262.291**
Income of the period from the amortization of pre-collected rentals	(99.811)
Closing 31.12.2016	**13.162.480**

Income from the amortization of pre-collected rentals that refers to the current period is recognized in the income statement under the caption "Sales".

The balance at 31.12.2016 concerns the below pre-collected rentals that are recognized in the income statement proportionally during the years of the lease agreements:

Lease	Total lease paid	Income recognized up to 25.10.2016	Accrued Income at 25.10.16	Income for the period 25.10 – 31.12.2016	Balance at 31.12.2016
Seaside land	1.224.329	1.126.552	97.777	12.647	85.130
Marinas	18.864.135	6.160.333	12.703.802	82.733	12.621.069
Hotels	276.564	107.002	169.562	1.121	168.442
Other	592.491	301.341	291.150	3.310	287.840
Total	**20.957.519**	**7.695.228**	**13.262.291**	**99.811**	**13.162.480**

5.18. Other non-current liabilities

Other non-current liabilities analysis is as following:

	GROUP 31.12.2016	COMPANY 31.12.2016
Payables to lease customers (a)	49.279.586	0
Bond loans (b)	108.917.678	0
Other non-current liabilities from sale of assets (d)	57.341.360	0
Grants for investments in fixed assets (c)	28.762.250	0
Other non-current liabilities (e)	4.899.762	0
Total	**249.200.636**	**0**

(a) Payables to lease customers of approximately 49 million Euro concern installations that the customers performed to the leased properties. Those liabilities are agreed to be offset with the respective future rental payments of the customers.

(b) Bond loans have been received by former KED with a guarantee of the Greek State to execute specific projects on behalf of the State. The loan repayments of capital and interest are basically paid by the Greek State. The respective receivables from the Greek State are presented in the account "Other non-current receivables" (Note 5.6). The loans interest rate is mainly variable readjusted every six months based on six-month Euribor plus the agreed margin.

(c) The amount of Other Long-Term Liabilities relates mainly to HRADF liabilities for the reimbursement of proceeds to the Greek State from asset utilization. The amounts are paid to the Greek State after the collection of the corresponding receivables. The amount includes mainly:

- € 25,6 million concern liability (unpaid balance) to the Greek State in regard with the sale of radiofrequency spectrum licenses through the National Committee of Telecommunications and Posts.
- € 18 million Euro that is part of the sale price from the sale of 33% of the share capital of OPAP SA which will be paid in 6 installments of 3 million Euro each.
- € 10 million that is part of the sale price from the sale of the shares of the company "Investment Properties of New Corfu SA".
- € 3,7 million from sale prices of sold properties that have taken place through internet platform.

The above non-current liabilities to the Greek State are matching to respective equal non-current receivables (paragraph 5.6 above) from the buyers of the sold assets.

(d) The amount of grants is related to the grants received by the Group from the Greek State for conducting investments and will be gradually transferred to the income statement of the Group based on the depreciation rate of the respective assets. The movement of Grants for the period 25.10.2016 -31.12.2016 is as following:

Opening 25.10.2016	**27.436.540**
Collections from grants on 2016	1.389.306
Amortization on 2016	(63.596)
Closing balance at 31.12.2016	**28.762.250**

(e) In Other non-current liabilities are mainly included liabilities to the National Bank of Greece amounting to 4,40 million Euro approximately concerning the acquisition of a building at the street corner of V. Sophias & Panepistimiou that was performed from the former company "KED SA" on behalf of the Ministry of Foreign Affairs.

5.19. Income tax and Deferred tax assets / liabilities

According to the article 206 of law 4389/2016 the parent Company and the direct subsidiaries (except for HFSF and HRADF that will continue to apply the demands of their own establishment laws) are enjoying the administrative, financial, tax, juridical, substantial and regulatory rights of Public Sector's privileges, except VAT. Further analysis is presented in Note 2.17.

As the Group is comprised by the parent Company and its direct Subsidiaries for which the above mentioned provisions are applicable, no income and deferred tax was recognized in the fiscal year 2016.

5.20. Suppliers and other trade payables

Suppliers and other trade payables which include payables to the Greek Sate from the exploitation of the aseets of the latter are analysed as following:

	GROUP	**COMPANY**
	31.12.2016	**31.12.2016**
Suppliers - Liabilities from assets exploitation (a)	103.845.407	0
Suppliers – Liabilities to corporations related to Greek State (b)	2.291.926	0
Advances from customers (c)	10.011.498	0
Dividends payable (d)	1.120.367	0
Non-current liabilities payable within next-year (e)	25.318.140	0
Greek Suppliers	13.105.291	64.022
Foreign Suppliers	153.173	0
Suppliers – Expenses in the name of Greek State	4.444.961	0
Suppliers – Expenses on behalf of Greek State	1.205.772	0
Customers – Withheld Guarantees	687.595	0
Customers at Consignments and Deposits Office	43.597	0
Various creditors (f)	6.266.721	81.467
Other taxes and duties	2.605.223	22.210
Account of Greek State resources management (KED) (g)	20.162.334	0
Social Security (IKA)	483.915	0
Other social security funds	106.919	0
Supplemental social security	15.363	0
Other current liabilities	334.329	0
Accrued expenses	699.332	53.384
Related parties liabilities (Note 6.3)	2.635	0
Total	**192.904.498**	**221.083**

(a) The account “Suppliers - Liabilities from assets exploitation” of € 103,8 million, includes € 87,9 million Euro which concerns liabilities to the Greek State for partial payments from exploitation of assets that will be paid within next year. An amount of 2,2 million Euro concerns the return from development of property in Beograd for which the buyer’s payment of tax liabilities to the State of Serbia is pending as well as the release of this amount from the bank to Serbia and its transfer in the Special State Account which will follow. An amount of € 13.8 million is related to a liability to the Greek State from received prices paid to the Greek Special Account, following the reporting date and pursuant to the provisions of Law No. 3986/2011. The above mentioned amount is analysed as following:

- € 10 million from the 1st installment of the sale price of "New Corfu Real Estate Investments" company shares.
- € 3,7 million from the sale price of the property in Armenia.
- € 0,1 million from the 1st installment of the sale price of Mansion in Katsaneio.

In addition, an amount of € 5,7 million is related to the obligations to repay balances of privatization consultants, the invoices of which, for the most part, have been issued in the name of the Greek State.

(b) “Liabilities to corporations related to Greek State” amounting to approximately 2,3 million Euro concern liabilities for electricity, phone lines and water supply mainly of the Olympic Infrastructure of the former “Olympic Properties SA”.

(c) The account “Advances from Customers” amounting about 10 million Euro approximately, mainly concerns advanced payments from lessees.

(d) The liabilities related to the yielding of dividends from shares amounting to € 1,1 million is related to dividends of companies which will be attributed to the Greek State.

(e) The account “Non-current liabilities payable within next year” amounting to approximately 25,3 million Euro (2014: € 25,8 million), concerns the short-term posrtion of the long-term bank loans of former “KED SA”.

(f) In the account “Various Creditors” of total amount approximately 6,2 million Euro the main sub-accounts concern:

- Liabilities of former “KED SA” amounting to approximately 1 million Euro for received rental guarantees according to the terms of the related lease agreements.
- Liabilities of former “KED SA” amounting to approximately 2 million Euro to 25th Division of Ministry of Finance for loan payments that have been received from former “KED SA” in the past in order to execute public sectors projects.
- Various liabilities of 0,4 million Euro and 0,5 million Euro to Akti Vouliagmenis and Municipality of Glyfatha Authority respectively as well as liabilities of 0,3 million Euro to various beneficiaries of “Athens 2004” organization.

(g) The State Funds Management Account amounting to € 20.162.334, is related to the remaining balances of project financing by former company KED on behalf of the Greek State, minus relative provisions of € 66.186. At the reporting date, is still pending the settlement of the balance after the conclusion of the open projects that had been executed by former company KED in prior years or projects that were still in progress.

The open projects that are forwarded in order to be completed by the company “OSK SA”, are the Embassy and the Berlin’s ambassador’s residence, the Police Divisional Offices of Kozani and Kastoria cities and the Police Divisional Office of Magnisia County.

Remaining balance of State Funds 25.10.2016		**18.541.014**
Plus: State funds for the period		
Income from sales of obsolete materials	264.000	
Grants	2.577.916	2.841.916
Total funds		**21.382.930**
Minus: Expenses of completed projects	(176.754)	
Provisions for bad debts	(66.186)	
Interest from State’s Loans	(911.389)	(1.154.329)
Remaining balance of State Funds at 31.12.2016		**20.228.601**

5.21. Dividends payable

	GROUP	**COMPANY**
	31.12.2016	**31.12.2016**
Dividends payable of KED	2.053.839	0
Total	**2.053.839**	**0**

The above balance relates to the liability of the subsidiary ETAD to the Greek State, which was paid on 29.06.2017.

5.22. Deferred Income

Deferred income analysis is as following:

	GROUP	COMPANY
	31.12.2016	31.12.2016
Pre-collected rentals	598.865	0
Income from divestiture	25.366	0
Total	**624.231**	**0**

Pre-collected rentals that have been received in prior years, concern the respective rental proportion of the next year.
Income form divestiture concern the commission of former KED on divestiture which are not yet completed. The commission will increase the income of the next year under the prerequisite that the transactions will be completed by the end of next year.

5.23. Sales

Parent company did not have any revenues in the period 25.10.2016 – 31.12.2016. Sales presented below concern the direct subsidiaries "ETAD SA" and "HRADF SA".

Sales analysis for the Group in the period 25.10.2016 – 31.12.2016 is as following:

	GROUP
Description of source of income	**25.10.2016 - 31.12.2016**
Rental income	5.615.052
Marina Alimou Athens	824.619
Revenue from re-pricing third party fees to the Greek State	530.802
Income from invoicing to the Greek State for administrative and operating expenses of the HRADF	505.363
Revenue from provision of services (KED))	233.548
Income from invoicing to the Greek State for HRADF's commission (0.5%)	191.002
Revenue from other branches of the direct subsidiary ETAD and other income	396.729
Total	**8.297.115**

The account "rental income" mainly includes rental income from the ETAD subsidiary on its investment properties (see also note 5.2)

The account "*Revenue from other branches of the direct subsidiary ETAD and other income*" mainly includes the recognition of the respective proportion of the pre-collected rentals as analyzed at Note 5.17.

5.24. Cost of sales – Operating cost

Below is presented an analysis of the expenses by category and the respective allocation to the operating cost categories (period 25.10.2016 – 31.12.2016) for the Group and the parent Company.

GROUP

	Cost of Sales	Administration	Distirbution	Total
Payroll cost	1.788.459	797.778	262.025	**2.848.262**
Third party fees and expenses	1.237.912	1.033.894	1.898	**2.273.704**
Third party services	536.474	649.575	101.242	**1.287.291**
Other taxes and duties	133.212	403.462	129.768	**666.442**
Various expenses	202.847	57.839	23.237	**283.923**
Depreciation and amortization	481.485	20.763	9.582	**511.830**
Provision	4.894	0	0	**4.894**
Cost of sold merchandise	249.249	0	0	**249.249**
Self-consumption cost	-804	0	0	**-804**
Total	**4.633.728**	**2.963.311**	**527.752**	**8.124.791**

COMPANY

	Cost of Sales	Administration	Distirbution	Total
Payroll cost	0	101.400	0	**101.400**
Third party fees and expenses	0	104.540	0	**104.540**
Third party services	0	241	0	**241**
Various expenses	0	2.463	0	**2.463**
Total	**0**	**208.644**	**0**	**208.644**

5.25. Other operating income

	GROUP 25.10.2016-31.12.2016
Special Grants – Subsidies	34.210
Income from adjunctive activities	34.521
Income from adjunctive services	28.352
Other non-recurrent income	73.353
Total	**170.436**

The account “Other non-recurrent income” concerns non-recurrent income of the direct subsidiary “ETAD SA”. The Parent Company did not have any other revenue in 2016.

5.26. Other operating provisions

Provisions are presented by category of the respective cause:

	GROUP 25.10.2016-31.12.2016
Bad debt provision of other debtors	336.667
Other extraordinary provisions	93.358
Total	**430.025**

In the account “Other extraordinary provisions” is included the amount of 93 thousand Euro concerning recognition of guarantee responsibility to associate company.

5.27. Other operating expenses

	GROUP	COMPANY
	25.10.2016-31.12.2016	25.10.2016-31.12.2016
Other expenses	39.280	0
Non-recurrent and extraordinary expenses	83.865	100
Total	**123.145**	**100**

5.28. Financial income

	GROUP	COMPANY
	31.12.2016	31.12.2016
Interest income	525.932	4.302
Toatal	**525.932**	**4.302**

The interest income of the Group for the period 25.10 - 31.12.2016 is 525,932 thousand Euro. Under the caption "Interest income from deposits" was recorded in the current year interest income from time bank deposits expired in 2016, amounting to 162 thousand Euro, while an amount of 306 thousand Euro relates to overdue interest income. The interest income of the parent Company relates to accrued interest income related to its cash.

5.29. Financial expenses

Below is presented the analysis of financial expenses:

	GROUP	COMPANY
	31.12.2016	31.12.2016
Bank commissions	1.581	0
Other financial expenses	321.958	0
Total	**323.539**	**0**

In current period the Group recognized overdue interest expense amounting to 321 thousand Euro which were invoiced within the period 25.10.2016 – 31.12.2016.

5.30. Results of associates

The analysis of Group's share from associate companies is as following:

a) Results of associates that are transferred to the results from continuing operations:

Associate Company	31.12.2016
Marina ZEAS S.A.	73.801
Lamda Flisvos Marina S.A.	37.881
Casino of Parnnitha S.A.	69.838
Total	**181.520**

b) Results of associates that are transferred to the other comprehensive income from continuing operations:

Associate Company	
Casino of Parnitha S.A.	(4.605)
Total	**(4.605)**

6. Notes to the financial statements - Other information

6.1. Contingent liabilities – assets

Letters of guarantee

The Group has received bank letters of guarantee from third parties in the frame of their operations that are analyzed as following:

	31.12.2016
Letters of Guarantee HCAP SA	15.140
Letters of Guarantee ETAD SA	55.064.372
Letters of Guarantee TAIPED SA	139.507.912
Total	**194.587.424**

Contingent assets and liabilities

a) Fiscal years unaudited by the Tax Authorities

ETAD

The direct subsidiary “ETAD SA” has already been audited by the tax authorities until year 2011. The last tax audit concerned the years 2005 until 2011 and was completed within year 2015. For the years 2012 – 2015, ETAD was audited for tax compliance by Certified Auditors Accountants and has received a tax compliance report. For the year 2016 “ETAD SA” is audited for tax compliance by Certified Auditors Accountants, as regulated by the article 65A of L.4174/2013. This audit is in progress and its completion and the respective tax compliance report are expected to be finalized after the publication of the 2016 annual financial statements. If by the completion of the tax audit there will be any additional tax liabilities it is estimated by the management that they will not have material effect to the financial statements.

The absorbed by ETAD entity “Olympic Properties SA”, was tax audited for the fiscal year 2008. The tax audit report was delivered to the company in 2017. Specifically it was released on 25.05.2017 to the company with the No. 1077/18.05.2017 Final Action of Adjusting Calculation of Income Tax for the year 2009 (fiscal year 2008), by the supervisor of the Center of Audit of Large Corporations (K.E.ME.EP.), with which the tax difference was calculated at € 2.270.787,99 for the main tax, and additional tax was assessed for inconsistency at € 2.732.429,52 thus a total assessment of € 5.009.454.13. The company took legal action against the above tax charges. For the above case there is a provision equal to the 50% of the total amount which is presented in the account “Other Provisions”. As far as concerns the fiscal years 2009 and 2010, they have not been tax audited.

The absorbed by ETAD entity “KED SA”, is not tax audited for the fiscal years 2008 – 2011 (Transitional Balance Sheet due to absorption by “ETAD SA” 31.10.2011 FEK B’ 2779/02.12.2011).

The absorbed by ETAD entity “PARAKTION ATTIKO METOPO SA”, was audited for tax compliance by Certified Auditors Accountants as regulated by the article 65A of L.4174/2013 for its first fiscal year

(21.08.2013 to 31.12.2014) and is still unaudited for its second fiscal year (01.01.2015 – 21.03.2015 – Transitional Balance Sheet due to absorption by “ETAD SA” article 24 of L.4321/2015 FEK A’ 32).

“ETAD SA” has received Tax Compliance Report for all fiscal years from 2012 to 2015. For the fiscal year 2016, as mentioned above, the tax compliance audit by Legal Auditors is in progress for these companies.

It is noted that according to paragraph 1 of article 10 of Law 4474/2017 (Government Gazette A '80 / 7-6-2017), ETAD (as a direct subsidiary of HCAP) is deemed to have definitively terminated its tax obligations for the respective management periods or tax years in which they received Tax Compliance Reports from Certified Auditors, provided that in the annual Tax Compliance Reports issued or to be issued there are no violations of the tax legislation. In case there are references for tax violations in the above Tax Compliance Reports, the tax audit is limited to these violations only. See Note 6.4.

HRADF

The direct subsidiary HRADF SA has been audited by Certified Auditors and has received a Tax Compliance Report for all fiscal years from its establishment up to and including the year 2015. For the year 2016 tax auditing by the statutory auditors is in progress.

It is noted that with paragraph 1 of article 10 of law 4474/2017 (Government Gazette A '80 / 7-6-2017) it is stipulated that HRADF SA (as a direct subsidiary of HCAP) is deemed to have definitively discharged its tax liability for the respective management periods or tax years in which it received Tax Compliance Report from Certified Auditors, since in the annual Tax Compliance Report issued or to be issued there are no violations of the tax legislation. In case there are references for tax violations in the above Tax Compliance Report, the tax audit is limited to these violations only. See Note 6.4.

b) Legal cases relating to expropriations:

From the total of assets owned by EOT which are currently under ETAD’s management, a significant part was acquired following the imposition of mandatory expropriations on many smaller private properties. According to the data kept in the respective files, in some of these cases that were effected in favour of EOT, the annulment of the mandatory expropriations, which took place for touristic purposes, has been requested by their former owners who have also taken legal actions asking for the annulment of the said expropriations and request to have their properties retrieved. By now, the Hellenic Council of State has accepted some of the said requests while additional relevant requests have been filed by various former owners, which however even if accepted they will not prevent the overall exploitation of properties since the claims relate to individual smaller parts of the properties. In all cases, the same properties can be recalled again for the expropriation purposes. With the exception of the properties in Paliouri (Chalkidiki) and in Fanari (Komotini), the process of the ownership retrievals to the former owners has not been completed yet due to the fact that EOT (the properties’ owner) has not paid neither for the required remuneration, nor for the registry transfers to the respective Land Registries.

c) Legal cases regarding third party claims by Group companies:

The Group is involved in litigation cases that concern third party claims against the subsidiaries for part of which amounting to € 122 million no provision was recognised in the financial statements, either because they relate to third party claims that their result is considered as uncertain or they relate to third party claims that are expected to turn in favor of the subsidiaries. It is noted that in many cases there are conflictual claims between the subsidiaries and third parties by lawsuits and counter-lawsuits. The above cases include third party claims against former “KED SA” of total amount € 19 million, for which no provision is recognized in the books, as whatever negative outcome might arise it will burden the account of the Greek State with subsidiary ETAD.

d) Litigation process of ETAD with the lessee of a significant property:

ETAD has been through years of litigation with the lessee of an important property which is included in ETAD's portfolio. Initially ETAD had won the case by virtue of the Appeal Court of Athens' decisions that annulled the prior arbitration decisions which had then concluded in favour of the contestant. Following the lessee's confutation, the Appeal Court of Athens which had the cases re-examined, revoked its prior decisions and consequently the arbitration decisions were put back in force. As of 21.04.2016 requests were filed in front of the Supreme Civil and Criminal Court of Greece for the confutation of the aforementioned decisions which were made by the Appeal Court of Athens. These requests were discussed on 09.01.2017 and the final decisions are still expected. ETAD has already complied with the final court decisions by recognizing in its accounting books the total liability amount which respectively occurs and as such, no additional burden shall emerge in the case of a negative outcome. However, in the event of a positive result for ETAD, gain shall be recognized. However, due to the complexity that characterizes this specific case, the final result cannot be assumed.

6.2. Commitments

Commitments for investment capital

There are not any commitments for investment capital that have been undertaken and not executed at 31.12.2016.

Commitments of property leases where the Group companies are the lessee.

The Group is leasing buildings and offices for the needs of their administrative departments which can be terminated according to the respective terms of the agreements. No significant consequences are expected to the Group in case of termination of the operating lease agreements.

6.3. Related party transactions

Transactions with Related Parties

The related parties in accordance with the provisions of IAS 24 are summarized as follows:

Related Party	Party relationship	Consolidation method	Participation percentage
ETAD	Subsidiary	Full consolidation	100%
HRADF	Subsidiary	Full consolidation	100%
HFSF	Subsidiary	Not consolidated	100%
GREEK STATE	Shareholder	-	-
MARINA ZEAS S.A.	Associate	Equity method	25%
LAMDA FLISVOS MARINA S.A.	Associate	Equity method	22,77%
ELLINIKO KAZINO PARNITHAS	Associate	Equity method	49%

The transactions and balances among them are as follows:

i) Transactions and balances among Subsidiaries

HRADF - ETAD	25.10.2016-31.12.2016
Income/Expense from the provision of services	71.907
ETAD receivables/ HRADF liabilities from the provision of services	110.976
HRADF receivables/ ETAD liabilities from the provision of services	24.070

ii) Transactions and balances among Subsidiaries and Associates

CAZINO OF PARNITHA S.A.	**25.10.2016-31.12.2016**
ETAD receivables (dividends)	56.940
ETAD liabilities	2.635
ETAD revenues from dividends	170.943

LAMDA FLISVOS MARINA S.A.	**25.10.2016-31.12.2016**
ETAD liabilities/ rental advances collected	205.655
ETAD rental revenues	1.100.000

MARINA ZEAS S.A.	**25.10.2016-31.12.2016**
ETAD liabilities / rental advances collected	376.044
ETAD revenues from rents	198.972
ETAD dividend revenues	8.027

Transactions with the members of the boards of directors of the Group

For HCAP in 2016 there were no fees for the Board of Directors since it constituted into a body in 2017.

At a Group level, the remuneration of the board members of the consolidated subsidiaries ETAD and HRADF for the 25.10.2016 - 31.12.2016 period was equal to € 83.199.

Transactions with members of the Supervisory Board

The Supervisory Board was appointed on 10.10.2016 whilst on 31.12.2016 it consisted of the following people:

- Georgios Stampoulis
- Georgios – Spyros Tavlas
- Olga Charitou
- Jacques, Henri, Pierre, Catherine Le Pape
- David Vegara Figueras

The total gross remuneration of all Supervisory Board members for the fiscal year 2016 was € 100.000 (net amount € 78.063) whereas the outstanding relevant balance as at 31.12.2016 was € 78.063.

6.4. Events after the reporting period

Regulations of L.4474/2017 (FEK A' 80/07.06.2017)

The law 4474/2017 (FEK A' 80/07.06.2017) clarified and resolved significant tax issues of the direct subsidiary "ETAD SA" as follows:

a)The subsidiary ETAD is deemed to have definitively terminated its tax obligations for the respective fiscal periods or tax years in which it received Tax Compliance Reports from Certified Auditors, provided that in the annual Tax Compliance Reports issued or to be issued there are no breaches of the tax legislation. In the case of breaches of the above Tax Compliance Reports, the tax audit is limited to these violations only.

b) It eliminated the risk of fines on dividends that were paid after their lapse period (overdue), directly to the account of its sole shareholder.

c) It is clarified that tax exemptions of article 206 of L.4389/2016 (A’ 94), exclusively as far as concerns the income tax that occurs from the operations of “ETAD SA” commence for fiscal years starting from 01.01.2016 and

d) It extendes also to “ETAD SA”, the exemption of the obligation to submit property data, due to the volume of properties that are transferred to it and also exemption from ENFIA (property tax) – par. 4 of article 23 of L.3427/2005 (A’ 132) as replaced by par. 4 of article 10 of L.4474/2017 (FEK A’ 80/07.06.2017) and is valid from 01.01.2016, according to par. 6 of the same article 10.

It is noted that the above mentioned in paragraph (a) are valid for the direct subsidiaries of the parent Company HCAP SA or HRADF SA and HFSF, according to paragrapf 1 of article 10 ofL.4474/2017 (FEK A’ 80/07.06.2017) in which are defined the following:
“1. The direct subsidiaries of the company “Hellenic Corporation of Assets and Participations SA” that are under the regulations of paragraph 5 of article 82 of L.2238/1994 (A’ 151) and of article 65A of L.4174/2013 (A’ 170), are considered as having finalized their tax liabilities related to the fiscal years or fiscal periods in which they are included in the above mentioned regulations, as long as in the tax compliance reports issued or are going to be issued, no tax violations are referred. In case there are references of tax violations in the tax compliance reports, the audit from Tax Authorities is restricted just to the referred violations.”

Regulations of L.4484/2017 (FEK A’ 110/01.08.2017)

In L.4484/2017 (FEK A’ 110/01.08.2017) are included two matters that concern “ETAD SA” and are expected to affect its financial position in the next fiscal years:

a) It is significantly easier to perform collection of receivables with the ability provided by the article 206 of L.4389/2016, with the regulation added by the article 68 of the L.4484/2017 (FEK 110/01.08.2017), that those receivables shall be collected in accordance with the Public Revenue Collection Code (KEDE) as it stands and that those collections concern “ETAD SA” revenue.

b) With the regulations of the case b’ of paragraph 1 of article 13 of L2636/1998 (A’ 198), as it stands, after its replacement with par. 1 of article 68 of L.4484/2017 (FEK A’ 110/01.08.2017) “the management, administration and exploitation of the common use out of transactions parts of coast zones and beaches of properties that have been named or are named from now on “Touristic Public Real Estates”, will be conducted by the General Secretary of Public Property of Ministry of Finance and any rentals or returns that is arising from them will be collected by “ETAD SA” until their transfer to the General Secretary of Public Property.

The transfer of a part of assets that were managed and administrated by “ETAD SA” to a another party, leads to financial consequences in the future due to loss of income that was generated by those assets and the reduction or even elimination of their fair value.

The management of “ETAD SA” estimated that the above transfer of assets is a new regulation and in no way is referred to the regulations of L. 4389/2016. Consequently, its effect concerns the fiscal year that this legislation becomes effective and this event (in relation to the decrease of the assets’ fair value) is not an adjusting event for the financial statements of 2016.

A first assessment is that for the assets for which the management, administration and exploitation will be transferred to the General Secretary of Public Property, the transfer will recorded in 2017 and there will be a fair value decrease of “ETAD SA” assets by an amount of a range between 9 – 11 million Euro.

Privatization contracts

As far as concerns the privatization contract of infrastructure and assets portfolio of the subsidiary HRADF, and in particular the contract with the FRAPORT AG-SLENTEL Ltd:

- With the fulfilment of all the conditions precedent, the payment of the one-off price and the delivery of the unhindered use of the airports, the Concession Commencement Date was achieved and that is 11.04.2017
- The signing of the Concession Agreements for the development of the 2 regional airport clusters took place on December 14th, 2015 between the Greek State, HRADF and the Concessionaire Consortium, namely Fraport AG-SLENTEL Ltd., and provides for the use, management, development, extension, maintenance and operation of the said airports, as well as of commercial or other premises located within the airports. It is noted that the ownership of land, infrastructure and facilities remains with the Greek State.

6.5. Approval of Financial Statements

The Separate and Consolidated financial statements for the year ended as at 31.12.2016 were approved by the Board of Directors of the "Hellenic Company of Assets and Participations S.A." on September 8, 2017.

Athens, 08.09.2017

The Chairman	**The Chief Executive Officer and Member**
of the Board of Directors	**of the Board of Directors**
George Diamantopoulos	Ourania Ekaterinari
ID No. M 299970	ID No. T 222068

The Chief Financial Officer	**The responsible for the preparation of the**
	Financial Statements in compliance with IFRS
Konstantinos Michailidis	Maria Trakadi
ECG A' Class Licence No 36154	ECG A' Class Licence No 27913

Deloitte.

Deloitte Accounting Compliance & Reporting Services
ECG A' Class Licence No 1297